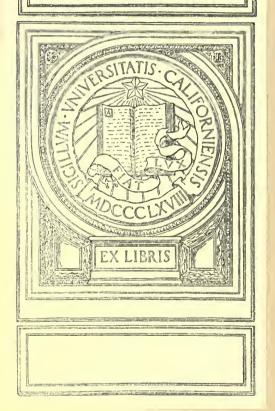


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### TARIFF HEARINGS

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

# SIXTIETH CONGRESS 1908-1909

### VOL. VII

SCHEDULE N (continued)—Sundries
Free List and Miscellaneous

WASHINGTON
GOVERNMENT PRINTING OFFICE
1909

#### COMMITTEE ON WAYS AND MEANS.

HOUSE OF REPRESENTATIVES.

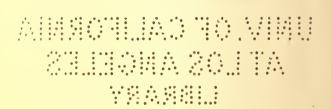
SERENO E. PAYNE, Chairman.

JOHN DALZELL.
SAMUEL W. McCALL.
EBENEZER J. HILL.
HENRY S. BOUTELL.
JAMES C. NEEDHAM.
WILLIAM A. CALDERHEAD,
JOSEPH W. FORDNEY.
JOSEPH H. GAINES.
ROBERT W. BONYNGE.

NICHOLAS LONGWORTH, EDGAR D. CRUMPACKER. CHAMP CLARK. WILLIAM BOURKE COCKRAN, OSCAR W. UNDERWOOD. D. L. D. GRANGER. JAMES M. GRIGGS. EDGAR W. POU. CHOICE B. RANDELL,

WILLIAM K. PAYNE, Clerk.

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### SCHEDULE N.

(Continued.)

SUNDRIES.



#### HIDES, LEATHER, AND SHOES.

[Paragraphs 437 and 438.]

### WILLIAM TAYLOR. OF LYONS. N. Y., THINKS THAT DUTY ON HIDES SHOULD BE REMOVED.

Lyons, N. Y., November 19, 1908.

Hon. SERENO E. PAYNE, M. C.,

House of Representatives, Washington, D. C.

DEAR SIR: I address you at the present time relative to the duty on hides, and I do not take my position as a tanner only, but for that which will be of the most benefit to the great majority of the people.

The present duty benefits the butcher and large packers only; it enables them to combine and virtually say what prices shall be paid and is very injudicious. It does not benefit the farmer by adding any increased price to his cattle, but works to his disadvantage on prices he is compelled to pay for his harness, shoes, and other leather articles, and this is true of every person, laborer, artisan, and all.

Therefore, as one of your constituents, I hope you may see your way clear to use your influence for the placing of hides on the free list, from which they, in my opinion, should never have been taken.

Yours, truly,

WM. TAYLOR.

#### CHAS. N. PROUTY, SHOE MANUFACTURER, OF SPENCER, MASS., THINKS THAT DUTY ON HIDES SHOULD BE REMOVED.

SPENCER, MASS., November 20, 1908.

Hon. Sereno E. Payne, M. C., Washington, D. C.

DEAR SIR: Please allow me to express my opinion in regard to the

duty on hides.

We are, as tanners and shoe manufacturers, feeling very sensitive about this duty on hides. It seems to be an unwarranted thing to have this duty. Unless the necessity for revenue demands it, there does not seem to be any good reason for it, and the revenue is so small and the expense of collecting the revenue is such that it is not considered even in that respect very commendable. You see, there is an absolute shortage of hides in this country. Hides are a byproduct, and the duty does not encourage raising cattle for the purpose of the hides, so that the benefit ordinarily enjoyed by the duty to encourage a trade is not realized in this case, but is very injurious to the industries of tanning and shoe manufacturing in our country. We are the great country for tanning leather, and a great deal of leather is shipped abroad and would be shipped just the same if the duty was not on hides, and when we rebate the duty on the manufactured product the Government gets no revenue, so that between the fact that we are not benefited by the duty in the encouragement of

the raising of cattle and that we get no benefit from the duty when leather is shipped abroad, there does not seem to be any good argument for the duty at the present time. We have the leather product for our own use, and what we do not need we can ship, and the Government is equally as well off so far as the shipment is concerned with or without a duty.

Now, another argument, the hide that is imported, when made into leather and the duty rebated, the foreign manufacturer gets his leather cheaper than the home manufacturer, which is a very unjust

thing for our own people.

Another thing, this duty is most all on heavy hides. The lighter hides, under 12 pounds, as I understand it, are not dutiable, and that makes the heavy goods, the workingman's shoes, bear all the burden

of this duty, which is another very objectionable thing.

Considering these facts, it seems to be a very unreasonable thing to retain this duty, and I hope you may exercise your influence to have it removed. While I am a protectionist from every reasonable point of view, I think this duty on hides has been a most unwise thing and should be removed for the benefit of every class of manufacturers, and more especially for the working people, who wear the heavy goods.

I think we should take a broad view and not put on a duty where it is not justly applied, especially in this or any case of a by-product, when it hampers a great industry instead of encouraging it. We were without it for thirty years and it was a compromise when put on to appease the western farmer, who really gets no benefit from it

and has to pay a higher price for his foot wear.

Very respectfully,

CHAS. N. PROUTY.

### CERTAIN RETAIL SHOE MERCHANTS OF CHICAGO, ILL., PETITION FOR REMOVAL OF THE DUTY FROM HIDES.

CHICAGO, ILL., November 21, 1908.

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

Gentlemen: As citizens of Illinois and retail shoe merchants of Chicago, we wish to ask you to do all in your power to have the tariff taken off of hides. As the supply of our domestic hides is by far too small to furnish raw material for our tanneries, free hides would be a very substantial measure of protection to all the industries connected with leather. The farmers do not derive any benefit from duty on hides; it goes to the packers, and they are surely not infant industry. The principle of "protection" can not be made to apply to hides,

The principle of "protection" can not be made to apply to hides, because they are not an article of manufacture made in response to demand, but result incidentally from the slaughter of cattle for food, and by being put on the free list would give employment to the people on the large quantities of leather that would be manufactured into

shoes, harnesses, belting, etc.

The prices of leather are higher to-day than they have ever been in the history of the business. This is the result of manipulation by the packers, who control the sources of supply, which would be obviated if the duty on hides was removed.

Trusting you will aid in having the tariff on hides removed, we remain.

Very truly, yours,

De Muth & Co., 237 State street; N. B. Holden, 225 State street; Foreman Shoe Company; O'Connor & Goldberg; French, Shriner & Yrner; Henry Hassel, 91 Van Buren street; Streeter Brothers; the Cutler Shoe Company; Isidor L. Klein; F. E. Foster & Co.; the Rosenback Company, Masonic Temple.

#### THE CARRIAGE BUILDERS' NATIONAL ASSOCIATION PUTS ITSELF ON RECORD AS FAVORING FREE HIDES.

WILMINGTON, DEL., November 23, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: At the Twenty-ninth Annual Convention of the Carriage Builders' National Association, held in Cincinnati, Ohio, October 22, 23, and 24, 1901, the following resolutions were unanimously adopted:

Whereas in 1872 Congress, after a thorough and careful investigation, removed the duty of 10 per cent which had been put on hides to meet the exigencies of the civil war and placed imported hides on the free list, where they remained twenty-five years undisturbed by the tariff bills constructed by McKinley, Wilson, and Dingley.

Whereas the placing of an import duty of 15 per cent on hides in raw material on equal terms with other leather-producing countries, and so decreased cost of production as greatly benefited our users of leather, and so stimulated the export of leather and leather fabrics that they showed the largest percentage of increase of the twenty-four staple manufactured products exported from

1868 to 1898, being an increase of 0.1392 per cent.

Whereas the placing of an import duty of 15 per cent on hides in 1897 was not favored by either of our great national parties, was against the strong protest of Hon. James G. Blaine in 1890, was omitted from the McKinley bill, also the original Dingley bill as adopted in the House, and was only incorporated in the tariff bill of 1897 through an amendment of Senator Jones, of Nevada, and adopted as a caucus compromise to secure the vote of silver Senators thought necessary for its adoption.

Whereas this compromise placed a heavy burden on all our population, as all our people are in some way affected by the increased cost of leather, has disturbed our home trade, has interfered with our export trade of leather and leather fabrics, and is now causing such disturbance of values as is becoming dangerous to those manufacturing interests which are large users of leather.

Whereas the tariff bill refunds to the tanner the duty paid if the resulting leather is exported. Our foreign competitors are able to purchase our leather at so much less than our home manufacturers as to place us at serious disadvantage in competing with them on foreign trade.

Whereas foreign hides are a necessity in the production of leather for carriage manufacturers, our country not producing sufficient for requirements; to increase cost of our material is to the prejudice of the labor element in pro-

duction.

The duty is not needed for revenue, nor does it furnish protection; does not increase the home production of hides, but increases the cost of leather fabrics and becomes a burdensome tax on our own people. The true status of the

question was clearly and forcibly stated by that wise statesman, the Hon. James G. Blaine, in his letter to the chairman of the Ways and Means Committee in 1890, when a duty on hides had been suggested: "It is a great mistake to take hides from the free list, where they have been for so many years. It is a slap in the face to the South American with whom we are trying to enlarge our trade. It will benefit the farmer by adding 5 to 8 per cent to the price of his Children's shoes. It will yield a profit to the butcher only—the last man that needs it. The movement is injudicious from beginning to end—in every form and phase. Pray stop it before it sees light. Such movement as this for protection will protect the Republican party into a speedy retirement." Therefore,

Resolved, That the Carriage Builders' National Association in convention assembled at Cincinnati, Ohio, this 23rd day of October, 1901, earnestly petitions our national Congress, at the earliest opportunity to remove this unnecessary

duty on imported hides, and again place them on the free list.

Resolved, That a printed copy of the preamble and resolutions be mailed by the secretary to each member of the Senate and House of Representatives on the convening of the national Congress in December.

These resolutions were again adopted at the convention of the asso-

ciation in Atlanta, Ga., October 23-25, 1906.

And at the thirty-sixth annual convention held in Chicago, Ill., on October 13-15, 1908, the matter of the tariff on hides was again considered and the following resolutions were adopted:.

Resolved, That we indorse and reaffirm the resolutions adopted by this association at the conventions held in Cincinnati in 1901 and at Atlanta in 1906, urging the national Congress to remove the duty now on imported hides and

have same placed on the free list.

Resolved, That the secretary of this association be instructed to send copies of this resolution and attach thereto copies of those resolutions hereby indorsed to each member of the special tariff committee appointed at the last national session to consider and report on tariff revision.

Yours, sincerely,

HENRY C. MCLEAR, Secretary Carriage Builders' National Association.

#### THE CHICAGO FURNITURE MANUFACTURERS' ASSOCIATION RE-SOLVES THAT HIDES SHOULD BE PUT ON THE FREE LIST.

CHICAGO, November 25, 1908.

WILLIAM K. PAYNE,

Secretary Ways and Means Committee,

House of Representatives, Washington, D. C.

Dear Sir: The members of our association, a number of whom are large users of leather in the manufacture of their product, feel that the duty of 15 per cent now imposed on cattle hides imported into this country is unnecessary and unfair, and that in the revision of the tariff now under consideration that the duty should be entirely abolished and raw hides put on the free list.

A special meeting of our association was held on the 24th to consider the matter, at which time the following resolutions were

adopted:

Whereas the furniture manufacturers use a great quantity of leather in the manufacture of upholstered furniture, chairs, desks, tables, and kindred goods, all of which leather is manufactured of cattle hides; and

Whereas the duty of 15 per cent imposed upon cattle hides by the Dingley tariff law of 1897 is unfair and works great harm to the industries mentioned by increasing the price of tanned cattle hides; and

Whereas we believe the removal of said tariff on hides will result beneficially to the masses of people of the country by lowering prices on all articles of furniture on which leather manufactured of cattle hides is largely used:

Therefore be it

Resolved, That the Chicago Furniture Manufacturers' Association and its members hereby respectfully request the honorable Ways and Means Committee of the House of Representatives to recommend to and urge upon Congress that the said duty of 15 per cent on hides be abolished.

I was instructed to forward you a copy of them, with the request that they be presented at the hearing of this matter, which I understand is set for Saturday, the 28th.

I also inclose a list of the membership of our association.

That I may be sure that this reaches you safely I would thank you for the courtesy of an acknowledgment.

Very truly, yours, P. D. Francis, Secretary Chicago Furniture Manufacturers' Association.

#### EXHIBIT A.

Membership of the Chicago Furniture Manufacturers' Association.—Art Bedstead Company, F. J. Barnes, Balkwill & Patch Furniture Company, Chicago Mission Furniture Company, Columbia Feather Company, Commercial Furniture Company, Empire Mattress Company, Findeisen & Kropf Manufacturing Company, Louis Hanson Company, Hafner Furniture Company, Johnson Chair Company, S. Karpen & Bros., Kinley Manufacturing Company, Kimball & Chappell Company, National Parlor Furniture Company, Louis F. Nonnast, A. Petersen & Co., George L. Peterson & Co., Schultz & Hirsch Company, Simmons Manufacturing Company, Tonk Manufacturing Company, Valentine-Seaver Company, Adams & Westlake Company, Bauerle & Stark Company, the Clementsen Company, Central Manufacturing Company, Century Parlor Furniture Company, Chicago Mirror and Art Glass Company, Ford & Johnson Company, Green Manufacturing Company, Haggard & Marcusson Company, Heywood Bros. & Wakefield Company, A. J. Johnson & Sons Furniture Company, Ketcham & Rothschild, Theo. A. Kochs Company, H. Z. Mallen & Co., H. C. Niemann & Co., Olbrich & Golbeck Company, Peck & Hills Furniture Company, the Seng Company, Schram Bros., Tyler & Hippach Company, Union Wire Mattress Company, Windsor Folding Bed Company.

HON. F. C. STEVENS, M. C., FILES LETTER OF W. A. HARDENBERGH, PRESIDENT OF THE WHOLESALE SADDLERY ASSOCIATION OF THE UNITED STATES, RELATIVE TO FREE HIDES.

Washington, November 25, 1908.

Hon. Sereno E. Payne, M. C., Chairman Committee on Ways and Means,

House of Representatives.

My Dear Mr. Payne: Inclosed herein find a letter from W. A. Hardenbergh, president of the Wholesale Saddlery Association of the United States.

I would request that it be placed before the committee and printed with the daily hearings.

Very truly, yours,

F. C. Stevens.

THE WHOLESALE SADDLERY ASSOCIATION OF THE UNITED STATES, St. Paul, Minn., November 19, 1908.

Hon. Fred. C. Stevens, M. C.,

House of Representatives, Washington, D. C.

MY DEAR SIR: In connection with the hearing on the tariff schedules which is now being held, and further action on these same matters when they come before the House, I am presuming to write you to secure if possible your good

offices with a view of having hides again placed upon the free list.

Until the passage of the Dingley tariff, with the exception of a very short time—I believe in the sixties—these articles have always been admitted to this country free of duty. During the years when they were on the free list the leather industry and its collateral branches developed a most healthy growth and large markets were established in foreign countries by our manufacturers of leather.

During the few years just preceding the passage of the Dingley tariff our shoe manufacturers had broken into the European markets and were establishing large and profitable markets for their product in those countries. I do not think that there is any question but that the placing of the 15 per cent duty on hides and the consequent control by the packers of the leather market has prevented the development of this market on the part of the shoe

manufacturers.

During the past five years by reason of the control exercised by the packers over the raw material they have absorbed practically all the sole-leather tanneries of the country. They are a dominant factor, and will undoubtedly soon control the sheepskin tanneries, and within the last two years have carried

their campaign into the harness and upper-leather tanning industry.

It is not necessary for me to call your attention to the fact that with an almost absolute control of the hide market and protected by a tariff which practically closes the European markets to the independent buyer it will be a possible and in fact an almost certain result that the tanneries of the so-called "independent operators" will soon become the property of the packers, and the shoe, harness, belting, and trunk factories, in fact every line of manufacturing business that uses leather, will have but one source of supply for their raw material.

This condition has been coming on with very rapid strides during the past five years, and the manufacturers of leather articles look forward with much apprehension to the time which they see rapidly approaching when their business will be entirely at the mercy of the one powerful class. Every day they see their markets restricted by the closing down or the practically compulsory sale of the so-called "independent tanneries" to the packers, and in my opinion nothing can stay the inevitable except to put hides where they had

so long been, on the free list.

The statement that follows may appear to you very farfetched, but it is my confident personal opinion that if the condition which confronts leather manufacturers and the manufacturer of leather articles continues and advances with the same strides during the next ten years that it has during the past five, not only will the beef packers control the manufacture of leather but they will likewise control by ownership the shoe, harness, belting, and other leather industries.

It is becoming daily more difficult to operate by reason of this control, and I hope that this great industry, which, as I understand it, is second only to that of iron and steel, may be freed by proper legislation from the handicap under which it is now conducting its business.

Thanking you in advance for any efforts you may put forth with a view of bettering these conditions, and with the kindest personal regards, I am,

Very truly,

W. A. HARDENBERGH,
President Wholesale Saddlery Association of the United States.

### THE TRUNK MANUFACTURERS' ASSOCIATION, ROCHESTER, N. Y., ADVOCATES PUTTING HIDES ON THE FREE LIST.

ROCHESTER, N. Y., November 27, 1908.

COMMITTEE OF WAYS AND MEANS,

Washington, D. C.

Gentlemen: For years previous to the enactment of the Dingley tariff law heavy hides were admitted free of duty, and that measure, as originally passed by the House of Representatives, did not place

them on the dutiable list.

The cattle industry flourished before the imposition of this duty, and inasmuch as cattle are not raised for their hides, it is the belief of the Trunk Manufacturers' Association of the United States that the removal of the tariff on this product would not harm the producer and would benefit materially all manufacturers using heavy leather. Moreover, believing that the present duty enables a few large corporations to control the hide market, exerting a baneful influence upon all manufacturers using that raw material or its products, we respectfully request that you restore hides to the free list.

Yours, respectfully,

TRUNK MANUFACTURERS' ASSOCIATION
OF THE UNITED STATES,
By Wm. L. Likey, *President*.

[Telegram.]

### THE ST. LOUIS FURNITURE BOARD OF TRADE PETITIONS FOR THE ABOLITION OF THE DUTY ON HIDES.

St. Louis, Mo., November 27, 1908.

Mr. WILLIAM PAYNE,

Secretary Ways and Means Committee,

Washington, D. C.

At a special meeting held this day, our board unanimously adopted the request that the honorable Ways and Means Committee of the House of Representatives urge upon Congress that the duty on hides be abolished.

FURNITURE BOARD OF TRADE. H. S. TUTTLE, Secretary.

# THE WILLIAM FLACCUS OAK LEATHER COMPANY, OF PITTSBURG, PA., SUBMITS REASONS FOR FREE HIDES.

PITTSBURG, PA., November 28, 1908.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: As the tariff hearings affecting the removal of the duty on hides will be heard in the next few days before your committee, we submit to you the following reasons for free hides:

We as tanners and manufacturers of leather are not asking for any special privilege. We simply ask you for the righting of a

wrong put upon our industry in 1897.

Hides never were a political issue. Neither Republicans nor Democrats are on record as favoring the tax. The Dingley bill, passed by the House in 1897, kept them free. Without giving the leather and tanning industries ample opportunity to present their cause, the Senate imposed the tax. Ever since our industry has been forced to carry this unjust burden, and we, who have been engaged in the tanning of leather for years, have been forced to realize the enormous disadvantage accruing to us. Retarded development and growth and minimized profits have been the results.

Prior to 1897 hides were free except during short intervals when the Government found itself in need of revenue. Even then the tax was never more than 10 per cent, and always applicable to hides and

skins of all description.

What revenue the Government did derive has always been

negligible.

The demand for the leather is increasing faster than the supplies

of raw material.

The vast regions of the West and Southwest, once the range of thousands of cattle, are being opened to the settler. Cattle in the United States are decreasing, while the population, and with it the demand for leather, increases with tremendous bounds. This is true of every civilized country in the world. The manufacturing nations have realized this truth and, with the single exception of the people of the United States, admit hides as the raw material of the tanning industry free of duty.

Every inhabitant, without exception, is a consumer of leather.

The tax is certainly of no benefit to them.

Neither farmer nor laborer derives benefit from the duty. The only advantages that accrue go to the packers, and they and no others are the real beneficiaries. This fact explains the gradual monopolization of the tanning industry by the big packers.

Hides should be free of duty because free raw material is vital to

the expansion and growth of the leather trades.

Free hides give wider employment to labor by reason of resulting expansion of the industry. Instead of importing finished products, as we must, we should import the hides and allow our own labor to convert it into the finished article.

Farmers are not benefited by the duty. They are, instead, among the heaviest of the consumers of leather, and on the consumer the

burden will eventually rest.

The duty is no protection to the American cattle raiser. He gets no more for his hides to-day than he did twelve years ago. This is clearly shown by the lack of interest he shows in hides, evidenced in the branding, which yearly spoils thousands of hides for the better grades of leather.

The tax yields no revenue of consequence to the Government, but instead cripples one of the most important industries of the country.

It has resulted in marked decreases of sole and harness leather exports.

For twelve years we have carried the burden of this unjust taxa-

tion

This because it was not possible to secure revision upon a single item without the entire list of articles being taken up.

There can be no justification for burdening our industry longer.

Why not recognize and rectify an economic blunder? Why not place the American tanner in the same position relative to raw material that his German or Canadian competitor is in?

In closing this letter, we submit a letter written by James G. Blaine

under date of April 10, 1890, in reference to the proposed duty.

Dear Mr. McKinley: It is a great mistake to take hides from the free list, where they have been for so many years. It is a slap in the face of the South Americans, with whom we are trying to enlarge our trade. It will benefit the farmer by adding 5 to 8 per cent to the price of his children's shoes. It will yield a profit to the butcher only—the last man that needs it. The movement is injudicious from beginning to end—in every form or phase. Such movements as this for protection will project the Republican party into a speedy retirement. Yours, hastily,

JAMES G. BLAINE.

This presents a true picture. Now, after twelve years of the tax, much more could be said as regards actual conditions in the tanning

trade as a result of this injustice.

For the reasons enumerated above, we, as one of the old tanning firms of the United States, respectfully petition you as chairman of the Ways and Means Committee to exert your influence toward securing to us an unbiased hearing and to right an injustice that has hurt our industry and injured its growth for twelve years.

Respectfully, yours,

WM. FLACCUS OAK LEATHER Co., Per E. W. F.

### STATEMENT OF FRED VOGEL, JR., MILWAUKEE, WIS., ASKING THAT HIDES BE RESTORED TO FREE LIST.

Saturday, November 28, 1908.

The CHAIRMAN. Please state your business. Mr. Vogel. I am a manufacturer of leather.

The CHAIRMAN. You may proceed.

Mr. Vogel. Gentlemen, we appear before you as representatives of the tanning industry of the United States most respectfully to ask that you restore hides to the free list. We submit the following syllabus of points, upon each of which we are prepared to make extended argument if desired:

(1) That the principle of protection can not be applied to hides. They are in the strictest sense a raw material, upon which practically

no labor is expended.

(2) That the tariff of 15 per cent on cattle hides does not "protect" stock raisers, because it is not possible to increase or stimulate the demand for beef by taxing hides alone. Farmers are not benefited by the hide duty, as they kill more calves and kip than mature ani-

mals, and foreign calf and kip skins are admitted duty free.

(3) That the domestic consumption of hides and skins is inadequate and is not increased or stimulated by the tariff. The country requires 40 per cent more dutiable hides than are produced in the United States. The packers have surplus stocks of beef for export, but the tanners are compelled to import large numbers of hides. The market price of a steer hide is from one-tenth to one-sixth the amount paid for the live animal. Cattle are thus raised primarily for beef,

their hides being an incidental product, affected in price, but not in

quantity, by demand or lack of demand.

(4) That hides and skins, the basic raw material of the leather industries, are becoming scarcer and dearer in all markets of the world. The per capita consumption of leather is outstripping the supply of hides that results from the slaughter of cattle for beef. There are many substitutes for beef for food, but sole, harness, belting, furniture, and other leather can not be made from anything but cattle hides.

(5) That foreign raw material is a vital necessity of the tanning

industry. The domestic supply is hopelessly insufficient.

(6) That the expansion of our industries and the continued employment of thousands of work people is dependent upon obtaining foreign hides and skins to augment the domestic supply of raw material.

(7) That the South American and other countries have a surplus of hides and skins which the tariff of 15 per cent tends to divert to the free ports of Canada and Europe, and this results in a benefit to foreign labor. Argentina has six head of cattle to each inhabitant; the United States has less than one head of cattle to each inhabitant. The nations south of us are small per capita consumers of leather, while we are the largest consumers of leather merchandise of any nation of the world.

(8) That hides were on the free list for twenty-five years prior to the enactment of the present law, and that the existing tariff was an innovation. It crept into the act during the conference hours and was imposed without sufficient consideration being given to the

interests of the tanners.

(9) That with free hides the leather industry developed until a large export trade was achieved. But since the imposition of the duty of 15 per cent exports of leather made from dutiable leather have not increased and the exportation of heavy leathers made from the domestic hides has practically stopped. All other leathers made from nondutiable hides and skins have enjoyed a steadily increasing export business. Canadian, English, and continental European tanners, with the advantage of free hides and free tanning materials, and availing themselves of our tariff handicap, have increased their tanning capacity and prevented us from acquiring a proper share of the leather trade of the world. They not only are turning back the tide of leather exports but actually are invading our shores. Of late large quantities of English sole leather have been sold in the American markets to be reexported in the form of shoes.

(10) That the Government should not discriminate as between tanners by imposing a duty on cattle hides while admitting calf-

skins, kipskins, horsehides, and goatskins free of all duty.

(11) That since the revenue law of 1897 went into effect tanners of hides most affected by the duty have not prospered in proportion with persons engaged in other industries, where smaller average amounts of capital are invested. During the past twelve years of great general prosperity tannery profits have seriously decreased. Never were there so few tanneries built or extensions of old ones made. Few if any tanners have during the past decade been able to earn from the business a fair return on the capital invested therein. The industry of tanning requires a large investment of capital and

careful and anxious supervision and is subject to many serious risks. During the months intervening between the purchase of a hide and its sale as leather great fluctuations in relative prices often occur, the risk of which often falls upon the tanner.

(12) That the tariff on hides is inconsequential as a producer of revenue to the Government. The net revenue after the drawback duties are refunded is about \$1,800,000 a year, if we take five years

and strike an average.

All of which is respectfully submitted.

The CHAIRMAN. The duty on hides has raised the price of hides in this country, and by some it has been stated that the benefit of that raise goes to the farmer and by others to the packer. Have you investigated that subject so as to be able to give the committee any

information on it?

Mr. Vogel. That is not an easy question to answer. From our point of view, as we look at it, the cattle raiser is not benefited by this duty because of the number of middlemen that come in between him and the tanner as the consumer of his product. We judge largely by the ruling prices in Chicago, where we frequently see that the price of hides and the price of beef move in opposite We further see that the farmer who produces the live cattle weighing under 500 pounds, producing a hide of 25 pounds and under, derives no benefit, his calfskins, kipskins, horsehides, and goatskins all being free. We know that the exporters of cattle buy their cattle in Chicago on the same basis as do the American butcher and packer. The exports of hides and the exports of cattle compete in the foreign market of free hides. If the exporter had to figure on the value of the hide with a 15 per cent duty on it, he would be handicapped in the foreign market to that extent. As near as I recollect, only the heaviest and best skins are exported, the highest priced animals producing hides of the highest order and bringing the highest value in the market.

The Chairman. Is it not true that the bulk of the hides imported are thick hides from tropical countries, while the bulk of the hides produced in this country are thinner and adapted to the use of

uppers, etc., in shoes?

Mr. Vogel. As near as I can ascertain, the production in this country of high-grade thick hides is about 40 per cent of the total packing hides. We estimate there are between 7,000,000 and 8,000,000 hides that are made by the packers, of which 40 per cent would be Texas and Colorado hides, hides that would be in competition with the choice foreign hides such as come from South America, which are taken off in England or France of the biggest and heaviest cattle.

The CHAIRMAN. Such hides are used in sole leather?

Mr. Vogel. Yes, sir; and used in carriage tops, furniture, etc. It takes a high-grade hide to produce that class of leather.

The CHAIRMAN. How about the imported hides?

Mr. Vogel. The bulk of the imported hides come from South America and China and make what we consider and call the cheaper sole leather—hemlock sole leather. Very few of the South American hides, the cheap hides, go into high-grade leather. The better grades go very largely into oak belting and oak sole leather.

Mr. Boutell. I judge from your argument, Mr. Vogel, that in your opinion the reduction of the duty would not reduce the price

of hides to the farmer or the raiser of the cattle on account of the

constantly increasing demand for hides?

Mr. Vogel. The only experience I have ever had with an article which was on the taxable list and was then put on the free list was when calfskins were taken out from under the tariff in 1898. The result of that order was that calfskins in this country went up a trifle and those in the foreign countries went up a trifle. There was a division or compromise. That was the effect in that instance.

Mr. BOUTELL. There really was an opportunity there for the farmer

to get more?

Mr. Vogel. The producer of the skins in this country was benefited by the removal; it averaged the price between the foreign and do-

mestic product.

Mr. BOUTELL. Take the first step. In your best judgment, and, of course, none of us can tell exactly what will happen, but in your best judgment, there would not be any harm to the raiser of cattle in the taking off of this duty?

Mr. Vogel. I think if the duty was taken off to-day that the producer of hides for the present would be benefited. For how long,

of course, it is hard to say.

Mr. BOUTELL. Then you speak of some middlemen, as I understand it, between the raiser of the cattle and the tanner?

Mr. Vogel. Yes, sir.

Mr. Boutell. The farmer sells directly to the packer?

Mr. Vogel. That, of course, depends. As to the large stock raisers, their cattle drift into large packing centers and are sold through brokers to the packer. The stock of the small farmer drifts into the hands of the collectors and small hide dealers, and from there they are assembled until they reach the larger markets, so that quite frequently there is the work of two men before the hide reaches the tanner, the first man who collects the hides in a small way, and then they would be sold in the Chicago, St. Louis, or larger markets.

Mr. Boutell. In the ordinary run of trade there is a possibility of

two profits being made before the hide reaches the tanner?

Mr. Vogel. Yes, sir; and that affects the first price to the farmer.

Mr. Boutell. I take it, in the second place, if the farmer would not get a lower price for his hides, and there are two chances for profit between the farmer and the tanner, that you would not get your hides any cheaper?

your hides any cheaper?

Mr. Vogel. The Chicago packer determines the price of hides in this country. The price of the country hide after it reaches the market has a certain proportionate value to the packer hide. The packer

hide is the standard of this country.

Mr. BOUTELL. In your opinion, would the packer be apt to make any reduction in the price of hides to the tanner if this duty were repealed?

Mr. Vogel. No; I do not believe so. I believe it would affect all

his hides the same as it did anybody else's.

Mr. BOUTELL. Then you could not furnish leather any cheaper to the jobbers or middlemen, or the manufacturers of leather?

Mr. Vogel. Not at the first instance; no.

Mr. Boutell. And then the manufacturer of leather or the man who makes the shoe would not be in a position to sell his shoe any cheaper to the jobber in shoes?

Mr. Vogel. Not to begin with; no, sir.

Mr. BOUTELL. And then, just to follow this up, the jobber in shoes naturally would not be able to sell any cheaper to the retailer?

Mr. Vogel. Not if the situation is such as I expect at the first re-

moval of the duty.

Mr. BOUTELL. Then coming down to my friend, the man who buys a pair of shoes, he would not get them any cheaper?

Mr. Vogel. I do not believe at first that that would be the effect. Mr. McCall. I understand the witness has stated that that would be the effect at first.

Mr. BOUTELL. I am just coming to that.

We hope with a great many people, if this duty were repealed, that there would be some reduction in the price and that there would be some profit which we realize would be distributed, but that the retailer might have one benefit and that the purchaser of the shoes might be able to get shoes cheaper. What do you say with reference to the ultimate effect of the repeal of the duty, bearing in mind what you have said of the constantly increasing demand for hides?

Mr. Vogel. I think the ultimate effect would be that we would be on a fair world's price basis. To-day the packer fixes the price. The supply in this country is short, and the buyer of American hides is absolutely cut off from exporting heavy hides, the sole-leather hides. He always has the 13 per cent as a wall before him. Before this duty was imposed quite a proportion of exports in sole leather were packer hides tanned here by American tanners in competition with the best foreign hides. That trade has been gradually lost, and the only hide that can be exported to-day is one that has been imported.

Mr. Boutell. I take it from what you say with the extension of the cable and the world's demand for hides that there is substantially

a world's market for hides?

Mr. Vogel. Yes, sir.

Mr. Boutell. An international price for hides?

Mr. Vogel. Yes, sir.

Mr. BOUTELL. And that if this duty were repealed the international demand for hides would, to a large extent, govern the price?

Mr. Vogel. Yes, sir; regulate the price all over.
Mr. Boutell. What, then, do you think, in your best judgment, would be the final result of putting all our raw hides on the free list to the purchase of shoes? Can we look forward to any substantial reduction in the price of shoes to the individual purchaser?

Mr. Vogel. I do not believe that hides, if the consumption goes on the way it has, will rule very much cheaper. I think we have reached

a point where the hide supply of the world is a little short.

Mr. Boutell. There is an increasing use of hides, particularly in automobiles and in their use for belting and so on, that does not look

to be on the decrease?

Mr. Vogel. No, sir. There is an increased demand for hides, but what we expect and hope for is that the great influence that the packer has on the market will be lessened. Now, we have all just gone through a severe period of depression in this country. A year ago the price of heavy Texas hides dropped from 14 cents to 11 cents, and Mr. Packer started to tan on a very extensive scale. He found plenty of idle tanneries and filled them up with hides.

Mr. RANDELL. What is the paragraph that you are talking about?

Mr. Vogel. I am talking on paragraph 2.

Mr. Cockran. Of this letter?

Mr. Vogel. Yes, sir.

Mr. Cockran. Mr. Randell meant what paragraph of the tariff law?

Mr. Dalzell. He is talking on hides.

Mr. Vogel. The result has been that the packer is to-day turning out leather made of cheap hides and is selling his present high-priced articles to the tanners. The tanners are absolutely helpless. They must have hides to maintain their business and maintain their stand-

ing in the trade.

Mr. Boutell. I have received a number of letters, as I have no doubt the other members of the committee have, from the retail dealers intimating that it would be to their benefit to have this duty repealed; that is, that they could have some chance to make more profit on shoes. Then I have received, and I have no doubt the other members of the committee have, letters to the effect that the consumer of shoes, the purchaser of a pair of shoes, might be benefited anywhere from 5 cents to 15 cents on a pair of shoes. While we realize that, of course, the price would be dictated by the different retailers, in view of what you say as to the probable maintenance of the price of hides and of leather, is there any way in which we can benefit the purchaser of shoes in this matter except by putting the finished leather and the manufactured shoes also on the free list? What would you say as to that?

Mr. Vogel. When it comes to the tariff on leather, which I am only able to speak of, it gets to the point of cost which in this country is at the present time considerably higher than in Europe, especially in upper leather the item of labor is quite a factor. Our strongest competitor in the markets of the world is Germany. The German wages range from 50 per cent to 60 per cent of our wages. The German tanner has been a little slow in adopting the new process largely used for upper leather, the so-called "chrome process," but has of late greatly improved his product and is able to compete in the markets. The tanners as a whole in a meeting this morning passed the follow-

ing resolution regarding this question:

Resolved, That in regard to a reduction of duty on leather or leather goods the National Association of Tanners unanimously favors the idea of a miximum and minimum tariff in order that reciprocal trade agreements may be negotiated by the United States with other nations.

Mr. Boutell. In other words, on finished leather you want a minimum and maximum tariff?

Mr. Vogel. That would be our idea.

Mr. BOUTELL. In a general way, what would you suggest as the

amount of the minimum?

Mr. Vogel. The present tax on the average production of leather is 20 per cent, and we would be satisfied with a concession of 25 per cent.

Mr. Boutell. You would raise the ad valorem on leather from 20

per cent to 25 per cent?

Mr. Vogel. We would reduce the ad valorem from 20 per cent to 15 per cent.

Mr. BOUTELL. Would you care to speak about shoes?

Mr. Vogel. I think the gentlemen who will follow me are more

conversant on that subject.

Mr. BOUTELL. Would you think that free hides and a 15 per cent ad valorem on the finished leather would enable you to sell cheaper to the manufacturer and in that way furnish cheaper shoes to the ultimate consumer?

Mr. Vogel. The profits in the leather business for the past twelve or thirteen years have been very moderate, and I do not believe that under present conditions the tanners of the country could afford to reduce their prices.

Mr. BOUTELL. So that with free raw hides and with 15 per cent ad valorem on finished leather you do not see any immediate prospect of

any substantial reduction in the price of shoes at retail?

Mr. Vogel. I do not.

Mr. BOUTELL. I think that is all, Mr. Chairman.

Mr. McCall. Speaking of the price of hides now and prior to ten years ago when the duty was imposed, and the increased price of hides in this country, is it not a fact that the foreign price of hides has also increased very much in that time?

Mr. Vogel. Certainly.

Mr. McCall. With regard to the effect of the duty upon the tanning industry, in the long run do you not think that it would increase the cost of leather to the tanner?

Mr. Vogel. The removal of the duty?

Mr. McCall. The imposition of the duty on the raw material. In the long run would not that have the effect of increasing the cost of leather to the tanner?

Mr. Vogel. Certainly.

Mr. McCall. Would not the removal of the duty in the long run have a tendency to decrease the cost?

Mr. Vogel. It would eventually.

Mr. McCall. Is there any combination of manufacturers in this country to hold up the price?

Mr. Vogel. No. sir.

Mr. McCall. In the absence of a combination and with competition you would be able, by the removal of the duty, to sell your leather cheap to the manufacturers of shoes, would you not?

Mr. Vocel. Eventually; yes, sir.

Mr. McCall. There is, of course, no combination between the shoc manufacturers of the country?

Mr. Vogel. No, sir.

Mr. McCall. I believe that is one of the things they have found it impossible to get up a combination on, and that there is free competition. Would it not follow that they being able to sell shoes cheaper and selling them in open competition they would sell them cheaper?

Mr. Vogel. Cheaper leather will make cheaper shoes; yes, sir.

Mr. McCall. And there being no combination between the shoemakers, if they made their shoes cheaper they would naturally sell them cheaper?

Mr. Vogel. They would.

Mr. McCall. So the probability is that the man who wore shoes would get his shoes for less money or would get better shoes for the same money?

Mr. Vogel. Yes, sir.

Mr. McCall. And the same would be true with regard to harness and all leather goods?

Mr. Vogel. Yes, sir. Mr. McCall. Is there any combination that you know of in the harness business?

Mr. Vogel. There is not. I know of none.

Mr. CLARK. Mr. Witness, how did the manufacturers get it into their heads that it is the business of Congress to guarantee them a profit?

Mr. Vogel. We believe that it is the duty of Congress to see that

fair play prevails.

Mr. ČLARK. Why did you not answer my question? When did the manufacturers get it into their heads that it is the business of Congress to guarantee them a profit—in other words, to go into the insurance business?

Mr. Vogel. We certainly have the idea that Congress is looking

out for all of us.

Mr. CLARK. I know, but it is not looking out for the rest. You claim that you should be guaranteed a profit and every manufacturer who comes here feels that he ought to be guaranteed a profit. Congress does not guarantee profits to other people; why should they guarantee profits to the manufacturers?

Mr. Vogel. You do not do it, but we maintain that we are entitled

to reasonable compensation.

Mr. CLARK. But you want Congress to make this reduction so as to guarantee your profits.

Mr. Vogel. We do not want anything of the kind. Mr. CLARK. I understand that you want free hides?

Mr. Vogel. Yes, sir.

Mr. Clark. But you do not want to give free leather, boots, harness, etc.

Mr. Vogel. We can not do that very well on the profits as they

are to-day.

Mr. CLARK. If we put hides on the free list, are you willing to have leather, boots, shoes, harness, and other things made of leather put on the free list?

Mr. Vogel. No, sir.

Mr. Clark. You want to get your stuff free and you want us to maintain the same duty on the other things?

Mr. Vogel. We want moderate protection.

Mr. Clark. You want moderate protection, but you are not willing for the other fellow to have moderate protection. I will tell you exactly how to get free hides. You all agree not to make any fight in Congress, and that boots, shoes, harness, and other articles of leather shall go on the free list, and I think we can get up a compromise.

Mr. Vogel. I think that would be easy.

Mr. CLARK. What kind of hides is this tariff on?

Mr. Vogel. The heavy hides which weigh 25 pounds and upward in the salted condition, and 12 pounds dry flint.

Mr. CLARK. We raise very few of that grade of hides in the United

States?

Mr. Vogel. Heavy hides?

Mr. Clark. Yes, sir.

Mr. Vogel. A great many.

Mr. CLARK. Do not most of the heavy hides come from South

America or the Tropics?

Mr. Vogel. No. Those are the sole-leather hides, weighing about 22 pounds, equal to 52 or 54 pounds green salted. The hide is a thick hide, very well adapted for sole leather.

Mr. Clark. You talk about the prices of labor in the United States. Do you not know that the American laborer, piece by piece, turns out

products as cheaply as the European laborer?

Mr. Vogel. Not in all leather business.

Mr. CLARK. Did you ever read Blaine's book?

Mr. Vogel. No, sir.

Mr. Clark. You had better get a copy and read it. He says that when you count by the piece, and that is the only fair way to count, American labor is as cheap as European labor, and I think he knew something about the tariff question.

Mr. Cockran. Do you know anything about the shoe business?

Mr. Vogel. No, sir.

Mr. Cockran. You are simply concerned in what is the manufac-

ture of sole leather?

Mr. Vogel. No, sir. I am chiefly concerned in the manufacture of light leather. Calfskins, kipskins, horsehides, and goatskins are the chief productions of our tannery, but the national association of course has a full line from light leather to heavy hides.

Mr. COCKRAN. From the point of view of public policy and the general welfare, why is it you want hides placed on the free list?

Mr. Vogel. The main reason is that we are hampered by the great

influence that the packer has on the tanning business.

Mr. Cockran. You are coming here to get relief from an inconvenience to yourself, and not apparently from any desire to advance the general welfare of Mr. Boutell's friend and my friend, the ultimate consumer?

Mr. Voger. We do believe that if you give us free hides that would

be the ultimate result.

Mr. Cockran. That is to say, you offer us a belief and you want the fact. You want free hides and you offer our friend, the ultimate consumer, the possibility of a reduction. That is your position?

Mr. Vogel. No one can foresee what the future will bring.

Mr. Cockran. Certainly. You relegate the ultimate consumer to the domain of speculation and hope, while you want to get the tangible and practical relief at once. That is your position?

Mr. Voger. We would like the relief at once.

Mr. COCKRAN. I agree with all that Mr. Clark has said, that if you will offer a scheme of relief to the general consumer we will be

very glad to cooperate.

The CHAIRMAN. When you come to read Blaine's book you will find that he used the statement referred to by Mr. Clark as an argument on the part of the free trader and that he also stated the argument of the protectionist on the same subject. You will learn that when you read the book.

Mr. Vogel. I thank you.

. The CHAIRMAN. In regard to the history of this tariff, this committee reported in favor of free hides and the bill passed through the House with hides on the free list. The bill went to the Senate and the Senate put a duty of 20 per cent, possibly more than that, on hides. The bill went into conference and finally there was a compromise in order to get the bill through at all at 15 per cent on hides. In the McKinley bill hides were free and sole leather was 10 per cent. In the Wilson bill hides were free and sole leather was 10 per cent. You come this morning and ask for free hides and then suggest the very generous proposal to reduce the 20 per cent put on leather in the Senate down to 15 per cent. Can not you do a great deal better than that?

Mr. Vogel. Individually, talking for myself, I certainly would.

The CHAIRMAN. I thought so.

Mr. COCKRAN. That is satisfactory.
Mr. BOUTELL. I would like to straighten out what appeared to be a discrepancy so it will be only apparent. There seems to be some discrepancy between what you said in answer to my questions and those put to you by Representative McCall. I endeavored to make mine specific and his, of course, were general. I would like to ask you a still more concrete question so that there may be no apparent discrepancy.

If this bill should go into effect the 1st of next July, with raw hides on the free list and a reduction to 15 per cent ad valorem on leather, when do you think there would be a reduction in leather and in the

retail price of shoes?

Mr. Vogel. I can not tell you.

Mr. Boutell. To the best of your judgment, with your experience

in the business?

Mr. Vogel. The fluctuations in hides and the value of hides are dependent on a good many conditions, and no one alone is primarily responsible for a decline. Now, all these values find the world's level, and we can not get away from that fact. The prices go up and down. We have been on a very high plane, and it may be possible that hides will ease off, but I am not looking for it.

Mr. BOUTELL. You are not looking for it even with this reduction? Mr. Vogel. No, sir. I do not think there will be much chance of

an immediate reduction in the price of hides.

Mr. RANDELL. When the Dingley bill was being framed you were applying for an increased duty on leather?

Mr. Vogel. No. sir.

Mr. RANDELL. You got an increase of duty?

Mr. Vogel. There was a change—an increase of 10 per cent.

Mr. RANDELL. The duty was doubled on leather?

Mr. Vogel. Yes, sir.

Mr. RANDELL. Fifteen per cent was placed on raw hides. As a matter of fact, you then went to the department and got the department to repeal the law on all hides under 25 pounds?

Mr. Vogel. That was the construction.

Mr. RANDELL. When the law was passed it was supposed that hides were, as you call it, protected; that there was a duty on hides that would raise the price, but you have been able to get your hides under 25 pounds free?

Mr. Vogel. Yes, sir.

Mr. RANDELL. And that was by a ruling of the department?

Mr. Vogel. Yes, sir.

Mr. RANDELL. Do you not think that instead of repealing the law by the ruling that was made, you should have been paying the 15 per cent all this time?

Mr. Vogel. I think that was at that time an unfair ruling.

Mr. RANDELL. But you took advantage of it. Do you not think that you should pay back that 10 per cent that you should have paid? Mr. Vogel. As I said before, the price of raw material advanced.

Mr. RANDELL. Do you not think that this bill should be so framed that either the farmer should get free shoes and free leather and the manufacturer free hides and leather, or the farmer and stock raiser ought to get his 15 per cent, and that the bill should be so framed that the department can not cut it out? Do you not think that is where the mistake is, that the bill should be so framed that you would have to pay your 15 per cent on the hides as the law provides and not be exempt from that by a ruling of the department? Would not that be the proper way to frame this bill?

Mr. Vogel. Yes, sir. If you tax hides, there is no reason why kip

skins and calfskins should be free.

Mr. Randell. It was supposed at the time that the bill included all hides, but you got that by a ruling that you yourself think was unfair. I commend you for your candor.

Mr. Gaines. Is not a great deal of the leather before it enters into a shoe controlled by proprietary processes, as, for instance, vici kid?

Mr. Vogel. That patent has lapsed.

Mr. Gaines. How many persons in the country make it?

Mr. Vogel. A great many to-day.
Mr. Randell. There is a question that I wish to ask you, Mr. Witness. You seem to know about these matters. Is it not a fact that the way the department has construed the law the packers who have control of all the large hides, practically all, are the ones who are benefited by the ruling, and not the farmer and stock raiser?

Mr. Vogel. You mean on the light hides?
Mr. Randell. The packer is the one who generally has the big heavy hides?

Mr. Vogel. Yes, sir.

Mr. RANDELL. He gets the 15 per cent duty?

Mr. Vogel. Yes, sir.

Mr. RANDELL. That sort of leather, the very kind that the farmer has to buy for his shoes, is the kind where the price has been raised by the application of the law to heavy hides, is it not?

Mr. Vogel. I think that is so.

Mr. RANDELL. So that the farmer does not get any benefit of the duty, but has to pay the increased price for the leather he uses?

Mr. Vogel. I think that is so.

Mr. RANDELL. You think the best way to do would be to frame this law so that the department could not cut the stock raiser out of his hides?

Mr. Vogel. Yes, sir.

Mr. Griggs. Are you a tanner or a shoemaker?

Mr. Vogel. A tanner.

Mr. Griggs. Is your business prosperous?

Mr. Vogel. Fairly.

Mr. GRIGGS. Are you making money?

Mr. Vogel. A fair amount.

Mr. GRIGGS. I am glad to hear it.

# STATEMENT MADE BY DAVIS P. LEAS, OF LEAS & McVITTY, PHILADELPHIA, PA., FAVORING FREE HIDES.

Saturday, November 28, 1908.

Mr. Boutell. What is your business?

Mr. Leas. We are tanners.

Mr. Cockran. General tanners of all kinds of leather?

Mr. Leas. No, sir; oak sole leather. Mr. Griggs. Are you making money?

Mr. Leas. We are not in the almshouse; we have all managed to keep in business.

I have a few words in this statement and then I would be glad to

answer any questions.

Prior to the present law of 15 per cent, with the exception of about thirty years, there has been no tax on the importation of heavy hides. During the civil war there was only 10 per cent put on for war revenue, and was taken off June 6, 1872.

The present law is not one that has resulted in producing revenues to any extent. It is only one-third of the hides and skins imported that are taxed, as the present duty only applies to heavy cattle hides.

Nor is the present law, in our judgment, a success as regards protection. The making of hides is not an industry. No one can manufacture them; they are a by-product, obtained only when cattle are killed for food. The law of supply and demand regulates both the price of cattle and of this by-product. Beef may be plenty at one time and hides scarce and vice versa.

Statistics covering a period of years show that when hides produce the highest prices, cattle on the hoof have sold at the lowest price. Each advances or declines separately, influenced by its own special

supply and demand.

To-day the refrigerators of the packers are overflowing with beef, and the large receipts of cattle at these western packing points have not been availed of. Why is that the case? It is because beef to-day is ruling higher, very much higher. You all remember when you could buy good beef at anywhere from 12 cents to 15 cents a pound. To-day the best beef is 25 and 30 cents a pound, and people are compelled to use other kinds of meat instead of beef. Why should this monopoly be allowed to exist on beef as well as on hides? Further, the domestic supply of hides in this country is inadequate for the demands of the population and will continue to be still more inadequate as the population grows. We need foreign hides, because some of them produce a cheaper article of leather than our domestic green salted hides, and, because, also, the home supply is inadequate. The farmer and laboring class of people are the most benefited by the foreign dry hides, which produce the cheaper grade of leather for coarse shoes.

The present tariff destroyed the exportation of oak sole leather made from domestic hides. Through Pennsylvania, Maryland, Virginia, and the Southern States large quantities of domestic leather were made and exported. The tariff did not allow a bounty on leather made from domestic hides, and a great trade was lost. Some of our tanners-the Shaws-moved over to Canada. What we ask to-day is that the American tanners be put on a level with the tanners of the world. We ask nothing more and we ask nothing less. We ask this, further, because we think that hides should be brought here and manufactured into leather, and that our laborers should have the opportunity of manufacturing these hides into leather, and the articles that we should be able to export, in the way of shoes and belting leather, that is now done abroad, and from which the American laborer gets no benefit.

Mr. McCall. If you can export leather into the markets of the world, why can not you control the market of this country with no

duty on leather, assuming that you had free hides?

Mr. Leas. If there was a general level all over the world, except for one point, we would not care whether the duty was on leather or not. Since the days of Blaine, since his book was written, there has been a great change in the condition of things abroad. They not only have their cheap labor, but they have sent their experts over here, and they have learned the skillful manner of making shoes. They have skilled workmen as foremen, and they have all the machinery we have, and they are beating to-day our manufacturers of shoes.

Mr. Clark. Are you a shoemaker or a tanner?

Mr. Leas. I am a tanner.

Mr. Clark. If we had hides on the free list and kept leather where it is you would make more profit than you do now?

Mr. Leas. Keep the tariff on leather?

Mr. Clark. Yes, sir.

Mr. Leas. I am not talking about the tariff on leather.

Mr. Clark. I am talking about both of them in conjunction to find out what you want. If we had hides on the free list it would give you more profit on leather?

Mr. Leas. No; not necessarily.

Mr. CLARK. What do you want, then?

Mr. Leas. We want to have the hides tanned in America rather than in Europe, in order that American labor may be benefited.

Mr. Clark. If we had hides on the free list and kept leather where it is now you would make a larger profit than you do now. Are you willing for all that profit to go to the laborers or are you willing——Mr. Leas (interrupting). To go to the laborers. There would be

more home competition and the prices would be lower.

Mr. CLARK. You will guarantee that you will not get a cent of it?

Mr. Leas. We shall be very glad to send it along.

Mr. CLARK. You are a philanthropist?

Mr. Leas. Yes, sir.

Mr. Clark. I am glad to meet you. [Laughter.]

Mr. Underwood. What is the duty on the leather you manufac-

The CHAIRMAN. I think the witness had better be permitted to finish the reading of his statement.

Mr. Underwood. All right, go ahead.

Mr. Leas. The present tariff of 15 per cent and its drawback from leather made from foreign hides shipped abroad works a serious injury in two ways: First, to American labor, because it enables European and Canadian tanners and shoe manufacturers to secure cheaper material, making and selling shoes to the laboring class of these countries and exporting them to other countries for less price than American shoe manufacturers can sell their laboring class at home.

The civilized nations are facing the greatest epoch in the history of the world, supplying an oriental nation with shoes and belting for machinery. We refer to the great opening that will come to China in the next fifteen years. Here are some 300,000,000 people who will need shoes and who will learn to use shoes made of leather. If this tariff continues on hides, the American tanner is handicapped and will see this magnificant trade for both shoes and belting pass into the hands of their competitors, namely, the European and Canadian tanners,

shoe manufacturers, and belting manufacturers.

The danger of the present law is to drive out of business the independent tanner. It puts into the hands of a few corporations a weapon, not only to keep up the price of hides ruling to-day for 13½ cents to 17 cents for heavy hides, when before duty they ranged from 6 to 12 cents; but also, what is more serious, it enables a few beef packers to exercise a dangerous control over a raw material, which is absolutely necessary for tanning. This tariff enables these few men to make every man, woman, and child in the United States pay tribute by an increased cost for every shoe worn and every other article into which enters the use of leather. No class suffers more from the payment of this tribute than the farmer and laboring man, because they mostly use shoes made from imported hides.

Finally, the abrogation of tariff on these hides will not interfere with the policy of protection but affect the comfort of the people and

the general prosperity of the nation.

Mr. Underwood. What is the duty that you are now receiving on leather? How much protection have you?

Mr. Leas. About 20 per cent.

Mr. Underwood. Twenty per cent ad valorem?

Mr. Leas. Yes, sir.

Mr. Underwood. Is it fixed at an ad valorem rate?

Mr. Leas. I believe it is.

Mr. Underwood. I notice that the importations of hides amount to about \$20,000.000, on which the Government obtains \$3,000,000 revenue. The exportation of leather is how much?

Mr. Leas. The exportation of leather?
Mr. Underwood. Yes, sir; the exportation of leather.

Mr. Vogel. It is sufficient to reduce the duty of \$3,000,000 to \$1,800.000 annually collected.

Mr. UNDERWOOD. The value of leather exported, sole leather, is about \$7.000.000?

Mr. Vogel. Yes, sir.

Mr. Underwood. The exportation of shoes from this country is very great, is it not?

Mr. Vogel. About \$11.000,000.

Mr. Underwood. Now, you gentlemen stand behind a wall where you hold up the people of the United States with the 20 per cent ad valorem duty on your product, and sell a large portion of it in the free markets of the world. I want to ask you if you think it is fair or just or right to the American people to come here, when you are able to compete in the markets of the world, and ask that the Government be deprived of a \$3,000,000 revenue, which it is now getting on hides to-day, in order that that sum may go into your business?

Mr. Leas. I would say this, that some of the tanners who make a

Mr. Leas. I would say this, that some of the tanners who make a specialty of tanning foreign hides have them shipped to the bonded warehouse, and those hides go out of the country and they do not

get any rebate on them.

Mr. Underwood. I was not including those.

Mr. Leas. We are perfectly willing to stand on a fair and open

market on everything.

Mr. Underwood. If you want free hides and will stand for free hides, and if this committee is willing to give you free hides, and you are now able to export and enter the markets of the world and compete in the free-trade market with the world, don't you think it is right to the American people that we should give them free leather and free shoes?

Mr. Leas. You should distinguish between the different kinds of sole leather. The kind of sole leather that I am representing is not exported. It is an oak sole leather. It is a fine quality of leather. The leather that is exported is made from foreign hides, a coarser

kind of leather, and made into coarser shoes.

Mr. Underwood. But the leather you are making is being exported in the shape of shoes?

Mr. LEAS. No, sir.

Mr. Underwood. There is not a capital in Europe where when you ask somebody to point you to the best shoe store in the city they will not point you to stores that sell American shoes. Is not that true?

Mr. Leas. I think that is true.

Mr. Underwood. Is there not a greater demand for American shoes

than for anything else?

Mr. Leas. That is passing away rapidly. Foreign-made shoes are taking that trade away. They are introducing our fine machinery

and have cheaper labor and leather than we have.

Mr. Underwood. Personally, I have not seen any indication of that. I want to go back to my question, now, as to a fair proposition. You gentlemen come here and demand free hides, and I want to know, without comment on your acts in the past, whether you don't think it is fair to the American people, if you want free hides, that the American people should have free shoes?

Mr. Leas. The only point is this: I would say this, that there are shoe men here who have come specially here to present the whole matter, and I do not see why we, who are not shoe manufacturers, should take that up. I am a tanner, not a shoe manufacturer. The shoe manufacturers are able to speak for themselves, and I would prefer to let them speak for themselves if you will allow me to.

Mr. Underwood. You compete with the tanners in the foreign

markets?

Mr. Leas. We had a large and profitable business, but it has been cut out entirely, and a great loss has been sustained by oak tanners because of this duty.

Mr. Underwood. Would you resist that proposition if the committee put it up to you?

Mr. Leas. As I said, I would rather the shoe manufacturers would

speak for themselves.

Mr. Cockran. Mr. Underwood is not asking you about the shoe manufacturers. He is asking you about your own business. Would you, as a manufacturer of sole leather, be content to have your product put upon the free list if you were given free hides?

Mr. Leas. Yes; I should say I was, to come to that question

positively.

Mr. Boutell. Mr. Leas, toward the close of your argument you used this expression, that every man, woman, and child in the country is compelled to pay tribute, because of the cost of shoes, to this monopoly. This committee would like to put an end to that tribute. The simplest way is to put hides and leather and shoes on the free list. Your suggestion is to simply put hides on the free list?

Mr. Leas. Yes; because this monopoly is confined to hides. Their

operations are in hides.

Mr. Boutell. Now, then, upon what kind of leather is this duty of 20 per cent now levied?

Mr. Leas. It virtually covers everything.

Mr. Boutell. As to this duty on hides, on what class of hides is this duty of 15 per cent now levied?

Mr. Leas. On foreign heavy hides.

Mr. Boutell. On what you call heavy hides exclusively?

Mr. Leas. Yes, sir.

Mr. BOUTELL. What kind of shoes in the market uses the greatest amount of the kind of leather on which this 15 per cent duty on hides is levied?

Mr. Leas. The masses of the people use leather made from those

foreign hides upon which the duty is imposed.

Mr. Boutell. I say, what kind of shoes in the market is it that uses the greatest amount of hide leather upon which duty is paid?

Mr. Leas. The heavy, coarse shoe.

Mr. Boutell. Now, then, what is the cost of the heavy leather that goes into the manufacture of this heavy shoe? What is the price of the leather that you manufacture that goes into one of these pairs of shoes?

Mr. Leas. About 2 pounds of leather goes to a pair of shoes.

Mr. Boutell. How much is that a pound—the price you get for it?

Mr. Leas. We are not selling soles. We are selling leather.

Mr. BOUTELL. Is not my question plain enough? This committee wants facts.

Mr. Leas. Yes.

Mr. Boutell. You have made a statement here involving a very serious general charge, that on account of this duty a tribute was levied on every man, woman, and child in the country, and your only suggestion to prevent the payment of that tribute is to reduce the duty on hides?

Mr. Leas. Yes, sir.

Mr. Boutell. Now I ask you the simple question, What do you charge for the amount of leather that goes into the kind of a shoe that is most largely composed of this dutiable hide leather?

Mr. Leas. Yes, sir.

Mr. Boutell. You said 2 pounds. Now, what do you charge for those 2 pounds?

Mr. Leas. That varies as to the quality of the leather. I would like Mr. Jones to answer that question. He is a practical shoe man.

Mr. Boutell. Well, if we have to take a new witness in order to get that information, we will take the answer from him in turn.

Mr. Longworth. I would like to understand what is the tariff on

that.

Mr. Leas. We are charged from 25 to 30 cents a pound, according to the quality of the part of the hide that it comes out of. It is for the shoe manufacturer to say what the average price of his soles are. That question, of course, I can not answer.

Mr. BOUTELL. I will state the result of the inquiry that I want to get at, Mr. Leas, so that we will know how much your suggestion

would really aid to put an end to this tribute.

Mr. Leas. Yes, sir.

Mr. Boutell. To what extent is this heavy dutiable hide leather used in the making of the shoes of children, and to what extent would the repeal of the 15 per cent duty on hides affect the retail price of a pair of retail spring-heeled kid shoes that a girl will use?

Mr. Leas. Those parts are cut from the shoulders of the hide, etc.. and it is the part of a shoe manufacturer to answer that, because I

am not posted on that.

Mr. Boutell. I would like to ask the question of a person who can answer. But when you made that general expression that every man, woman, and child in the country paid tribute to this monopoly, and that the only remedy for the tribute is the repeal of the duty on hides, I wanted to know what it would be.

Mr. Leas. We do not want to tread on the toes of the shoe manufacturers and repeat here before you too many statistics. [Laughter.] Mr. BOUTELL. I will simply say that if this tribute is being paid

the simplest way to end it is to put shoes on the free list.

Mr. Cockran. Mr. Leas, you are willing to concede as much as you ask? You are willing to have your product go on the free list, provided the raw material was put on the free list, too?

Mr. Leas. Yes, sir; except enough of duty to cover additional cost of American and foreign labor. Labor is a large item of cost in a

sole or heavy leather tannery.

Mr. Cockran. You made a remark which I intended to speak to you about at the time, to the effect that the export of leather was practically disappearing?

Mr. Leas. Yes, sir; on oak leather, and on hemlock made from domestic hides. After that duty was put on domestic hides advanced

at once from 15 to 20 per cent.

Mr. Cockran. I find here that our exports of leather of all kinds amounted to over \$32,000,000, and our imports to about \$8,000,000.

Mr. Leas. Not oak leather.

Mr. Cockran. What proportion of the leather of the country is oak?

Mr. Leas. That I can not answer. The statistics there ought to show that, but I am not familiar with them.

Mr. Clark. Mr. Leas, I would like to ask you one question: Do the packers—those are what we popularly call "the Big Four"—do they fix the price of hides?

Mr. Leas. They do.

Mr. CLARK. That is generally understood in the trade, that these people constitute a trust?

Mr. Leas. Yes, sir; emphatically so; and the most powerful trust

in the world.

Mr. CLARK. Have you ever informed Mr. Attorney-General Bonaparte that there is such a thing as a trust out at Chicago and Kansas City? [Laughter.]

Mr. Leas. No, sir.

Mr. John E. Wilder. He has already got after them. [Laughter.] Mr. Clark. He is still pressing the same thing, and the immunity bath they took at first does not absolve them from the sins they are going to commit after they have got the bath?

Mr. Leas. No, sir.

Mr. CLARK. You are willing to have leather go on the free list,

along with the hides?

Mr. Leas. Yes. I simply want the tanners of America to be put on a par with those of other nations, and that all the hides used in America should be tanned in America, so that—

Mr. CLARK. There is no dispute about that, but I want a definite statement whether leather should go on the free list if hides go on.

Mr. Leas. If it is necessary.

Mr. CLARK. Take out that qualification, now, and we will be getting together. [Laughter.]

Mr. Gaines. Mr. Leas, you represent yourself, or other tanners? Mr. Leas. I am from Philadelphia, and I represent the Philadel-

phia oak tanners.

Mr. Gaines. What do we understand? Do we understand that you want the duty on hides removed? Are you willing to have the leather of the kind you and those you represent make placed upon the free list?

Mr. Leas. Yes; I said I was.

Mr. Gaines. You are willing for that?

Mr. Leas. Yes; I said "if necessary," of course.

Mr. Gaines. Do you regard it as necessary or unnecessary?

Mr. Leas. My own private opinion is that it is necessary to have a duty as long as we have the cheap leather of Europe, but, as I said, if necessary, I am willing to do it.

Mr. Gaines. Then you are leaving us under a mistaken impression. Let us know, as the representative of the oak tanners of Philadelphia, what you believe ought to be done with reference to leather. Do you

believe it ought to be on the free list or protected?

Mr. Leas. Of course there are a great many kinds of leather made. I am only prepared to speak for the kind we make. I am willing to have it put on the free list. Of course there are different kinds of oak leather made in different parts of the country. I can not speak for those, but so far as I am concerned myself I would be willing to have it put on the free list.

Mr. GAINES. What you make is not protected by patent—that is,

others can make the same thing?

Mr. Leas. Yes; others are making the same thing.

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Mr. Longworth. Is your firm connected with the Central Leather Company?

Mr. Leas. No, sir.

The CHAIRMAN. Do you tan all kinds of leather, or simply heavy leather?

Mr. Leas. Simply heavy leather, Mr. Chairman.

The CHAIRMAN. And of course this duty is only paid on heavy hides?

Mr. Leas. Yes.

The CHAIRMAN. And before, when it was on the free list, you said you had a large trade in heavy hides?

Mr. Leas. Yes, sir.

The CHAIRMAN. And now you are not exporting?

Mr. Leas. No, sir.

The CHAIRMAN. We had an application before us when the chemical schedule was under consideration from two witnesses to reduce the duty on tanning woods introduced into this country, which is now, I believe, a cent a pound—all the way from seven-eighths of a cent to a quarter of a cent. If the committee should make a substantial reduction of the duty on tanning woods, that would still further help you, yould it not?

Mr. Leas. Yes, sir; very much.

The CHAIRMAN. Would that help you sufficiently so that you would be willing to give it as your opinion that not only heavy leather, but that all leather, should go on the free list?

Mr. Leas. I would not like to speak for other leathers, Mr. Chair-

man, because I am not familiar with the costs of making them.

Mr. Clark. If you put hides on the free list and leather on the free list don't you believe it will help the American manufacturers of leather and so stimulate the trade that you will command the markets of the world in leather?

Mr. LEAS. Well, I think it would.

# ELISHA W. COBB, OF BOSTON, MASS., MANUFACTURER OF LEATHER, ASKS REMOVAL OF DUTY FROM HIDES.

Saturday, November 28, 1908.

The CHAIRMAN. Mr. Cobb, you are a tanner, a manufacturer of leather; of the heavy or of the light leather?

Mr. Cobb. I am a manufacturer of heavy leather, called split

leather.

The CHAIRMAN. Very well, proceed.

Mr. Cobb (reads). Mr. Chairman and gentlemen, I propose to give you an idea of the upper-leather business in a few words, before and after the tariff of 1897. I propose to show you who did the business in tanning our upper leather before the tariff and who is doing it now. I also wish you to note that in the upper-leather business trade is very largely concentrated, namely, tanners of upper leather for shoes, tanners of upper leather for bag purposes, etc., and tanners of finished leather for belting, harness, etc., and that each trade is as different in its character as the grocery business from the dry goods

trade in many ways. Outside of a few prominent first-class competitors, it is done by the Chicago packers and trust, The American Hide

and Leather Company.

Do you think this well for the country and for the future of the leather and shoe trades in our country and our young men growing up in business? What will the trusts and the packers teach the coming tanners in our country? Namely, manipulation. They can not teach them the art of tanning; that is, the Chicago packers who are at present entering the field do not understand the art of tanning.

We can not stand and continue our business successfully with the tariff on beef hides. The great packing concerns of the West appear not satisfied with the present tariff on beef hides, which we independent tanners call a bounty to them of 15 per cent, but for the past few years they have been engaged in corralling the upper-leather business in connection with their interests in the sole-leather business. Certainly, should they continue a few years more with their present advantages in the way of the tariff and possible manipulations of which they are masters in the market, the independent upper-leather tanner will become a thing of the past. To-day the upper-leather tanner's only hope is his opportunity to buy his raw material in foreign markets in competition, thus compelling the so-called packers to start on the same basis with their raw material for upper leather as the ordinary independent tanner naturally would do.

In presenting you this statement, I imagine you gentlemen would like a practical statement of what has been done and what we are doing and can do, as you are well supplied with statistics and reading matter in connection with this hide duty. My experience runs over thirty years in a concentrated line of hide upper leather called "cowhides," which business, possibly, has been affected more by the duty on beef hides than any other. Naturally, the tanner must go out if

the manipulator comes in protected.

In our early experience our competitors were large in numbers all over the country, tanning, however, comparatively few hides in comparison with the large tanners of later years. However, these tanning upper-leather firms were practically all successfully increasing their business year by year and making money, selling both at home and abroad, until the advent of the American Hide and Leather Company, in September, 1899. This trust corralled practically two-thirds of the side upper-leather tanners, leaving not much more than a baker's dozen of what we call independent tanners in the upper-leather business. From the date of their starting to the present time, however, this trust appeared to be out for quantity of business rather than profit. However, by corralling so many of the tanners, it left the opportunity open for the packers to come in and commence upper-leather tanning, together with manipulations, which has caused sad havoc.

From 1885 to 1895 side upper leather business abroad was more than doubled. Since the advent of the tariff in 1897 it has not averaged over one-third of what it did in former years in our line. During the years from 1880 to 1895 hides were very low. In other words, as a by-product they brought low prices. They had no inspiration from the tariff or packers to advance them. In 1889 we bought buff hides at 4 cents a pound. In 1893 we bought them as low as 3 cents a pound. At the present time they are 13 cents. It is possible in

foreign trade to do a large and increasing business with continental Europe if prices are not excessively high, but when over 9 to 10 cents for buff hides our trade is entirely gone, as they use India skins for substitutes. For the past few years we have not been able to sell abroad upper leather in any quantity, except under panic conditions, owing to the high values prevailing.

### DOMESTIC LEATHER.

If we are to hold our domestic trade, we can not have a tariff on our raw material in upper leather, nor can we stand the manipulations by the packers that control hides with prices unreasonable and prohibitive in normal times and under normal conditions. We doubt if any upper leather tanner has made good, so to speak, any year for ten or more years when hides cost the tanner over 10 to 11 cents for his buff hides. Therefore naturally the tanner curtails his business when hides are high, and in recent years our friends keep our tanneries curtailed most of the time, and keep us dancing to the tune of the high

values they make for us.

They say to us, "If you do not wish to buy, we will tan ourselves. Take it or go." Our raw material is called "buff hides." The substitutes are called "light packer cows." The usual spread before the tariff in 1897 between these two styles of hides, made on the ground of quality, was 1 cent a pound in favor of the packer hide. Since their control in the hide business in this country they have benefited themselves by making a spread between their light cows and buffs of 2 cents or more a pound. They appear to be getting all the benefit from their hides that the tariff can give them, holding high values to the independent tanner, and their surplus, which the independent tanner can not buy at the price, they tan themselves and sell both at home and abroad, in this way manipulating their business for their own interests. The tariff benefits without doubt the packer to the fullest extent, as it is confined to beef hides only, and that fully covers their wants.

Had the tariff been put on calfskins there would have been a consideration to the farmer, for whose benefit it was originally supposed to be placed. The farmer has his calfskins to sell; he kills his own calves largely, but he does not kill his own cows himself. Those are sold to the packers on the hoof, who get the benefit of the later higher prices on the hides themselves when sold, owing to the tariff.

It seems plain to us that the tariff benefits the large dealers in beef cattle only, and at the same time curtails the tanning industry in the United States. It seems plain that it does not benefit the farmer. Without question it will run the independent tanner out of business if the tariff is continued. It seems that the mechanic, farmer, merchant, and others who use hide leather in their shoes must pay this bounty given by this tariff to the packers in the price of their shoes, covering fully any advance they may receive on the kill of any country butcher, hides which they may sell as beef hides.

As stated originally, from 1880 to 1895 we had in the upper-leather tanning business simply private tanning firms, all doing a successful business financially. These have been reduced to a very small number of firms at the present date. At the present time it is ominous and suggestive that the leading upper-leather tanners are in the packing

business, namely, Swift & Co., of Chicago; Armour & Co., of Chicago, and Morris & Co., of Chicago. They have been well nurtured and fed by the present tariff, and are looking ahead to the time when they will have complete monopoly both in the hide business and in the sole and upper leather business. At the present moment these gentlemen, either by manipulation or otherwise, have got buff hides to 13 cents a pound, having advanced from 50 to 75 per cent within one year. We believe that raw material should go up gradually under supply and demand conditions, as it would in the hands of real merchants. Take, for comparison, any other line of merchandise that the panic affected such as copper. Copper fell in value as much as hides. Copper has gone up from the low point in the panic of a year ago 15 per cent. Hides have been put up 50 per cent, causing consternation and havoc with our tanners, shoe manufacturers, and retailers of shoes all over the country.

### SHOES.

From 1880 to 1885 shoe manufacturers in the United States were busily engaged in turning out shoes for the working people, making a shoe which sold at price from 85 cents to \$1, which was very popular. This shoe is still sold in England at that price, but it is impossible to make it in this country, owing to conditions since the tariff for our manufacturers to make this shoe. The present price of this shoe would be from \$1.50 to \$2. It is clear to see that the farmer and mechanic must pay this advance in the shoes, owing to the higher value of hides and leather since the advent of the tariff. It was a shoe made from hide leather, strong and solid, without much style, but durable. This shoe is now replaced by skins from India, largely manufactured in England, some being imported into this country.

#### THE INDEPENDENT TANNER SKILLED IN HIS BUSINESS.

Admittedly the tanner in the United States has developed and gained, and is continually gaining, in the manufacturing supremacy—in the art of making the most out of his raw material or hides—in comparison to any other country in the world. Our handicap at present is high raw material. Before the tariff we did not have this handicap. It has forced us to give up large operations abroad. Let the independent tanner have a fair chance, and the tanning industry in the United States will multiply by hundreds of new firms engaged

in the industry.

To-day we get 50 per cent more out of our bark liquors than the tanner got ten years ago, by the scientific employment of the tanner's skill. During the past five years we have produced out of common cow hides, patent leather for men's and women's shoes, competing with the best and highest-priced skins in the world in price, in the finest grades. These skins are called "kangaroo," and are imported. In other words, out of the coarsest-grained beef hides we produce a product which brings the same prices as the finest kangaroo skins. The tanners look on this work with pride, as the artist looks upon his painting with pride.

Twenty years ago the upper-leather tanner for shoes made only two kinds of leather. Now he makes thirty different styles, from

which the shoe manufacturer can pick to please the tastes of his customers, all at about the same price and all from beef hides. I speak of this to show that the independent tanner has been industrious and encouraging industry, for the purpose of making comparison with what we shall have presently, if the tariff on beef hides is continued.

Will you gentlemen continue the duty at the expense of the tanning industry in the United States? Will you foster the novice packer as a tanner at the expense of the whole trade? I speak feelingly, not personally, as I love the business and wish to bespeak a fair chance for the young men in the trade who will follow us. Most of my work is done, but I would like to see the industry prosper as an American industry in the coming years. If you want it to do so, hold up the hands of the trained tanners, the same as you would hold up the hands of the trained teachers in the schools and colleges, where each are supposed to make good, rather than to put this trade into the hands of manipulators and men who have only personal greed to gain.

You will note this duty on beef hides is simply heavy hides, out of which the workman's shoes are made, and the light hide, out of which the professional man's shoes are made, is and has been without duty. "A word to the wise is sufficient." The packers deal

mostly in heavy cattle.

I have given you plainly the conditions of the upper-leather tanning business, which I entered as a boy of 15; starting my own business with nothing but courage—meaning I had no capital—at 24. I state this to show the possibilities in the United States in the earlier years of the young men in the tanning industry getting a start before the advent of the tariff or the packer into the business. Do you gentlemen think our boys will have a fair chance to continue this industry under present conditions? On every hand people of all classes of life call upon us as tanners to place their boys in our tanneries and warehouses, that they may learn a staple American business. Together with shoe manufacturing, possibly, there have been no better opportunities in the past for our young men.

Will it be the trained tanner or the astute packer of Chicago? I trust, after full consideration, you will say to the American tanner, "You have made good in your industry, which is freely admitted by your countrymen. Continue your work over the beam." And, turning, say to the packer, "We find it best for you to continue kill-

ing hogs and cattle, at which admittedly you are masters."

Mr. McCall. Mr. Cobb, you are of the firm of Beggs & Cobb, are you?

Mr. Cobb. Yes, sir.

Mr. McCall. How many tanneries have you?

Mr. Cobb. Four.

Mr. McCall. You have a tannery in Winchester?

Mr. Cobb. Yes, sir.

Mr. McCall. How many men do you employ? Mr. Cobb. Roughly, I should say about 700.

Mr. McCall. What wages do you pay, as a rule? Mr. Cobb. I should think our wages average about \$12 a week.

Mr. McCall. About \$12 a week?

Mr. Cobb. Yes, sir.

Mr. McCall. You say there are about thirty different kinds of upper leather?

Mr. Cobb. Yes, sir; sliced out of the same hide, and practically at

the same price.

Mr. McCall. You make upper leather entirely?

Mr. Cobb. Upper leather entirely; yes, sir.

Mr. McCall. What hides do you use mainly—the imported hides? Mr. Cobb. No, sir; practically domestic hides, although we do import. We import perhaps a fourth of them.

Mr. McCall. Do you use light hides? Mr. Cobb. We use hides weighing from 25 to 60 pounds. The hides I import I am obliged to sell abroad. I can not import them and sell them in this country.

Mr. McCall. Now, Mr. Cobb, what do you think about the effect on making upper leather in this country of putting upper leather on

the free list?

Mr. Cobb. Answering your question, I would say that if I can buy my hides on the free list I think the American upper-leather tanner can beat the world out. [Applause in the audience.]

Mr. Dalzell. Without a duty? Mr. Cobb. Without a duty.

Mr. Gaines. What sort of hides do you use? What weight?

Mr. Cobb. From 25 to 60 pounds.

Mr. Gaines. What would be the average cost of such a hide to you? Mr. Cobb. The average cost per pound to-day?

Mr. Gaines. Well, yes. Mr. Cobb. Thirteen cents.

Mr. Gaines. Thirteen cents a pound?

Mr. Cobb. Yes.

Mr. Gaines. I do not understand the business well enough to follow you exactly as to the kind of leather you make. What was your general description of it?

Mr. Cobb. Upper leather. It is the hide, the same as the soleleather people use, lighter in weight. We tan it originally in rough

leather and then split it.

Mr. Gaines. That is what we called "split leather?"

Mr. Cobb. Yes.

Mr. Gaines. You make that two?

Mr. Cobb. Yes; two sides to one side.

Mr. Gaines. And the cost of that per pound to you is 13 cents?

Mr. Совв. Yes, sir.

Mr. Gaines. You split it in two?

Mr. Cobb. Yes.

Mr. Gaines. How much on the average of such a hide would weigh a pound, originally, before it is split?

Mr. Cobb. About a pound to the foot.

Mr. Gaines. Then, after you have got it split, the cost to you is about 6½ cents a pound, is it not?

Mr. Cobb. Yes.

Mr. Gaines. A foot of your leather, after you make it and have it ready for sale, costs you at the present prices on the average of 6½ cents, did it not?

Mr. Cobb. It costs more.

Mr. Gaines. You said it costs 13 cents a foot on the average, and you split it and make it 2 feet. I am talking about the value.

Mr. Cobb. The lower side is not worth as much as the grade. Mr. Gaines. I understand, but the first cost to you is 13 cents?

Mr. Cobb. Yes, sir; and then we have to tan it.

Mr. Gaines. Oh; I understand it costs you more than 13 cents?

Mr. Cobb. If you put it that way, you can double it up.

Mr. Gaines. What I want is, what the first cost is to you, the raw product; what proportion of the cost of your finished product to you is represented by the cost of the raw material to you? It will be 6½ cents, will it not?

Mr. Cobb. Naturally, if you figure it that way. Mr. Gaines. Now, the tariff is how much?

Mr. Cobb. Fifteen per cent. Mr. Vogel. No; 20 per cent. Mr. Cobb. Twenty per cent.

Mr. Gaines. So that if the whole amount of the tariff were added to the cost of the article to you, it would amount to about a cent a foot on your finished product, would it not?

Mr. Cobb. Yes, sir; or a little more.

Mr. Gaines. Do you believe that that would finally make any difference in the price that the retail purchaser pays for shoes?

Mr. Cobb. Yes, sir; because I can not handle it. I can not make

the bulk unless I can buy it cheaper. We stopped making bulk.

Mr. Gaines. It represents a cent per square foot, roughly speaking, that tariff, even assuming that the entire tariff is added to the cost of the raw material. In the first place, what character of shoes does your leather enter into?

Mr. Cobb. Mostly workingmen's shoes. Outside of patent leather, it is mostly workingmen's shoes. They use some patent leather in

farming, but not much.

Mr. GAINES. Does your leather go into patent leather?

Mr. Cobb. Yes, sir.

Mr. Gaines. Then it is not entirely the coarser shoes?

Mr. Cobb. Patent leather, as I have just read, is something that the American tanner has brought out in the past five years, and he has beat the world out in doing it. We get a fine product out of a common hide.

Mr. Gaines. I understand that. About how much of your leather

would go into an ordinary pair of workingman's shoes, say?

Mr. Jones. Three feet.

Mr. Cobb. Mr. Jones answers "3 feet." We tanners are scattered. We do not know much about what the shoemaker does. We sell the leather to him.

Mr. Gaines. Do you know what an ordinary pair of workingmen's

shoes will retail for?

Mr. Cobb. About \$2.

Mr. Gaines. Then it would wholesale for about \$1.50 and retail for \$2?

Mr. Cobb. Yes, sir.

Mr. Gaines. In the total cost of that leather of the kind you are talking about in that shoe there might be as much as 3 cents saved, and all that Mr. Boutell's ultimate consumer would be benefited

would be by whatever proportion of 3 cents he happened to get the benefit of after the tanner and the jobber and the shoeman and the wholesale merchant and the retail man got through dividing it? Is not that true?

Mr. Cobb. Practically. Three cents for the upper leather alone;

so much more for the sole leather.

Mr. Gaines. That is all.

The CHAIRMAN. Mr. Cobb, you made a statement that you think you could beat the world on leather if the duty is removed on hides. Would it be of any assistance to you to reduce the duty on imported quebracho and other woods, from which tanning extract is derived?

Mr. Cobb. Naturally.

The Chairman. There is a cent a pound on all those woods now. Mr. Cobb. Yes. That naturally adds to the cost of our business. The Chairman. You think that would have an effect on your industry?

Mr. Cobb. Very largely; yes, sir.

Mr. RANDELL. I notice that under the act of 1890 there was a duty of 1½ cents a pound on these raw hides. You stated a while ago that there was not any tariff, as I understood you. Is it not a fact that that was a prohibitive tariff?

Mr. Cobb. I do not know that I understand what you say, sir. Mr. McCall. Will you please repeat that question, Mr. Randell?

Mr. RANDELL. I say, is it not a fact that under the act of October 1, 1890, there was a tariff of  $1\frac{1}{2}$  cents a pound on raw hides, whether dry, salted, or pickled, and other skins?

Mr. Cobb. I understood there was not any until the act of 1897.
Mr. Randell. I see it reported here by government authorities that in 1894 the rate of duty was 1½ cents per pound, and the quantity introduced was 4,000,000.

Mr. Dalzell. That is not on raw hides.

The CHAIRMAN. The raw hides were all put on the free list in the act of 1894.

Mr. Randell. Raw or uncured hides, whether dry, salted, or pickled, under section 3 of the act of October 1, 1890, and the value of the imports was, in the year 1895, \$40,910, and the amount of duty in 1895 was \$7,006.08. That is on page 474 of this book [exhibiting Mr. William W. Evans's "Imports and Duties, 1894–1907"].

Mr. Vogel. Hides have been on the free list since 1871.

The CHAIRMAN. That was a duty where the other countries put a duty on hides. That was a retaliatory duty, Mr. Randell. They put the same duty on hides that other countries put on the importation of hides.

Mr. RANDELL. That was 1½ cents a pound.

Mr. BOUTELL. That was reciprocity. [Laughter.]

The CHAIRMAN. Or retaliation.

Mr. RANDELL. I guess you are correct about that, but that does not so state here. What I was further going to ask the witness was this: I notice that there were no hides practically imported at that time under that act. Now, under the act of 1894 hides were on the free list, and under the act of 1897, the Dingley Act, 15 per cent ad valorem was placed upon them. Is it not a fact that you have only had to pay duty on the hides that are over 25 pounds in weight?

Mr. Cobb. Yes, sir.

Mr. RANDELL. I notice the duty collected under the act of 1897 was nearly \$3,000,000. What percentage of the importations of hides did that cover in value? In other words, what was the percentage of hides over 25 pounds in the importations?

Mr. Cobb. I could not answer your question. Mr. Vogel says one-

Mr. RANDELL. That is, one-fourth of the hides imported. Now, three-fourths of the hides imported come in under this ruling of the duty, that they would not have to pay any duty because they weighed less than 25 pounds. Is that correct? If this was onequarter, of course three-quarters came in free of duty?

Mr. Cobb. I have not the statistics you have there, but I would say this to you: We do not use any such hides at all in making

upper leather. All the hides we use are dutiable.

Mr. RANDELL. Heavier hides?

Mr. Cobb. Yes, sir.

Mr. Randell. Is it not a fact that almost everything the farmer uses, except perhaps the upper, is from the kind of leather you manufacture, the heavy kind? Mr. Cobb. Yes, sir.

Mr. RANDELL. And that comes from the hide that he does not ordinarily produce?

Mr. Cobb. How is that?

Mr. RANDELL. That comes from the kind of hide that the packers mostly control?

Mr. Cobb. Yes, sir. The heavy hides they control.

Mr. Randell. It was stated here by the gentleman who preceded you that the tanners ought to have a fair chance with the balance of the world and have free access to all the markets of the world. You are a tanner yourself. From that same standpoint ought not the manufacturers of shoes to have a fair show in the markets of the world and have free the leather they use in making shoes?

Mr. Cobb. That would appear to be so, without question.

Mr. RANDELL. And then ought it not to be so with the men who raise the hides, the farmers? Ought they not to have a fair chance

and have free shoes? Would not the same thing apply?

Mr. Cobb. I would not want you to lead me too deeply into other industries. I have not got into the shoe business or into the farming business. I am a tanner. I suppose they are able to take care of themselves.

Mr. Randell. If the leather man must have a fair show and be put on a fair basis and have his raw material, free hides, and if the shoe manufacturer must have a fair show and be put on a fair basis and have free leather, then would not the farmer be put on a fair basis with the balance of the world by having free shoes? Don't you think that is logical?

Mr. Cobb. I think it is good logic, but——

Mr. RANDELL. Don't you think that is good business when it comes down to being on a fair, square basis with the rest of the world?

Mr. Cobb. If I was posted as a farmer and as a shoe manufacturer

I could answer you better.

Mr. RANDELL. You favor the taking of the tariff off of hides, and not letting the shoes come in free?

Mr. Cobb. I am not posted on all those things. I am only posted

on what pertains to my own business.

Mr. RANDELL. If the law stands as it is, whether for protection or for revenue, don't you think it would be fair to so write this bill that the Treasury Department could not, by construction, take away the tariff that is intended to be put upon three-fourths of the hides imported, and the kind of hides raised in this country by the farmers and stock raisers? Don't you think it would be fair to write it so that there could not be any misconstruction, and that everybody would have to pay the duty? Please answer that question. Don't you think that would be fair?

Mr. Cobb. I am utterly unable to answer the question.

Mr. RANDELL. Don't you think that ruling was very unfair and in your favor? Can you not answer that? Don't you think that ruling was simply a ruling that took off the tariff in your favor? Please answer that question.

Mr. Cobb. I would not want to answer your question directly, be-

cause I do not consider myself posted.

Mr. Vogel. If you will permit me, Mr. Randell, I want to make an explanation of the subject of free importations.

Mr. RANDELL. It might be better for you to wait until your time

comes, even if he can not answer my question.

Mr. Boutell. Mr. Cobb, I would like to ask you one or two questions. As I understood your statement a moment ago, which met with very generous applause, either from the ultimate consumer or the manufacturer of shoes—I was utterly unable to determine which—it was that you were in favor of putting hides on the free list?

Mr. Cobb. As it strikes me, I think the tanning industry in this country can take care of themselves if we can buy our raw material, as well as other people, in other countries.

Mr. Boutell. Personally, you would not object to putting leather

on the free list?

Mr. Cobb. Personally, not, sir.

Mr. Boutell. Now, it appeared in the course of the interrogatories that were propounded by Representative Gaines that if the duty on hides and leather were repealed this entire amount of duty raised on a pair of shoes would be 3 cents. Is that correct? Is it not?

Mr. Cobb. Practically. Three cents for upper leather only.

Mr. Boutell. And so far as the tariff's affecting the retail price to the ultimate consumer is concerned, if he got the benefit of the whole of it, it would be 3 cents?

[Cries of "No!" "No!" "No!"]

The CHAIRMAN. I want to say right here that

Mr. BOUTELL. I do not know whether that came from the ultimate

consumers or from the shoe manufacturers. [Laughter.]

The CHAIRMAN. I want to say to the audience that they will refrain from any expressions of approval or disapproval of what is said by the witnesses, and they will also refrain from any general expression such as we have had just now. We will get the facts from the witnesses, and we will try to conduct the proceedings in an orderly manner.

Mr. BOUTELL. Let the question be read.

## The Stenographer (reads):

Now, it appeared in the course of the interrogatories that were propounded by Representative Gaines that if the duty on hides and leather were repealed this entire amount of duty raised on a pair of shoes would be 3 cents. Is that correct? Is it not?

Mr. Cobb. Practically.

Mr. BOUTELL. And so far as the tariff's affecting the retail price to the ultimate consumer is concerned, if he got the benefit of the whole of it, it would be 3 cents?

[Cries of "No!" "No!" "No!"]

Mr. CLARK. Cut out "No!" "No!" "No!"

Mr. Cobb. Answering your question, I assumed when you asked me first that it was a previous question that he asked me about the difference in the splits of a hide, which I believe he figured at 6 cents apiece. I got that confused. I can not answer your question as to how much difference it would make in the price of a shoe. I am not posted on it. I have never figured on it and I have never considered it.

Mr. Gaines. Here is what was said. If you desire to correct it,

you ought, in justice to yourself, to have the opportunity.

Mr. Cobb. Thank you.

Mr. Gaines. It was that the leather—a foot of leather or of a hide—costs you on the average 13 cents; that you split that foot into two. That made an average of 6½ cents that the first cost represents in your leather. The tariff on that is about 1 cent in each one of these feet, and it took about 3 feet to make a workingman's shoes; that therefore assuming that the whole cost of the tariff on hides was added to the cost of the shoe, it would amount to 3 cents in a shoe; that the jobber charged about \$1.50 for that; that the retail man put on 50 cents, and that, in your opinion, in the progress of the leather from the tanner to the jobber and to the manufacturer of the shoe, and from the manufacturer to the jobber and retail man, probably in all that process the ultimate consumer would have no benefit from the 3 cents, but that it would be absorbed before it reached him.

Mr. McCall. That is what I understood. But did that question

include sole leather?

Mr. Gaines. The whole amount of his product that entered into the shoe.

Mr. McCall. The 3 feet of upper leather?

Mr. Cobb. That is true.

Mr. Boutell. How much of other leather would be in the same shoe?

Mr. Cobb. I could not answer that. The sole-leather business is as foreign to me as the grocery business is.

Mr. Gaines. But the ultimate consumer would not get the benefit

of that reduction

Mr. BOUTELL. That is what I understood it to be. Then if we consider that the 3 cents, which is the amount that the tariff adds to your product in the shoe—if we consider that 3 cents as the tribute which Mr. Leas referred to, it would not be very excessive if we had in mind something else as the tribute which the retail purchaser paid in his price for the shoe. The way to get at that would be by repealing or greatly reducing the tariff on shoes, would it not?

Mr. Cobb. I should consider that a question which you gentlemen

were able to answer better than I.

Mr. Boutell. Is there any other way to get at it, so far as it is affected by the tariff? If we have free hides and free leather, there remains nothing but the duty on shoes. That is all.

Mr. Griggs. I understood you to say, Mr. Cobb, that you did not

split very much leather.

Mr. Cobb. No, sir; you did not understand me to say that. We

split it all.

The CHAIRMAN. Mr. Cobb, I want to understand you. There are some higher and special grades of leather. I think you said you manufactured patent leather?

Mr. Cobb. Yes, sir.

The CHAIRMAN. Your statement applied to that?

Mr. Cobb. Yes, sir.

The CHAIRMAN. Other higher grades are protected by a very high duty, some of them. I see "japanned, varnished, enameled," and so forth.

Mr. Cobb. Those classes of leathers, I suppose, would come under

the head of calfskins.

The Chairman. They are in the same paragraph and dutiable at 30 cents per pound and 20 per cent ad valorem.

Mr. Cobb. That would be calf.

Mr. Griggs. Mr. Cobb, suppose, in addition to the 3 cents that Mr. Gaines has calculated would be saved to the consumer by the removal of the tax on hides, the duty on leather should also be removed—

The CHAIRMAN. One moment. Complaint is made that the chairs set aside for the newspaper reporters at the reporters' table are occupied by other persons and that the reporters can not get a chance at the table. If that is the case, I trust that the reporters can have seats, and that the gentlemen who are occupying them will vacate Are there any reporters that desire seats who can not get them? I am very sorry to discommode anyone, but the reporters are entitled to those seats, of course.

Mr. Griggs (continuing). What would be the additional saving

by the removal of the tax on leather?

Mr. Cobb. On imported leather?

Mr. Griggs. Yes. What is the duty on leather now? Is it 20 per cent?

Mr. Cobb. Yes; I think so.

Mr. Griggs. What would be the saving, in addition to these 3 cents?

Mr. Cobb. I could not answer that.

Mr. Griggs. How much leather does it take to make a pair of shoes? You have already calculated on that.

Mr. Cobb. But I am not posted to answer your question. I would

not be posted unless I was a shoe manufacturer.

Mr. Griggs. What is the value of that 3 feet of leather? Mr. Cobb. It runs from 10 cents a foot to 30 cents.

Mr. Griggs. I mean in the workingman's shoe.

Mr. Cobb. That would average from 12 to 15 cents a foot.

Mr. Griggs. Is it 15 or 12? I want to make a calculation, and in order to do that I want the figure definite.

Mr. Cobb. A heavy shoe, 15 cents.

Mr. Griggs. Twenty per cent to that would be 3 cents more. That would be 6 cents. In my friend's calculation he was leaving out the sole. He has not reached quite so far yet.

Mr. Gaines. Let us see. It certainly ought not to be hard to tell us how much leather goes into the average workingman's shoe. How much did you say it was per pound?

Mr. Cobb. It is according to whether it is a heavy or light shoe.
Mr. Gaines. Take the kind that would go into the \$2 shoe that the

workingman pays \$2 for at retail.

Mr. Cobb. I should say 15 cents a foot.

Mr. Gaines. That would cost you what, when you buy it in the hide—that is, the cheaper sort of leather?

Mr. Cobb. That is the kind we make.

Mr. Gaines. You said your leather averaged you a cost of 13 cents a foot, did you not?

Mr. Cobb. All of the upper leather is called cowhide leather.

Mr. Gaines. That does not answer my question for me. Let me take it over again. What is the average cost per foot to you of the hides which you buy to go into your leather, or what is it per pound? Did you not say 13 cents?

Mr. Cobb. That is very close to it. Mr. Gaines. About 13 cents?

Mr. Cobb. The price has varied so from time to time during the past year that it would be pretty hard work to tell you what the average cost of my leather is.

Mr. Gaines. Well, at the present time what is it?

Mr. Cobb. I should say my average cost is 12 to 13 cents a foot.
Mr. Gaines. The leather which goes into the kind of shoe which
retails at \$2 costs you to-day on the average what, per pound or
foot?

Mr. Cobb. After it is finished?

Mr. Gaines. No, no; to buy the hide.

Mr. Cobb. Those hides cost me 13 cents a pound.

Mr. Gaines. On the average, you say?

Mr. Cobb. Yes, sir.

Mr. Gaines. You make patent leather as well as the cheaper grades of leather, do you not?

Mr. Cobb. Yes, sir.

Mr. Gaines. Therefore it occurred to me to ask you what the kind of leather that goes into the \$2 shoe cost you on the average per pound, and you still say 13 cents for that?

Mr. Cobb. Yes, sir; the same.

Mr. Gaines. What does that leather weigh on the average; how many feet of it to the pound?

Mr. Cobb. Oh, on the average it weighs about 5 ounces to the foot.

Mr. GAINES. That makes how many feet to the pound?

Mr. Cobb. I have not figured it that way.

Mr. Gaines. Will you kindly figure it that way now?

Mr. Cobb. 3.35, I should say.

Mr. Gaines. There is therefore about a pound of your leather which enters into the manufacture of the kind of shoes which retails for \$2?

Mr. Cobb. I should say that was practically correct.

Mr. Gaines. Then that pound cost you, in the purchase of the

hides, about 13 cents; is that correct?

Mr. Cobb. Yes, sir; but it must be reduced from the raw material to the finished material, which was originally about 3 pounds. Upper

leather, you know, goes by the foot, but sole leather by the pound, and you can not take them both upon the same standard; that is, you must take sole leather different from upper leather. We split this and we have to reduce it from its green weight. It does not

weigh the pounds in the finished that it does in the raw.

Mr. Gaines. Well, Mr. Cobb, I am not trying to cross-examine you, but I am merely endeavoring to elucidate facts, and you ought to be able to see what fact it is I am trying to elucidate. You know how to help me, I am sure. What is it that you have stated that the leather which you make, which enters into a shoe that retails for \$2, costs you as a hide?

Mr. Cobb. I stated about 13 cents a foot—13 cents a pound—the

hide; the leather about the same, the upper leather. The Chairman. This man manufactures splits. Mr. Gaines. That is all he does manufacture.

Mr. Cobb. Splits and grains; two sides. To get our cost of this leather we take the rough leather, split it, and the price of the grains is so much and the price of the splits is so much. We have to add them together.

Mr. Gaines. Yes, I understand that; but why don't you answer the question as to what the leather does cost that enters into the shoe?

Mr. Cobb. I really would be glad to answer any question you have asked. I take a green hide and get so many feet out of it, and I would have to figure the hide; how much it weighed, how much it measured, and how much it weighed again into splits, and add the cost and everything to it. But I can not answer your question, because it takes a shoe manufacturer to do that. I know nothing about it. I can not answer any questions about the cost of shoes, and I assure you I have nothing to conceal from you.

Mr. Dalzell. You said that if hides were put on the free list the leather manufacturer could compete without a tariff. I find in this leather paragraph, under the general heading of leather, "Band or belting leather, sole leather, dressed upper and all other leather, calf skins tanned or tanned and dressed," and so on. Now, how much of

that paragraph does your answer as to the free list cover?

Mr. Cobb. My leather covers only leather for shoes. We do not make any belting leather, or bag leather, or anything of that character.

Mr. Dalzell. Then your answer is confined to the dressed upper leather?

Mr. Cobb. Yes, sir.

Mr. Dalzell. And does not cover "And all other leather?"

Mr. Cobb. No. sir.

Mr. Dalzell. Just simply, "dressed upper leather," and it does not cover the term "All other leather?"

Mr. Cobb. No. sir.

Mr. Cockran. As to the leather which you produce, you speak from knowledge, of course?

Mr. Cobb. Yes, sir.

Mr. Cockran. And as to the other leather can you not hazard an opinion?

Mr. Cobb. It would not do you any more good than if you asked

me something about the dry-goods business.

Mr. Cockran. You do not know any more about it?

Mr. Cobb. Absolutely not.

Mr. Cockran. You have been asked to particularize just how much of a tariff fell upon the ultimate consumer, and I understand that so far as your particular leather is concerned, or, rather, so far as the leather bought through you is concerned, it amounts to 3 cents, and even that, you think, might be remitted to the people, from whom it is taken unnecessarily, without subjecting yourself to being accused of engaging in trifles. Of course you do not think that 3 cents ought to be levied upon consumers, any more than \$3, unless there is reason?

Mr. Cobb. No, sir.

Mr. Cockran. Then let me ask you if a remittance of 3 cents is defensible if it is not necessary?

Mr. Cobb. It is not.

Mr. BOUTELL. There is no way you know of by which the tanner joins into any arrangement or contract affecting the price of the finished shoe at retail?

Mr. Cobb. Absolutely none.

Mr. Boutell. I hope we will get that from some of the gentlemen here to-day. It came up yesterday in a general way as to how a retail price was fixed, and the shoe was given as an illustration. A shoe that I had in mind, I am quite free to say, was one that has been made known throughout the civilized world by one of the enterprising sons of the old Bay State; and I was wondering how the price of the Douglas \$3 shoe was fixed, because I have seen it advertised at the same price in Portland, Oreg., and in Belfast, Me.

Mr. Cobb. Well, it is not done by the upper-leather man.

Mr. BOUTELL. It does not begin with you?

Mr. Cobb. No, sir.

Mr. Boutell. Would you be willing to hazard a conjecture as to what diminution in the price of the Douglas shoe would take place if we repealed the duty on hides?

Mr. Cobb. No, sir.

Mr. McCall. Isn't this true, that when the shoemaker gets his material cheaper he is apt to give a little better quality?

Mr. Cobb. Absolutely.

Mr. McCall. So that the consumer would be able to get this 3 cents perhaps in improved quality?

Mr. Cobb. Competition forces the tanner and the shoemaker and

all of us into it.

Mr. Gaines. Do you give good quality or a bad quality, Mr. Cobb, under the present conditions?

Mr. Cobb. The best that we can afford.

Mr. Cockran. That is it, and every concession enables you to afford still better, even though it is only 3 cents?

Mr. Cobb. Yes, sir.

Mr. Boutell. You have a decided opinion on that—that it is uncertain whether the retail price of the shoe would decrease or the quality improve?

Mr. Cobb. Yes, sir.

Mr. Cockran. It is certain that one or the other would decrease?

Mr. Cobb. Yes, sir.

# STATEMENT OF EDWARD P. ALEXANDER, OF PHILADELPHIA, PA., WHO ASKS FOR DUTY-FREE HIDES.

Saturday, November 28, 1908.

Mr. ALEXANDER. Gentlemen, I am here as a committee appointed by and representing the Leather Belting Manufacturers' Association. The object of this association is to advance and protect the interests of the leather-belting manufacturers of the United States, this being the twenty-first year of our organization.

The import tax on foreign hides has been a matter of frequent discussion and condemnation since its imposition eleven years ago, as it

is believed to have an injurious effect on our trade.

There is at times a scarcity of prime heavy hides suitable to tan into belting butts such as we require, and with the protection afforded by the tariff the operators seem to be able to put them at an abnormally high price. Formerly many such hides of Paris take-off and from other continental cities were imported, resulting in sufficient supply and parity in price between this and the world's markets.

Ours is an industry of importance to the great manufacturing interests of our entire country, touching as it does all lines, and we are fully convinced that the duty on hides handicaps our industry and forces consumers to pay high cost for power transmission. It also prevents the natural and proper growth of our export business.

We believe these hardships are borne without serving any good purpose, as hides are a by-product of the slaughtering business; therefore the duty does not bring adequate, if any, benefit to the ranchmen who

raise the cattle.

There are in the country about 137 manufacturers of belting, 65 per cent being located on the eastern seaboard. The consumption of hides in the belting industry is variously estimated, but is at least 2,500,000 per year. The makers of leather belting are unanimous in their opinion that the duty of 15 per cent should be abolished.

Mr. BOUTELL. How about the present duty on belting?

Mr. Alexander. We are not disturbed by it at all. I do not know exactly what the duty on belting is, but I think it is about 20 per cent.

Mr. Boutell. Are you in favor of any change in that?

Mr. Alexander. I am neither in favor of it, neither am I opposed to it.

Mr. Boutell. What are the present exports of belting?

Mr. ALEXANDER. Not large, because of the high price of raw material. When the price of belting butts is down to 35 or 36 cents we can export belting in considerable quantity, but when it gets up to 45 cents, as it is to-day, we can not compete.

Mr. BOUTELL. Then the repeal of the present duty on belting would

not interfere with your business?

Mr. Alexander. I think it would.

Mr. Gaines. You have a drawback on belting exported?

Mr. ALEXANDER. But I do not think anybody takes advantage of it, because it is hardly possible to do it.

Mr. GAINES. Why is it not as possible to do that in regard to belt-

ing as it is to any other line of manufacture?

Mr. Alexander. I suppose it would be possible, but belting is a particular commodity, and it is not easy to take certain butts and

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manufacture them into a certain number of belts and prove our case. There is no belting made out of imported belting hides that I am

aware of in this country-raw hides.

Mr. Underwood. Let me ask you a question, so that I may thoroughly understand you. Representing your business as a manufacturer of belting, if Congress saw proper to put hides on the free list, you will be entirely satisfied to have every duty removed that protects your industry?

Mr. Alexander. Personally I should say yes.

(Mr. Alexander subsequently stated that he would not be satisfied to have the present duty on leather belting removed, but believed it should be continued the same as before the Dingley bill was approved.)

Mr. Underwood. You think it would not interfere with the busi-

ness?

Mr. Alexander. No. sir.

Mr. Cockran. Could you become an exporter with free raw material?

Mr. Alexander. I think we could to some extent; yes, sir.

Mr. McCall. Is there a duty upon other materials which you use besides leather—hides?

Mr. Alexander. Not that we use; no, sir; not to any great extent.

Mr. Griggs. There is a duty on machinery?

Mr. Alexander. We have no foreign-made machinery; it is all

American machinery.

Mr. RANDELL. But it is protected by a duty, and that is the same thing. Whether you buy domestic or foreign machinery, you pay a higher price by reason of the duty on that machinery.

Mr. Alexander. I do not know that machinery such as is used by the American manufacturers of belting is used or made abroad; if

anything it is exported. We export some machines.

Mr. Griggs. Largely patented?

Mr. ALEXANDER. There are some patents, but not very many.

# H. N. HILL, CLEVELAND, OHIO, PRESIDENT OF THE NATIONAL ASSOCIATION OF PATENT AND ENAMELED LEATHER MANUTURERS, FAVORS FREE HIDES.

Saturday, November 28, 1908.

Mr. Hill. Gentlemen, as the representative of the National Association of Patent and Enameled Leather Manufacturers I represent about thirty tanneries, large and small, engaged in the manufacture of leather for the carriage, furniture, saddlery, and automobile trades. These tanneries tan not to exceed 500,000 hides, the large majority of which are so-called native spready steers, which at the present time command the highest price of any cattle hides produced, the market quotation to-day being 17 to 17½ cents per pound, with only a limited quantity to be had. Of the number of these hides tanned in this country not over 60.000, or 12 per cent, are imported. I have with me a copy of a certificate of importation on a lot of 942 hides brought into this country on December 4, 1906, on which was paid

a duty of \$2,009.25, or \$2.13 per hide on an import value of \$14.22 per hide, making the cost to us f. o. b. New York of \$16.35 each on an average cured weight of 100 pounds. As the market price on native spready steers of the same month's take-off, namely, September, was 16½ cents per pound, there is no doubt in my mind, though an ardent protectionist, that the tariff in that case was a tax. It necessarily follows that as the price of native spready steers taken off by the packer for the past ten years has been about the price of Paris city hides, with the duty added, that 88 per cent of the hides we tan pays into the pockets of others not tanners this 15 per cent. Fifteen per cent on our class of hides means practically \$2 each, and, speaking for my own company, I would be satisfied with this amount as profit. The price on our leather is too high, and as the price on hides such as we use nets the packer more than twice as much as he pays for them on the hoof we can not see wherein anybody except the packer receives any benefit, and with the leeway of 100 per cent profit it seems to me that the Government is doing a rank injustice to everybody in the country except the packer by retaining a tariff on cattle hides.

Mr. Cockran. You would be content to remit the duties on the

finished product if hides were put on the free list?

Mr. Hill. Hides being free and extracts being free, we still have labor. In the manufacture of our line of leather we have in the neighborhood of 50 per cent of cost as labor. We have men employed in our tannery who get as high as \$65 a week in wages, and I doubt if they are paid that on the other side.

Mr. Cockran. That may explain your answer, but it does not answer my question. My question is, Would you be content, in case you obtained free raw material and free chemicals, to put your product

on the free list?

Mr. Hill. Well, we still have the labor.

Mr. Cockran. Does that mean that you would not be content?

Mr. Hill. If you are getting out a protective tariff, that means that we ought to have protection to that extent, where we pay more for labor than the people on the other side.

Mr. Cockran. That is to say, you want the protective principle established as to your product, but remitted as to your raw material;

is that it?

Mr. Hill. To a certain extent. I believe the duty could be lowered on our product.

Mr. Dalzell. What kind of leather do you make?

Mr. Hill. We manufacture the leather for carriages, enameled

top leather, trimming leathers for furniture, and so forth.

Mr. Dalzell. Where does it come in under the tariff law, "Band or belting leather, sole leather, dressed upper, and all other leathers?"

Mr. Hill. There is something in there about lacquered leathers

and enameled leathers.

Mr. Dalzell. "Varnished or enameled leather weighing not over 10 pounds per dozen hides or skins"—is that the leather? The duty is 30 cents per pound and 20 per cent ad valorem.

Mr. Hill. Well, I hardly think so.

Mr. DALZELL. What duty do you pay on your leather?

Mr. Hill. I really don't know.

Mr. Cockran. Then you don't know how much you are hurt?
Mr. Hill. We are not hurt very much, and 10 per cent duty would

satisfy us.

The CHAIRMAN. Do you export leather? Mr. Hill. A very limited quantity.

Mr. Cockran. Why are you here—to swell the chorus rather than to give the solo? [Laughter.]

Mr. McCall. Do you make a profit on the leather you export?

Mr. Hnl. I will tell you; when we export leather we give that 15 per cent back if we get it—the drawback—to the man in the foreign market who is buying the leather, therefore he gets the leather 15 per cent cheaper than the people in this country.

Mr. McCall. If you get this drawback, it means that you had your raw material free. Do you then make a profit on the leather ex-

ported?

Mr. HILL. Yes, sir.

Mr. Underwood. If you make profit on your exported leather, and are able to compete in a free-trade market where you have free hides, why can not you compete in a free-trade market in this country if you have free hides, and let the other man pay the cost of shipping

his leather here?

Mr. Hill. Well, take Canada, for instance. Canada is the only country that I would fear personally. They make the same kind of leather over there that we do, and they get their hides without duty and their extracts without duty. They have a 25 per cent tariff. That 25 per cent tariff enables those tanners there to sell their product to the consumer in Canada at practically the same price that we get in this country. If the duty was removed on leather so as to allow those people to come into this country, they could increase their capacity, and give it away in this country, and still make a profit.

Mr. Underwood. The only thing you have to fear in this country is the Canadian producer, because he has a tariff wall against him, and he could hold you out of his market, and yet come into yours?

That is your position?

Mr. Hill. Yes, sir.
Mr. Underwood. Would you like to go into the Canadian market yourself?

Mr. Hill. I would like to build a tannery over there; it is a cinch

to build it over there.

Mr. Underwood. If their duty was down, would you like to go into the Canadian market?

Mr. Hill. We have opportunities to go into the Canadian market, but the duty holds us out.

Mr. Underwood. If their duty was removed you could get in there?

Mr. HILL. We certainly could.

Mr. Underwood. Now let me put this question to you: If this committee were to write a bill giving free hides and a minimum and maximum duty on leather, as well as hides, and authorizing the Executive to only have free leather with countries granting the same privilege to the American manufacturer, thereby opening the Canadian market to you, would you not be willing to agree to that?

Mr. HILL. Certainly.

Mr. Underwood. And you would be perfectly willing to have free leather, so far as you are concerned, if you have free leather in the

markets of the world?

Mr. Hill. So far as I am personally concerned. I do not think there is any limit to our business excepting the sky if we were allowed free raw materials under those conditions. That is my personal opinion.

Mr. Gaines. Then you do not want a tariff on the finished product?

Mr. Cockran. And you are in favor of free leather?

Mr. Hill. Yes, if we could eliminate labor unions, who control about 50 per cent of the cost of production.

Mr. Cockran. I thought you said a moment ago that your only

limit is the sky. Now you speak of the labor unions.

Mr. Hill. The labor is between us and the sky.

Mr. Cockran. You made a remark that seemed quite extraordinary to me. You say that the Canadian manufacturer could come in here and give leather away and still make a profit on it. Precisely what per cent of profit would he make?

Mr. Hill. I tell you by giving things away we sometimes mean

without a profit.

Mr. COCKRAN. That is it. You do not mean to say he would be selling at a loss?

Mr. Hill. Yes; if he had to sell his entire production at the same

price.

Mr. Cockran. Then I would like to know just exactly what you do mean. Do you mean that the Canadian producer could come over here and give his product away at a loss and still make money?

Mr. Hill. Take, for instance, buffings, the product of the splitting, the kind of leather we make. It is something sold largely of the russet. Now, Canada has no outlet for buffings, and they are delivering those into this country to-day as low as a dollar apiece. The market in this country to-day on that particular piece of the hide is \$2.25 to \$2.50, according to the quality. Now, they haven't any market at all for that particular split. That is with them a byproduct.

Mr. Cockran. Why should they not have a market for buffings .

as well as we?

Mr. Hill. Well, they do not consume leather like we do. We are the largest consumers of leather in the world.

Mr. Cockran. That means that you have the largest market in

the world, because consumption is a market.

Mr. HILL. We do.

Mr. Cockran. Then would you not like to revise your answer? With free raw materials and free chemicals, do you not think you could conduct, in your own country, a competition without any disadvantage with which you are able to conduct your business now in Canada?

Mr. Hill. I do not believe we could, with the Canadians so much

alike

Mr. Cockran. Do you mean to say that we are so different?

Mr. Hill. They are so much like us in their methods of doing business.

Mr. Cockran. How would that give them an advantage over us? If their resemblance to us is an advantage to them, how could they claim to have a possible advantage over us?

Mr. Hill. The only advantage they have is their nearness to the bark field; bark is cheaper. It is quite an important item in the manufacture of leather, and they get it cheaper than we do.

Mr. COCKRAN. That is the only advantage? Mr. Hill. Practically the only advantage.

Mr. Cockran. On the other hand, you are nearer to the market.

Mr. HILL. To this market, that is true.

Mr. COCKRAN. They are nearer to the supply of bark, and you are nearer to the market. Do you not think that your advantage is greater than theirs?

Mr. Hill. Well, it only makes more product, and competition in

this country at present is very fierce.

Mr. Cockran. And what you want to avoid is competition?

Mr. Hill. Not necessarily; competition amongst ourselves we want, but we do not want too much competition.

Mr. Cockran. A little bit is good? Mr. Hill. A little is all right.

Mr. Cockran. You stated a moment ago that if there was not a tariff in Canada you could go over there, and I think that you said that it would be a "cinch?"

Mr. Hill. I did not speak that way about Canada; I don't think I

made that statement.

Mr. Cockran. Where was the "cinch?"

Mr. Hill. In selling our leather throughout the countries of the

world, with the exception of Canada.

Mr. Cockran. So entirely apart from Canada you would have a "cinch," with free raw material and free chemicals, in the markets of the world?

Mr. HILL. I think so.

Mr. Cockran. If you can meet competition in all the markets of

the world, you can at least meet it in your own market?

Mr. Hill. The reason we want protection on leather is, as Mr. Vogel stated, the tanning industry has been, in the last twelve years, between the packer on the one side and the tariff on the other, and we have been ground to death.

Mr. Cockran. In other words, you want to make up for past ex-

perience?

Mr. Hill. Not necessarily make up, but we are a large industry, and we ought to have a legitimate return upon the money invested and the work furnished the laboring people of the United States.

Mr. Cockran. But, my dear sir, you stated that with free raw materials and chemicals the markets of the world are a "cinch." Surely you do not want anything better than a "cinch" so far as business is concerned?

Mr. Hill. It costs some money to go away from home. The nearer

you can get your business at home the cheaper.

Mr. Cockran. But if the markets of the world are a "cinch," surely your own market is something more than a "cinch," if you can find a word to describe such a delectable condition?

Mr. Hill. The lack of raw material might keep us out. Mr. Cockran. But those are apprehensions, not facts.

Mr. Hill. No; but the price of hides to-day would not be 17½ cents if there were enough to go round.

Mr. Cockran. Do you mean to say that with the markets of the world a "cinch," your own market would be something less than a "cinch?" Is that what you mean?

Mr. Hill. It has always been.

Mr. Cockran. That is, to-day you are better off in a foreign market, with the cost of transportation added to your product, than you are

in your own market?

Mr. Hill. It might enable some people who are nearer the seashore than we are to put some product abroad. We split a hide into three or four pieces. We sell at one time or another, for instance, the grain of the hides. We pile up splits, and pile them up. We have paid  $17\frac{1}{2}$  cents for the hides. These hide splits pile up, and nobody wants them. Then we go out to find a market and sell them for less than they cost us. We are doing that continually.

Mr. Cockran. But you have described the Canadian manufacturer

as doing the same thing.

Mr. Hill. He never had a market for his buffings; he has always given those away. In the first place, he adds that to the cost of his hide.

Mr. Cockran. But what would prevent you from doing the same

thing?

Mr. Hill. The competition.

Mr. Cockran. He has competition, too; native competition?

Mr. Hill. But not to compete with. They have a trust over there in Canada.

Mr. COCKRAN. So that in the last analysis all this means a tribute to the trust from the producers' point of view?

Mr. Hill. But we are paying a tribute to a trust in this country.

Mr. Cockran. You are?
Mr. Hill. I believe we are.
Mr. Cockran. Which trust?
Mr. Hill. The beef trust.

Mr. Cockran. And you think that if there is to be a trust you would rather have it yourself?

Mr. HILL. It is the only salvation.

The CHAIRMAN. Must we have a joint debate on the subject of trusts with this witness?

Mr. COCKRAN. He is discussing prices in general and he is discussing his own trust.

The CHAIRMAN. He has no trust, but wants one.

Mr. Cockran. That is it exactly.

Mr. Longworth. Are not the Čanadian manufacturers also suffering under that terrible handicap that you spoke of, so far as labor is concerned?

Mr. Hill. I do not believe they are.

Mr. Longworth. Do you mean to say that there are no labor unions in Canada?

Mr. IIII. I do not believe there are.

Mr. Gaines. Can not Canadians sell in this market products of the character that you deal in cheaper than they can sell them at home?

Mr. Hill. What they do sell; yes.

Mr. Gaines. You stated that you split a hide into three or four split hides and you then enamel that hide or those splits?

Mr. Hill. Yes, sir.

Mr. Gaines. And sell them to whom, the manufacturers of buggies?
Mr. Hill. The manufacturers of buggies and furniture manufacturers. This leather on the chairs in this chamber is made of leather produced by our manufacturers. Then there are automobiles and saddlery, winkers and harness.

Mr. Gaines. Take an ordinary buggy, such as will retail for \$60 or \$75; do they use the kind of leather that you make, or some cheaper

product?

Mr. Hill. A buggy that would sell for the price that you have named would have a leather top, undoubtedly.

Mr. GAINES. How much leather would be in that top?

Mr. Hill. Well, there would be in value from \$1.40 up to \$2.50.

Mr. Gaines. In the buggy?

Mr. Hill. In the buggy top, provided it had just leather quarters and stays. Of course, if the buggy had back curtains and the side curtains were of leather it would take a whole hide of leather, which would probably be about \$12 worth.

Mr. Gaines. In which case it would cost very much more than the

price named?

Mr. HILL. Yes, sir.

Mr. Gaines. I am talking about a buggy that retails at, say, \$60.

Mr. HILL. Yes, sir.

Mr. Gaines. That would be, you say, from \$1.40 to \$2.50?

Mr. Hill. A \$60 buggy would have about \$2 worth of leather on the top.

Mr. Gaines. Any other leather in it?

Mr. Hill. The dash is made from leather, and there would be leather shaft straps, and the pole and shafts would be covered or trimmed with patent leather.

Mr. Gaines. How much altogether would you estimate?

Mr. CLARK. The seats also?

Mr. Hill. Not necessarily. Where they put in leather seats and cushions and backs, they add possibly \$2 to the price over the cloth seats.

Mr. Gaines. Then how much of your leather would be in the sort of buggy that I have named?

Mr. Hill. At least \$4 worth.

Mr. Gaines. Do you sell direct to the buggy makers, or to the jobbers?

Mr. Hill. Direct to the buggy maker.

Mr. Gaines. How much does the raw leather cost you when you buy the hide; about how much?

Mr. Hill. I should say about \$2.

Mr. Gaines. Do you sell your finished product at only twice what the raw materials cost?

Mr. Hill. It figures just about twice what the raw material costs. Mr. Gaines. Does enameled leather, such as goes into chairs and buggies, cost to the man who buys it only twice as much as the hide costs, about \$2—what is the rate of duty on that?

Mr. Hill. Fifteen per cent.

Mr. Gaines. So then the increased coat of the buggy would be 30 cents?

Mr. Hill. Thirty cents; yes, sir.

Mr. Gaines. Which would not make much difference to the pur-

chaser of buggies, would it?

Mr. Hill. Well, the buggy man is in the habit, when figuring on the cost of the buggy, of taking into consideration not only the half cents, but the quarter cents, too, in getting at his cost.

Mr. Gaines. But he does not take the half cents and quarter cents

into consideration when he sells?

Mr. Hill. Of course, it has gone out of his hands.

Mr. Griggs. I understood you to say that when you exported leather you gave the 15 per cent to the foreigner?

Mr. Hill. Yes, sir.

Mr. Griggs. And you charge it against the American?

Mr. Hill. We figure our foreign hides on the same basis as domestic hides. When we sell them we try to make the reduction of 15 per cent.

Mr. Griggs. You collect that of the American consumer, but you

contribute it to the foreign buyer; is that right?

Mr. Hill. Not necessarily; no. We are compelled to pay the same price for domestic hides as foreign hides. Our export business, to a certain extent, is uncertain. In the case of making quotations for exports, we make them based upon our foreign hides, with 15 per cent on the particular hides sold taken off, so as to compete in the markets of the world, so-called, with the man who has no duty to pay.

Mr. Grices. Isn't that exactly what I said, that you sold to the American 15 per cent higher, and to the foreigner 15 per cent lower?

Mr. Hill. Yes, sir.

Mr. Griggs. That is on the principle of taxing the home consumer

in order to feed the foreigner; is that right?

Mr. Hill. I know; but we are not drawing the tax ourselves. I believe myself that this is a tax, this 15 per cent is a tax on every

hide produced in this country.

Mr. Griggs. I am not blaming you for it, I am blaming the system. Now, then, when you come down to the question of 30 cents saved on a buggy, if it is wrong to take \$30 illegally, it is just as wrong to take 30 cents illegally, is it not; you would not make any distinction between taking \$30 and taking 30 cents, would you?

Mr. Hill. Well, you know business is business.

Mr. Griggs. All right.

The CHAIRMAN. You say you make enameled leather?

Mr. Hill. Yes, sir.

The CHAIRMAN. Do you make patent leather?

Mr. Hill. Yes, sir.

The CHAIRMAN. And japanned and varnished leather?

Mr. Hill. Yes, sir.

The CHAIRMAN. Those four comprise the leathers you make?

Mr. Hill. It all practically means the same.

The CHAIRMAN. The duty on those four varieties of leather, weighing not over 10 pounds per dozen-

Mr. Hill. Ours weigh more than that. They weigh at least 10

pounds apiece.

The Chairman. Weighing over 10 pounds and not over 25 pounds per dozen, 30 cents per pound and 10 per cent ad valorem. Do they come under that particular designation? The next bracket is, weighing over 25 pounds per dozen.

Mr. HILL. It comes under that.

The CHAIRMAN. That is 20 cents per pound and 10 per cent ad valorem. That is the duty you have. I wish, after you leave the witness stand here, that you would sit down and figure out the difference in wages that you would have to pay between here and Canada, and show us just what portion of this duty, if any, is necessary for the protection of your industry, which now receives 20 cents a pound and 10 per cent ad valorem. Please reduce it to writing and submit it to the committee. Will you do that?

Mr. Hill. I can do that. I can state right here that if we had a

duty of 5 per cent protection that would be sufficient.

The CHAIRMAN. Sufficient for protection?

Mr. Hill. Yes, sir.

Mr. RANDELL. I understood you to say that you had trouble with labor, and that Canada was the country you had to compete with. Labor is lower priced in Canada than in the United States, is it not?

Mr. Hill. Yes, sir.

Mr. RANDELL. How much lower? What is the price paid to labor

there in your business?

Mr. Hill. We have not a man in our employ who gets less than \$2 a day, common ordinary labor. They go from that up.

Mr. RANDELL. What is the difference in the price in Canada?

Mr. Hill. You can hire a man in Canada for at least \$1.50 a day. Mr. RANDELL. For this business?

Mr. Hill. Yes, sir.

Mr. Randell. And a man of the same experience?

Mr. Hill. I am talking of common labor.

Mr. RANDELL. What percentage did you say of labor enters into your production?

Mr. Hill. About 50 per cent.

Mr. Randell. I thought you said about 70 per cent.

Mr. Hill. No, sir; 50 per cent.

Mr. RANDELL. Fifty per cent of the product is labor?

Mr. Hill. Yes, sir.

Mr. Randell. And about 50 per cent is material?

Mr. Hill. Yes, sir.

Mr. RANDELL. I understood you to say in answer to a question by Mr. Gaines that you sold at about double the cost of your material. How could you make a profit at that? Haven't you figured your labor too high?

Mr. Hill. We have not made any profit for years.

Mr. RANDELL. Then where did you get that "cinch?" Mr. Hill. That is what we are looking for; we haven't got it yet. Mr. RANDELL. Then you mean you really haven't it, but you hope to have it.

Mr. Hill. I said if we had all these things it would be a benefit,

and that it would be a cinch that you are going to give us-

Mr. RANDELL. Do you mean to say that you have been selling at double the cost of the material, which means about the actual cost to yourself; that you have been selling that way?

Mr. Hill. I said that our labor was about 50 per cent.

Mr. RANDELL. If the labor is 50 per cent, and the cost of material is 50 per cent, and you pay for both, then you sell at twice the amount of your material, and you have not made a cent. That is your statement.

Mr. Hill. I stated in the article that I read that the duty amounts on the hides we use to about \$2 apiece, and if we could get that \$2 apiece for profit of manufacture we would be entirely satisfied.

Mr. RANDELL. But I am not asking you about that. You know what the cost of your material is, do you not, because you have to pay

for it; isn't that a fact?

(No response.)

Mr. RANDELL. I did not care to take up too much time on that, but you made the statement that your cost of material was 50 per cent. Is that not correct?

Mr. Hill. No; the cost of our labor in our japanning department

is 50 per cent, and in the tannery it is about 33\frac{1}{3} per cent.

Mr. RANDELL. Then the cost of labor was overstated by you a while

Mr. Hill. It was overstated. I was thinking of the japanning

Mr. RANDELL. Yes; labor is usually the buffer. Manufacturers hold it up between the law-making power and themselves, saying, "If you reduce the duty you hit the labor;" they hold it between them and Congress. Is not that the way you ask for a duty?

Mr. Hill. Well, you know that human nature is such that in times of trouble the first man you get to is the laborer; his wages are re-

duced.

Mr. RANDELL. He is the one they all pick on.

Mr. Hill. Yes; they go out and give the customer the low price, and come home and try to get it out of the laboring man.

Mr. RANDELL. Don't you believe that you would have equally a fair show in the race for life if you were not burdened up with regulations and tariff laws and other restrictions that we now have?

Mr. Hill. Provided we were all angels, yes.

Mr. Randell. Supposing we were all simply honest?

Mr. Hill. Well, are we all honest?

Mr. RANDELL. If we are not honest there is so much more reason that every man should have a fair show to protect himself.

Mr. Hill. But we are all selfish, and you can not get around that. Mr. RANDELL. And that is the reason why we want a protective tariff?

Mr. Hill. A man who is not selfish may try to stand up alone, but

he will be knocked down, and the people will pass him by.

Mr. RANDELL. Do you mean to say that a man can not prosper in your leather business without a tariff at all; that he can not prosper if the tariff affecting him were taken off? Would you not have, as you say, a "cinch" in the markets of the world, outside of Canada?

Mr. Hill. We might think that now, but actual experience would

prove it.

Mr. RANDELL. Are you receding from your former statement, then?

Mr. Hill. Not necessarily.

Mr. RANDELL. Then you stand by it?

Mr. HILL. What was it?

Mr. Griggs. I heard you say, Mr. Hill, in answer to a question by Mr. Randell, that you had not been making any money for years.

Mr. Hill. We have not made ordinary profit since we have been in

business.

Mr. Griggs. What do you call "ordinary profit?"

Mr. Hill. About the same return that we could get upon our money in a savings bank, and get interest on it.

Mr. Griggs. And yet on your export hides you sell at 15 per cent

below?

Mr. Hill. If we did not sell them we would not get the business; if we did not make that reduction we could not get the business.

Mr. Griggs. What do you want with the business if you lose money

on it?

Mr. Hill. Because we accumulate some parts of the hides that we want to sell outside of the country, and it is the only place we can sell them.

Mr. Grices. That is, you are too patriotic to put them on your own

itizens

Mr. Hill. They will not buy them.

Mr. Griggs. They will not have them?

Mr. HILL. No, sir.

Mr. CLARK. Do you know, of your own knowledge, that wages are lower in Canada than in the United States?

Mr. HILL. Yes, sir.

Mr. CLARK. You know that, do you?

Mr. Hill. I know per man that they are lower.

Mr. CLARK. It was testified here in the lumber schedule that labor in Canada is as high as it is in the United States. What would make the difference in the cost of labor between the leather business and the lumber business?

Mr. Hill. A man who is a lumberman is not necessarily a tanner. Mr. Clark. I understand he is not necessarily a tanner; but the wages would be paid to the man in about the same way?

Mr. Hill. Not necessarily; no, sir.

Mr. Griggs. You said it was all common labor.

Mr. Hill. I know that common labor in the lumber camps in this country or any other country receives more money than almost any other place.

Mr. Clark. It was proved here that they receive as much in

Canada.

Mr. Calderhead. It was proved here that they received as much in British Columbia.

Mr. Clark. Well, Canada is part of it.

Mr. CALDERHEAD. But British Columbia is a long distance from Ontario.

Mr. CLARK. Well, I knew that.

Mr. CALDERHEAD. And the wages are different.

Mr. CLARK. I understood you to say that there were no labor unions in Canada.

Mr. Hill. I did not say that. In the tanning business I do not believe there are.

Mr. Clark. Don't you know?

Mr. Hill. There are other tanners making leather in Canada. There are tanners making the same kind of leather that we make, and those are the only ones that I am acquainted with.

Mr. CLARK. And you know that there are no labor unions in that? Mr. Hill. Yes; we have men in our employ who come from Can-

ada, and they are nonunion men.

Mr. CLARK. And that is all you know about it? Mr. Hill. That is as far as my knowledge goes.

Mr. CLARK. You have nonunion men working in your factories?

Mr. Hill. We haven't any union in our factory.

Mr. Clark. Then the labor unions do not put up the cost; you are not influenced by labor unions?

Mr. Hill. But we pay the same as they pay labor unions. Mr. Clark. If that is so, why not have labor unions?

Mr. HILL. Don't want them.

Mr. CLARK. Well, it costs you the same to get the other.

Mr. Hill. That fact that we haven't any labor union makes the

labor union stronger in the tanneries where they are.

Mr. CLARK. All you know about whether there are labor unions in Canada or not is what you get from the men who are working for you who are not in the labor union?

Mr. Hill. I have never heard of any in Canada.

Mr. Clark. And what you know about wages in Canada is mere hearsay?

Mr. Hill. These men are receiving more by working for us than

they received in Canada.

Mr. CLARK. How do you know that?

Mr. Hill. I have their own statements for it.

Mr. CLARK. And that is hearsay, too.

# JOHN H. HANAN, NEW YORK CITY, REPRESENTING THE NATIONAL BOOT AND SHOE MANUFACTURERS' ASSOCIATION, ASKS FOR FREE HIDES.

Saturday, November 28, 1908.

Mr. Hanan. Mr. Chairman and gentlemen of the Ways and Means Committee, I have been asked to represent the National Boot and Shoe Manufacturers' Association, as well as the National Shoe Wholesalers' Association, with a membership that spreads from the Canadian border to the Gulf and from the Atlantic to the Pacific. It was my intention to have read my brief, but realizing that the time of you gentlemen is very valuable, and further realizing that you are seeking, I believe, information with regard to the cost of shoemaking, I desire as quickly as possible to contribute my share toward expediting this hearing as much as possible. Therefore I shall only read the preamble of my brief. [Reads:]

Prompted by interviews that have appeared in the press intending to impugn the good faith of your committee, I want to say for the National Boot and Shoe Manufacturers' Association and my colleagues here, representing the tanning interests of the country and the hide and leather interests, that we believe your committee has acted in good faith by giving timely notice to the commercial interests of this country through its secretary and the press; that it is acting and that it will, with the aids which its industry and its intelligence will bring to bear, prove its good faith by a proper bill safeguarding the interests of the American producer, manufacturer, and consumer in accordance with the will of the people.

## BRIEF FILED BY JOHN H. HANAN, NEW YORK CITY, REPRE-SENTING AMERICAN SHOE MANUFACTURERS.

Washington, D. C., November 28, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.:

Mr. Chairman and gentlemen, we stand here as representatives of the National Boot and Shoe Manufacturers' Association and the National Shoe Wholesalers' Association of the United States. The value of our output annually is over \$400,000,000 and an annual wage distribution of over \$100,000,000. For the tanning industry, we have seen, a serious handicap will be removed that is certainly exercising a repressing influence upon its growth and development.

This tariff has no justification as a tariff for revenue. The net income of the Government after deducting the cost of collection and the disbursements of rebates realizes annually less than \$2,000,000.

As a tariff for protection, the industry has yet to be born that can

prove its title clear to being protected by it.

Its effect upon the shoe-manufacturing industry is substantially an

embargo.

The nature of the shoe-manufacturing business is such that a uniform scale of prices has been maintained for years, and shoes have been manufactured to retail at \$2, \$2.50, \$3, \$3.50, \$4, and so on. These prices are staple and are firm, fixed, and unchangeable.

The prices I have mentioned represent the grades consumed by the wage-earning and agricultural classes, forming, as I believe, conservative estimating, 80 per cent of the consumers of the United

States.

At the high prices of leather the quality of the shoe must suffer, and while the consumer continues to buy \$2, \$2.50, \$3, \$3.50 and \$4 shoes, he must necessarily get a poorer shoe for the money, and besides paying the penalty of the tariff on hides he has to make the additional outlay for cost of repairs made necessary by the poor wearing quality of the soles.

As a consequence, this tariff is a burden falling most heavily upon the agricultural and working classes. Remove it, and if any benefits accrue they will be first felt by those classes in receiving a better grade of shoe at the same price, and possibly a better shoe than they

are now obtaining for a less price.

There is only one other aspect of the case that I wish to present to

you.

The shoe manufacturing capacity of the United States needs a wider market. Now, very many large factories can not run full time more than from eight to ten months a year. The industry is rapidly presenting in the exploitation of its products the keenest of competition. In order to maintain a profitable condition it will soon be necessary for the American shoe manufacturer more generally to seek foreign markets.

There is no industry that is so well equipped as the shoe industry to conquer foreign markets. In quality, style, and in fit the American shoe has no superior in the world, but owing to the increased cost of the labor and materials that enter into construction, plus the foreign duty to be paid, its foreign market is very limited, and it can

only be purchased abroad by the better class.

Of course if we concede the right of our Government to place a tariff wall around its industries, we must make the same concession to

foreign governments to protect their industries.

Of the difficulties besetting the progress of the American shoe in the foreign market I will simply give you an illustration of an experience in France. The domestic shoe production of France represents a total value of about \$140,000,000. The importation shows a total value nominally of \$1,410,000 (1906). The shoe importations from all countries to France amount to 1 per cent of the home production. Of the importation in France, the American shoe represents one-seventh of 1 per cent, while the English shoe represents about four-sevenths of 1 per cent. In other words, the total export to France from the United States in the matter of shoes amounts to about one-seventh of 1 per cent of the total shoe product of France.

The American shoe has such a reputation abroad, although its high price limits its sale only to better classes, that it is a startling factor, a sort of a bogie, to the foreign shoe manufacturer. While the English manufacturer exports four times the amount exported by the American shoe manufacturer into France, the English shoe is admitted under a minimum rate, while the American shoe is handicapped by a maximum tariff rate, with all signs pointing to a greater increase in the near future. I have called attention to this fact simply for the purpose of evidencing the disadvantages working against the progress of the American shoe product in the foreign market. There is no question but that our industry requires some relief if its market is to be extended. Some relief will be had if the tariff on hides is removed, in so far, as we believe, that to that extent we will lessen the original cost to meet the burden of the foreign import tax upon the American shoe. We have seen that the Government profits little by its duty on hides. We believe there is no industry that is benefited by its maintenance. We have observed that the burden of the tariff on hides falls heavily upon the wage-earning and agricultural classes. Remove that tariff, give us free hides, and the American shoe will be improved in quality or lowered in price to the American consumer, placed within the reach of a larger body of consumers abroad, and a great benefit will be bestowed upon a very much larger percentage of the population of this country by a substantial addition to our annual wage distribution.

In presenting for the consideration of the Ways and Means Committee of the House of Representatives the views of the Boot and Shoe Manufacturers of the United States relative to the tariff on hides, it will not, at this time, be either inopportune nor less pertinent to present the views upon this subject which were offered under the auspices of our association by its representatives and representatives of the New England Shoe and Leather Association and of the New York Hide and Leather Association to President Roosevelt, November 15, 1905, with a view to securing a recommendation of the Presi-

dent to Congress upon the subject in his annual message.

On that occasion Gov. William L. Douglas, of Massachusetts, said:

We appear before you as representatives of the National Boot and Shoe Manufacturers' Association and kindred trades. We speak for a manufacturing industry which, by our last census, ranked ninth in importance as to number of wage-earners and wages paid, and eleventh as to the value of gross products.

This great industry, producing an absolute essential to civilized life, is greatly oppressed and burdened by what we believe to be a needless tariff duty on hides. We are firmly convinced that this duty not only handicaps our industry and prevents its proper growth and expansion, both domestic and foreign, but that it is an evil to the country as a whole. Without, as we believe, serving any good purpose, this tariff duty heavily taxes articles essential for the health and comfort of every man, woman, and child in this land, and thus greatly increases the cost of living. This tax bears most heavily upon laboring people who spend almost as much for shoes, per capita, as do our professional people.

Moreover, the cost of the leather in the cheap, heavy shoes worn by the great mass of the people is proportionately greater than it is in the expensive

and highly finished shoes.

Thus, while we are pleading for the consideration of the interests of those engaged in manufacturing and repairing boots and shoes, and all others engaged in manufacturing harness, bags, belts, etc., we are also pleading for the consideration of the welfare of 80,000,000 people who wear shoes.

About 240,000,000 pairs of shoes are made annually in this country. difference in the prices of sole leather between this country and Canada, where there is no duty on hides, varies from 3 to 5 cents per pound, which equals from about 4 to 7 cents per pair on the average factory cost of our shoes. And in this connection, Mr. President, I wish to make quite clear to you that while 7 cents additional cost on a pair of shoes may seem an unimportant matter to the ordinary person, that amount represents more than the profit made by the average manufacturer. So you can understand that we are pleading for the very existence of our industry.

Previous to 1842 hides and skins were admitted free of duty. From 1842 to 1872 they were dutiable at from 4 to 10 per cent. From 1872 to 1897 they were free of duty. In 1897, after twenty-five years of free hides, a duty of 15 per cent was put on cattle hides, other hides and skins being left on the free list. This 15 per cent duty, 50 per cent higher even than the war duty levied from 1861 to 1872, was put on despite the protest of the boot and shoe

manufacturers

In July, 1897, hides were but 9 cents per pound. After this date they began to increase rapidly, and have continued to advance until on November 1, 1905, the price was 15½ cents per pound. There is good reason for believing that the 15 per cent duty on hides is of no particular benefit either to large or small cattle raisers, and we understand that the hide duty was levied primarily for the benefit of the cattle raiser. In this country cattle are raised and slaughtered principally for beef. Hides are an incidental product of the butchering business. It is absurd to suppose that putting a tariff on the by-products of the beef industry will materially change the prices paid for cattle. These fluctuate or would fluctuate if there were no combinations to interfere with economic laws, in accordance with the supply of and demand for cattle for beef

That there is little or no connection between the prices of steers and of their hides is shown clearly by statistics for the last ten years, which are herewith appended. Thus, while the prices of hides are now 15½ cents per pound, and were but 9 cents in July, 1897, the prices of steers have averaged, except for the year 1902, but little (perhaps 15 per cent) higher than before. The exceptionally high prices of 1902 were due to the very small crop of corn of 1901. During the last three years the prices of cattle have declined materially, while the prices of hides have risen. Thus, while prices of cattle are now lower than in October, 1904, prices of hides are now more than 40 per cent higher than then. We may, then, be reasonably certain that the duty of 15 per cent on hides does not protect or benefit the cattle raisers. It does, however, compel all farmers to pay higher prices for boots, shoes, harness, saddles, and other leather goods.

It is essential that we import large quantities of foreign hides. Our imports for the fiscal year ending June 30, 1905, were valued at \$14,949,628. We do not produce enough to make our own boots and shoes. About 25 per cent of all leather made in this country is made from imported hides and skins. these come in free of duty, and should leather decline here to the level of foreign markets, we could not only make cheaper shoes for ourselves, but we could increase our export business many fold. For, strange to say, we now export more than \$8,000,000 worth of shoes a year, handicapped as we are by

what we contend is an onerous, unnecessary, and unjust duty.

That there may be no doubt as to the effect on taxed hides upon the price of leather, I have here a letter from the Anglo-Canadian Leather Company (Limited), large tanners and dealers in hides and leather. It is dated November 11, 1905. It quotes the price of Central American hides leather at 21 cents, seconds at 19 cents per pound; discount for cash, 5 per cent. The prices for these and for corresponding leathers in Boston on the same day were for heavy and middle weights from 2½ cents to 24 cents, and for seconds 21 cents per pound. This difference of from 2½ to 3 cents per pound is explained by the duty of 15 per cent on hides. As 100 pounds of green hides makes but 70 pounds of finished sole leather, the duty of 15 per cent on green hides at 14 cents per pound makes a difference of 3 cents per pound on the leather. This is an actual difference in prices of leather in American and Canadian markets.

The duty on hides permits a charge of 15 per cent more for hides here than in

foreign markets.

Hides are simply and solely a by-product. Cattle are slaughtered for beef, and their prices are fixed, not according to the prices of hides, but almost ex-

clusively for beef purposes.

In the boot and shoe industry we pay the highest wages paid on earth; but we have the cheapest labor, when efficiency and product are considered. Neither we manufacturers nor our employees are protected to any considerable extent by the duty of 25 per cent on boots and shoes. We will consent to a reasonable reduction of this willingly in order to obtain free hides and cheaper leather. All we ask is a free field and no favor, either in our own or in foreign markets. Take away the duties that prevent us from obtaining leather at the same prices paid by our foreign competitors and we will not only hold our own markets, with or without a duty on shoes, but we will invade foreign markets at good wages to our boot and shoe workers.

While the duty on hides bears heavily upon our industry in every part of the country, it bears most heavily upon the New England end of it. Now that Germany, Canada, and Mexico are discriminating against our shoes, and are levying or threatening to levy much higher duties upon them, it will be even more difficult for us to hold our share of this industry, handicapped as we are. With free hides and with access to foreign markets we would be in no danger. Not only could we manufacture shoes more cheaply for our people, but we would greatly increase our exports to foreign countries.

The margin of profit for most manufacturers of shoes is only 4 or 5 cents per pair. Of course these manufacturers have either had to advance the price of shoes or to use cheaper materials. As yet, however, advances have been but slight in comparison with the increased cost of materials. Unless the cost

of materials can be reduced shoes must soon sell at higher prices.

We see no prospect for cheaper materials and no hope for cheaper shoes for the people except through the removal of the tariff duty on shoes. On behalf of the manufacturers, makers, and wearers of shoes we ask you to consider most earnestly the facts which we present. We hope that you will agree with us and that you will recommend that Congress remove this burdensome duty.

### Comparisons of cattle, hide, and leather prices.

### [Statistics referred to in Governor Douglas's address.]

Year.	Top prices native steers on hoof, Chi cago.	Heavy na tive steer hides, Chi- cago.	Sole Leather Union No. 1 Mid.
January		\$0.08	Per lb. \$0.27
April. July		.06 <u>1</u> .08 <u>2</u> .08	.26 .26 .25
January		.083	.30
April 3	\$5.40 5.15	.09 .09 .103	.20 .26 .30
1898.	5.40	.11	.30
April 2	5.50	.111 .121 .113	.29 .29 .29

### Comparisons of cattle, hide, and leather prices-Continued.

Year.	Top prices native steers on hoof, Chi- cago.	Heavy native steer hides, Chicago.	Sole Leather Union No. 1 Mid.
January 7 1899.	Per 100 lbs. \$5.95	Per lb. \$0.111	Per lb. \$0.28
April 1		.113	.32
July 1	5.75	.12	.33
October 7	7.00	.131	.36
1900.			-
January 6		.135	.36
April 7	5.80 5.70	.108	.33
October 6		.113	.30
1901.	5,50	.12	.32
January 5April 6	6.25	.104	.33
July 6	6.40	.123	.32
October 5		.13	.34
VVVVV V	0,00		
1902.			
January 4	7.75	.14	.35
April 5	7.50	.121	.34
July 5	8.50	.13	.35
October 4	8.30	.142	.35
1908.			
January 3	6,65	.133	.35
April 4	5.60	.111	.34
July 4	5.60	.12	.34
October 3	6.00	.12	.33
1904.	6.65	.113	.32
January 2April 2	5.80	.103	.32
July 2	6,65	.112	.31
October 1	5.55	.103	.32
1905.		****	0.5
January 7		.133	.35
April 1		.13½	35
August 5		.151	.36
September 23	6.40	.102	.00
November 1	0.10	.15	.36
	1		

The above prices of cattle are taken from monthly summaries of United States Department of Commerce and Labor, and are taken for the specific dates mentioned. The prices of leather and hides are taken from a table of "Comparative prices of leather and hides for ten years," published in the Shoe and Leather Reporter of August 10, 1905, and later numbers.

Mr. Jackson Johnson, of Johnson, Roberts & Rand Shoe Company, of St. Louis, Mo., spoke as follows:

A "tariff on hides" is a purely economic proposition. It is inconsistent with the principles of protection. Conceding all that may be said in favor of a protective tariff, we all realize that it should not be imposed indiscriminately, but that the article or subject of the duty must be considered.

The basic principle of the protective tariff is to foster and promote domestic enterprises and industries by placing a premium upon such foreign goods as may be substituted for our own. The production of hides is not an industry, nor is there a substitute for them. Cattle raising is an industry to-day, but not for the production of hides. It is a profitable industry for producing beef. The production of hides is only an incident to it, and it is fair to say that if hides were the only product of cattle raising, that industry would not flourish as it does to-day. It must be apparent then that the imposition of a duty upon foreign hides can not of itself stimulate the production of domestic hides.

Of course there is no substitute for hides. They are imported to-day, and would be imported if they were on the free list, not for the purpose of supplanting domestic hides, but because the supply of domestic hides is insufficient. The importation of hides is a necessity, as the making of heavy shoes is a necessity, and for other purposes. It is not the case of substituting a foreign

for a domestic article. It is simply filling out the domestic market in an article which is not produced independently, but only a by-product of a great industry, and the production of which, in its very nature, can not be fostered

or protected by this or any other tariff.

It has been demonstrated that the price of beef cattle is not influenced by the price of hides, as within the past three years we have seen a decline of 25 per cent in the price of cattle and an advance of 331 per cent in the price of hides. In this same period of time, sheep (the skins of which are not dutiable) have advanced in price, hence we must assume that the duty on hides does not benefit the cattle raiser.

Now, what is the effect of this duty upon trade conditions? It is a wellknown fact that the very existence of a tariff tends to furnish a screen behind which those who control a given product may manipulate the market. In the case of hides and leather, the tariff has resulted in market fluctuations which are artificial and unrelated to the laws of supply and demand, because the production of hides, as I have already stated, has no relation to the tariff upon hides.

It is a singular fact that the greatest producer of hides is also the greatest consumer of leather. The farmer produces the hides and at the same time leads all other classes in consuming all the articles into which hides are converted.

If we assume that the tariff advances the price of his cattle, he is still not benefited, for the increased price which he pays for his shoes, harness, etc., far exceeds the imaginary advanced price received for his cattle. The farmer receives the increase in price only once, whereas each intermediate dealer, simply because the duty exists, adds somewhat to the price of the article handled, so that when the finished product has reached the consumer the increase in price far exceeds the increase received for the raw product.

The manufacturer's profit upon staple shoes, such as are worn by farmers and wage-earners, is about 5 per cent, and it is confidently asserted that the tariff rate is not simply shifted to the farmer, but that in the process of shifting

the rate is greatly increased.

The manufacturer of all kinds of heavy leather goods is the chief sufferer. Under our present tariff 30 per cent of the duty upon imported hides is returned

in the way of drawbacks.

It is possible and a common practice for a foreign manufacturer to bring his hides to this country, have them tanned here, collect his drawbacks, and return the leather to his own foreign country for less than our own manufacturer can buy the same leather here. The result is that the foreign manufacturer of shoes and leather goods takes advantage of certain of our industrial facilities to prepare his hides for his factory and then deprives us of a market for the finished product in shoes, harness, etc., which should be ours.

In other words, the tariff upon hides not only places a heavy and unjust burden upon our consumers without an adequate return, but it restricts the market for our goods, retards the introduction of our finished products in shoes and heavy leather goods into foreign markets, and so far discourages the skilled

workmen in these trades.

If hides were on the free list, the cost of heavy shoes worn by farmers and wage-earners would be greatly decreased and our exportation of such products would be greatly increased. With our great resources for tanning and finishing hides we could place our products into the new markets cheaper than any other country in the world.

If this tariff were abolished it would not be possible for foreign hides to be

furnished here only to be returned and manufactured into shoes, harness, etc.,

in foreign factories.

If there were no duty on hides, this same product could be finished in our own factories, our skilled workmen would have a greater opportunity, and the product could be placed upon the foreign markets. As it is, the tariff upon hides furnishes only a small revenue and no protection, while it has become a positive advantage to the foreign manufacturer to the detriment of the domestic pro-

ducer, manufacturer, workman, and consumer.

The situation is a serious one, affecting possibly a greater per cent of our people than any other question of recent years, and it demands some action proportionate to its importance. Excepting an increase in the price of foodstuffs, there is no question more vital to the people generally than the cost of shoes and other products of hides. Whatever may have been the causes which called for the imposition of this duty, conditions to-day do not justify its continuance, and it is earnestly hoped that some action will be taken to secure immediate relief from its unfortunate consequences.

Mr. Charles P. Ford, of C. P. Ford & Co., of Rochester, N. Y., spoke as follows:

I am here as a representative of the shoe manufacturers of Rochester, N. Y., the third largest city of the Empire State in population. Shoe manufacturing was established there more than fifty years ago, and its growth and prominence among industrial establishments has been one of the chief factors in building the city, and contributed largely to the prosperity and welfare of western New York.

Our people in Rochester that are employed in shoe factories start in as boys and girls and as they grow up in that trade their lives are rounded out as skilled artisans, so that to them, to us, and, in fact, to all western New York, the subject of free hides and larger markets is of the greatest importance.

When Congress placed this duty on hides it added to the cost of shoes, which added cost both the manufacturers and consumers have to stand, and by all concerned this is considered unjust and an unreasonable tax to be borne by the

many for the benefit of the few.

In what I have further to say I desire to call attention to the almost uni-Congress takes some immediate action to relieve the situation, further exportation of many of our manufactured goods will be greatly curtailed. In December, 1901, a convention of boards of trade was held in Washington; in the interests of reciprocity. At that convention every State and Territory was represented by men prominent and well known for their ability in connection with manufacturing and other industries, which have so developed the wonderful resources of this country and contributed so much to the employment and welfare of our people. The result of their deliberations was in the unanimous adoption of resolutions appealing to the President and Congress for reciprocity. We do not have the favored-nation clause in our treaty with France, and consequently shoes of American make have never been able to compete with favored nations, and the excessive duty imposed on American-made goods has practically kept them out of France. We now have Germany adopting tariff laws against us, which are to take effect March 1, 1906, and if our Government does not provide a remedy in time a large share of our trade will be cut off with that country.

The business which I have the honor to represent has a large and growing interest in the export trade with all nations. Wherever there is a civilized nation around the world there is already a greater or less demand for Americanmade shoes. We are compelled by competition, made more intense by overproduction in the home market, to seek the markets of the world, and our only competitor in other countries is cheaper labor, but the excellence of our manu-

We believe that the Dingley bill should be so amended by enlarging the powers of the President in that section thereof known as section 4, by which he is vested with certain discretion with the approval of the Senate. This discretion should be unrestricted, so that such crises as confronts our industry in Germany may be promptly met and overcome without detriment to the manufacturer, to his employees, and to the country.

Mr. A. Augustus Healey, representing the Hide and Leather Association of New York, said:

I appear, with my associates here present, on behalf of the Hide and Leather Association of New York City, an association composed of more than 100 firms, having an aggregate capital of more than \$200,000,000, engaged in the business

of tanning and dealing in hides and leather.

We join our brethren of the shoe manufacturers in the desire for the removal of the duty on hides. As you will remember, for twenty-five years prior to 1897 hides were free of duty. During that time there was a very large development not only of the business of tanning and slice manufacturing, but also of the business of raising cattle as well. The removal of the duty on hides therefore certainly would not impede the growth of the cattle-raising industry in A duty on hides was inserted in the original draft of the the United States. McKinley tariff bill of 1890. After a hearing on the subject, this duty was withdrawn from the bill, and Mr. McKinley, after carefully considering the question, expressed the opinion repeatedly that a duty on hides would be unwise.

We tanners of leather, as buyers of hides, feel, in the first instance, the bad effects of the duty on them. Burdensome as this has been during all the years of its imposition, it is felt now in an especially acute form. There is a great scarcity of hides all over the world. The markets of this country, of Europe, and of South America are empty and prices have largely advanced. We require for use in this country from 25 to 50 per cent more hides than are raised in the United States. Obliged as we are to go abroad for these additional supplies, and with the markets of the world in their present empty condition, the duty on hides is peculiarly injurious at the present time, and has necessitated a material advance in the cost of leather and the cost of shoes. Relief from this duty is therefore now a most urgent necessity.

Mr. George E. Keith, of Geo. E. Keith Company, Campbello, Mass., said:

We wish to call your attention to the possibility of an increased tariff on

American shoes exported to Germany.

The present tariff, with its conditions, is satisfactory to all Americans who have invested capital in the shoe business in that country, as well as the purchasers of American footwear. We ask, as manufacturers, that the minimum rate, which has already been granted to Austria, Russia, Switzerland, and Italy, be secured for American shoes. Under this minimum tariff it would mean about 25 cents a pair, a very small increase from the present rate. If we have to pay the maximum rate, it would mean a tax of from 50 to 60 cents a pair, and coupled with this a condition that the actual tax could not be determined until the weight of each pair of shoes was known. The increased tax and the conditions attending it would be a fatal blow to the exporting of American shoes, a business that has been created within the last ten years, and which gives promise of a steady increase if the present duty can be maintained.

Charles H. Jones, of the Commonwealth Shoe and Leather Company, Boston, said:

I shall endeavor in the few moments allotted to me to give you a view on this subject which you will not be apt to get elsewhere, and which may be of value to you in coming to a just decision in regard to the merits of our request.

I shall try to show first how the increased cost of sole leather through the operation of duty on hides works to the disadvantage of every shoe manufacturer, and is also laden with disastrous consequences to the wearers of the poorer class of shoes. Before proceeding directly to this subject I must take occasion to explain that the business of shoe manufacturing is not one in which any combination or trusts have existed or are likely, in the nature of things, to exist. Competition is absolutely unrestricted, and as the production of the shoe factories now in operation in this country is sufficient to supply in seven months all the goods that can be worn in a year, the competition is naturally intense.

I also wish to say that we come before you a united trade. There are, I believe, absolutely no different opinions among the members of the shoe and leather allied trades in regard to the repeal of this tax. There has been a disposition in some quarters to belittle the importance of this duty of 15 per cent on hides, which are merely a by-product of the great beef industry, and to consider it a matter which could be of no great consequence to an industry I shall try to show you that this opinion is a mistaken such as we represent. one, and I will claim that the average profit to the manufacturer on all the shoes made in this country can not be in excess of 4 or 5 cents per pair. these circumstances it is evident that any factor which tends toward increase in the cost of the shoes we produce is an important element in the success of We can perhaps best explain the exact manner in which the the business. increased cost of leather caused by the tariff makes itself felt by taking a single shoe for a direct example. Let us consider for a moment an ordinary McKay sewed men's shoe retailed throughout the country at \$2 per pair. At the time of the imposition of the duty on hides we will say that the cost of the sole leather used in making this shoe was 20 cents per pound. The increase in the cost of this leather to the manufacturer by the operation of the duty would be between 2 and 3 cents per pound, and as it takes in a general way 2 pounds of leather to produce a pair of shoes it is obvious that the increase in the cost of the sole leather used in this shoe would be from 4 to 6 cents per pair. This equals the full amount of profit earned by the manufacturer for the production of the shoe, and can not therefore be borne by him, but must be passed on in some manner to the consumer.

It is a custom of this trade, thoroughly established by long years of custom and usage, to sell shoes only at fixed prices. One dollar and fifty cents, \$2, \$2.50, \$3, \$3.50, \$4, and \$5 are the universal prices for men's goods. In case any commodity entering into the manufacture of these shoes increases in cost the price of the shoe is not changed to correspond with this advance—that is, if the leather used in the \$2 shoe increases in cost for any reason 5 cents per pair, the retail price of the shoe is not changed to \$2.05, as would seem proper and natural, but the price is continued at \$2, and the 5 cents advance is withdrawn from the value of the material used in its construction, or the amount is absorbed by the manufacturer or dealer and their profit correspondingly reduced. I do not claim that this is the best method of handling fluctuations in price, and it is a method that as manufacturers we have often desired to change, but it exists in consequence of the habits and desires of the consumer as represented to us by the retail dealer, and is, they claim, as changeless as the laws

of the Medes and Persians.

Under these conditions let us see what the effect of the tariff on hides has on the value of the shoes worn by the classes of our people who have the least money to spend for shoes. Let us continue the example of the \$2 shoe just mentioned. A fair allowance for the outsole of this shoe would be 22 cents per With leather at 30 cents per pound, 33 cents will provide an outsole of good quality and medium weight, that will give the wearer of the shoe reasonable service, and the shoe will prove in wear to have been worth the price paid. But if the sole leather advances in price from 20 cents per pound to 22 cents per pound, the increase in the cost of this outer sole, holding all the other parts of the sole leather at the established price, as is ordinary in figuring costs, would be at least 4 cents, making its new value 26 cents. Now, the manufacturer plainly can not use a 26-cent outsole on his \$2 shoe, and so he obtains, by cutting the poorer and coarser part of the leather, the best sole he can at the original price of 22 cents. The difference between a 22-cent outsole and a 26-cent outsole may not seem like a great matter, but it represents, in this case, the difference between a good and suitable sole and one that is practically worthless. When conditions compel the use of the cheaper sole, the wearer finds in a very short time that the bottom of his shoe is worn through and no longer serviceable. If he is a careful, thrifty man, he has it immediately half-soled, at a cost of at least 50 cents, which seems to him a loss of 25 per cent of the value of the shoes. If he is a careless or thoughtless man, he continues to wear the shoe until it becomes of no possible use, and then throws it away, not having enjoyed over half the legitimate life of the shoe, and makes a loss of 50 per cent on his original expenditure.

To the men who buy and wear the highest grades of shoes, made in the upper from calf or kid, the increased cost of their footwear is measured by the actual additional cost of the sole leather which, as I here indicated is from 4 to 6 cents per pair. To the mechanic or farmer who wears a heavy, strong shoe of the best grade, made in the upper of some of the many finishes of cow hide, the tariff will increase the cost of the upper by from 6 to 9 cents per pair, which, added to the additional cost of the sole, makes a direct tax on him of from 10 to 15 cents per pair. But when we come to the consumer of small means, who is obliged to buy the cheaper grades and second qualities, and even in these prosperous times this class is in a mighty majority, we find, as I have shown by the example of the \$2 shoes that the tax is a very serious burden, and one which falls on those least able to bear it. This inevitable reduction in quality, which takes place whenever stock is increased in price above the normal, has become well nigh a chronic condition since the duty on hides was imposed. We had a slight relief a few years ago, I believe in 1903, but we are to-day suffering a most serious and desperate relapse. That different manufacturers and dealers will, by various expedients, try to avoid the unpleasant consequences of high-priced leather which I have pointed out is doubtless true;

that they can succeed to any appreciable extent is impossible.

The best evidence of the extent and persistent quality of this custom is shown by the market price of the different classes of bottom stock, which are sold in immense quantities, all cut and selected into different grades, and also by the prices of shoulders, bellies, heads, and other classes of offal. Whenever the price of sole leather advances, the price of the cheaper grades of soles and the price of offal increase much more than the whole stock, while the price of the best grades of cut soles will advance less than the whole stock. When the advance in the price of leather is extreme, as is the condition to-day, the

prices of the poorer qualities become almost prohibitive, and the market supply of the offal from which the poorer grades are obtained is frequently ex-

To show that the conditions I have described are not exaggerated, I will tell of a little incident which occurred very recently, and which illustrates clearly a condition which prevails in regard to cheap shoes. A neighbor of mine, a teamster, with a large family of children, came to me one morning holding in his hand a pair of boy's shoes, on which the soles had been entirely worn through in (he said) two weeks. He said he knew I was in the shoe business, and thought I would tell him why all his family's shoes wore out so quickly. I examined the pair and found the uppers in good condition, but the insoles l examined the pair and found the uppers in good condition, but the insoles shoddy, and the outer soles soft, coarse, and spongy. I told him that leather was high just now, and it would be economy for him to buy the better grades of shoes. "But I can't afford to," he replied. "I pay just as much as I ever did for shoes, but I have had to buy 22 pairs of shoes in the past ten months, and have more to buy before winter, and I can't pay any more for them."

Now, I claim that the 2 cents per pound added to the cost of sole leather and the 2 cents per foot added to the cost of upper leather by the duty on hides muts a hurden on that man that he curbt not to be made to hear.

hides, puts a burden on that man that he ought not to be made to bear.

In concluding, let me suggest one thought in relation to the cattlemen who claim that they get some benefit from this duty, and want it continued. It was shown, I believe, by the government investigation of the beef trust that when the cattlemen took their stock to the great slaughtering centers to be sold, that by reason of some arangement or agreement among the packers, they were obliged to sell them at prices which were absolutely uniform, and that they had the benefit of no competition among the purchasers whatever. it seem reasonable to suppose that under these conditions, with the control absolutely in their hands, that the packers are voluntarily going to add to the ordinary value of the creature they purchased, the small sum represented by 15 per cent on its hide and present this as a bonus or gratuity to the seller. Is it not perfectly fair to say that the benefit derived by the cattleman from this duty is at best an indirect benefit and of questionable value?

Against this we have to place, on the part of the shoe manufacturer, a very serious impairment of profit, which under normal conditions is necessarily small, an obstacle of almost insurmountable proportions to the retention and development of our foreign trade, and to the poorer classes of our fellow-citizens a very real hardship in the increased cost and inferior quality of one

of the prime necessities of life.

I believe all, or, at most, all but one, of the Massachusetts delegation in Congress have expressed themselves clearly in favor of the repeal of this duty, and if on consideration you are convinced of the wisdom of such action at this time and will place the weight of your influence on our side by recommending such legislation in your forthcoming message to the Congress, their cause will be greatly strengthened, and we shall have good ground on which to base the hope and expectation that the task of bringing about this much-desired change will not be too great for their statesmanship to accomplish.

### Hon. William B. Rice, of Rice & Hutchins, of Boston, said:

The effect of the hide duty on the export of shoes should not be omitted in this presentation. Our shoe manufacturers are endeavoring to build up a foreign trade. In many cases they have been more or less successful, and last year exported about \$8,000,000 worth of shoes in spite of the handicap of the Through the drawback duty paid on exported leather its effect to-day is to protect the foreign manufacturer against the American manufacturer. It has been stated here by the leather interest that American-made sole leather is sold in foreign markets 2 or more cents a pound cheaper than it is here. The same is true of upper leather when made from foreign hides. Therefore, when American shoe manufacturers go into any foreign country, they are met by competition from British, German, Austrian, and other foreign manufacturers, who use American leather that costs them 4 to 8 cents a pair less than it costs American manufacturers. Is it not wiser for legislation in this country to assist our manufacturers to take the eighteen or twenty million dollars' worth of leather that is now sent abroad into their own factories and add thereto ten or twelve million dellars' worth of American labor, and instead of the \$18,000,000 worth of leather export an added \$30,000,000 worth of shoes?

Whereupon President John H. Hanan, of the National Boot and Shoe Manufacturers' Association, made the closing address, as follows:

It remains for me, as the official head of the organization whose committee you have heard, to say a word of thanks for the kindness and patience and

the honor conferred upon us by giving us your kind attention.

We know well the innumerable demands upon your valuable time, and appreciate that you might have suggested taking our cause direct to Congress, but knowing, as we do, the great respect that all our people and our statesmen hold for your opinion and intentions on all questions of public welfare and the unbounded confidence they have in the wisdom and foresight that has guided you into such great achievements, both at home and abroad, leads us all to believe a careful consideration of the subject in all its bearings will show you that a tariff on hides is entirely unnecessary from an economic standpoint. We know its iniquities are working direct injury alike to producer and consumer; therefore, in the event of your reaching a conclusion favorable to our petition, may we hope you will exercise your sovereign privilege by recommending favorable legislation on this subject in your next message to Congress?

Our industry, which ranks among the foremost industries of the country, the value of whose products approximate \$300,000,000 in value and distributes

Our industry, which ranks among the foremost industries of the country, the value of whose products approximate \$300,000,000 in value and distributes in wages \$75,000,000 annually among the populations of our cities and villages, will await your decision with deep concern. Blessed, as you have been, with the faculty of doing the right thing at the right time, we can confidently rest our

cause in your hands. Our cause is timely, our cause is right.

At the close of President Hanan's remarks, President Roosevelt addressed the delegates as follows:

I thank you for having taken the trouble to come here. I am indeed glad to see you, not only in your personal capacities, but as representatives of one of

the great business industries of the country.

Your petition and suggestions, I need hardly say, shall have my most careful consideration. The great interests you represent are exceedingly important. Their welfare is of concern to the whole country. It deserves and will surely receive the painstaking attention of both the President and Congress. It is of course unnecessary to point out that no change in the tariff can be made keeping in view only the interests or desires of one State or one locality. The law must first take tangible shape in the lower House of Congress, and must therefore roughly correspond to the sentiments of the citizens of the several States as expressed through their Representatives therein. Where their interests and therefore the sentiments based on these interests are diverse, as is almost invariably the case in reference to the details of all tariff matters, the law must normally, although not invariably, represent a compromise and mutual concessions, and no one outside of Congress can definitely foretell the exact shape such a compromise will ultimately take.

It is my duty to state that before receiving this committee I had received a letter from the governor-elect of Massachusetts, the Hon. Curtis Guild, ir. In this letter, evidently the first he has written in what may be called the official character with which he is now vested by the suffrages of his fellow-citizens, he urges in the strongest terms an immediate revision of the tariff and

especially removing the duty on hides.

The letter from Governor-elect Curtis Guild, jr., of Massachusetts, referred to by President Roosevelt, was as follows:

Boston, November 10, 1905.

The Hon. THEODORE ROOSEVELT,

President of the United States, Washington, D. C.

MY DEAR Mr. PRESIDENT: We have had a hard-fought election in Massachusetts, but we have been fortunate enough to turn a hostile plurality of 37,000

into a favorable plurality of over 23,000, and in a single year.

The Republican ticket, in my judgment, would have been overwhelmingly defeated if our platform, on which both Mr. Draper and I stood, had not contained a plan indorsing the position taken last spring by our delegation in Congress favoring immediate tariff revision.

Both parties in this State desire it. We recognize, as Republicans, the magnificent prosperity that has come to us so largely through your own personal work, with a sound basis to our currency, the open-door policy in our foreign trade, and the protection to American labor afforded by the Dingley tariff,

In that tariff, however, there are certain duties that we must all admit are no longer needed. Nothing was said in the campaign here in regard to the iron schedule as a whole. I think you will find, however, that even the iron manufacturers themselves will admit that a duty on iron ore is no longer necessary, and that a reduction on such iron products as we are exporting so heavily could be made without injuring our domestic industry.

Here in Massachusetts the duty on hides is an anathema. It is known that only 23 per cent of the hides and skins that come into the United States are subject to duty, and it seems perfectly illogical that calfskins, sheepskins, and goatskins should come in free as a by-product not needing protection, while a

duty is assessed on the skins of full-grown cattle.

I have the honor to inclose a canvass of New England on the subject of free hides. It will show you that the shoe manufacturers of this section are not clamoring merely for tariff revision, but they themselves are willing to submit to a reduction of the duties on boots and shoes if the last remnant of this needless duty can be removed from their material.

There can be no question of the desire of the overwhelming majority of the people of this State for attention to such matters as this in the immediate revision of the tariff. Nor can there be any question of their urgent desire that you should see your way clear to incorporate some suggestion of the kind, which, of course, I should not for a moment presume to dictate, in your message.

I am sure you know, sir, the deep, loving affection of the people of this Commonwealth for you. They trust you, sir, more absolutely than any other man in public life. I am sure you will understand that I have not the slightest intention of forestalling any action of yours, nor is this letter being given to the press, though I have not the slightest objection to your quoting it or using it in any way you may desire. I do deem it, however, my duty, with the trust that has been placed in my hands, to inform you of the real condition of public feeling in this Commonwealth, as your every act shows that no Commonwealth is dearer to you than the Bay State, and that not even her own Representatives are more earnest than you in wishing her welfare. I have the honor to remain,

Very respectfully, your obedient servant,

CURTIS GUILD, Jr.

Respectfully submitted,

JOHN H. HANAN, For American Shoe Manufacturers.

STATEMENT OF CHARLES H. JONES, OF BOSTON, MASS., REPRE-SENTING THE NEW ENGLAND SHOE AND LEATHER ASSO-CIATION RELATIVE TO FREE HIDES.

Saturday, November 28, 1908.

Mr. Jones. Mr. Chairman and gentlemen, before I take up the remarks that I had in mind to make, I want to correct one or two impressions that I think have been created by a lack of understanding by the previous witnesses, of some of the questions which have been asked them. I know Mr. Vogel so well, and have discussed this matter with him so many times, that I know that when he stated to you that he was in doubt about the result to the consumer of taking this tariff off on hides, that he meant this—he was doubtful about the course of the market on hides from natural causes. There is every indication now that hides will continue to advance, and in that case, the consumer might not get an immediate reduction in the price of his shoes if this duty were repealed; but Mr. Vogel, and every other

tanner, and every large manufacturer in this room, knows that the moment the duty is taken off hides, whether the course of the market at that time be up or down, the price of hides will immediately be at

least 15 per cent less than it was before it was taken off.

Now, I wish to say, confirming one of the tanners who appeared here, and who stated that this tariff affected every consumer and every family in the land, and which statement was criticised by one of the members of the committee—I wish to repeat that statement, and I hope the gentlemen will ask me any questions they like about it, because that is the important point, so far as the shoe manufacturers are concerned. The shoe manufacturers as a class, as manufacturers and as merchants, can protect themselves against the evil effect of probably any tariff that may be levied. This tariff has introduced many annoying and embarrassing features into the business at times, but if we make the shoes at all, we are going to get at least a small profit; but the consumer is absolutely helpless. He has to pay in a greatly increased amount for every tax that is laid on our raw material.

The CHAIRMAN. What class of shoes do you manufacture?

Mr. Jones. We manufacture men's fine shoes, as they are called

in the trade, retailing at from \$3 to \$5 per pair.

Mr. Cockran. If the duty were taken off hides, and you had free leather, would there be any necessity for continuing the duty on shoes?

Mr. Jones. At the present time, owing to the slight difference in the labor cost in this country and Europe, there would be some necessity. In 1897 the labor cost on our shoes was lower than it was abroad. It has changed since that time, having increased here and decreased abroad.

Mr. Cockran. How much duty would make up the difference in

labor cost?

Mr. Jones. Ten per cent would be enough on our goods; 5 per cent perhaps.

Mr. Cockran. How much is the duty now?

Mr. Jones. It is 25 per cent.

Mr. Cockran. You think we can take off that duty?

Mr. Jones. In the amount stated; yes.

Mr. McCall. Will you explain the matter of the duty on hides and the price of shoes?

Mr. Jones. I will do so with great pleasure, if I have the time.

Mr. Cockran. Go on and do so.

The CHAIRMAN. Let the gentleman proceed in his own way.

Mr. COCKRAN. He is a maker of shoes, and he knows the effects on the industry so far as it affects the prices of shoes and hides.

Mr. Jones. As you are probably aware, there are two classes of shoe material made from hides. They consist of upper leather and the sole leather. It is a necessity to have these two classes. I will take the matter of the upper leather first. This is such stock as is manufactured by Messrs. Vogel and Cobb, who have already appeared here.

The ordinary weight of a hide used in the manufacture of upper leather is 49 to 50 pounds, and the price of this hide at the present time is from 12 to 13 cents. The normal range in prices is from 10 to 12 cents. To avoid unnecessary detail, we will take the cost of

this hide at an average price between 10 and 13 cents, and figured on that basis, we find that the 49-pound hide would make about 43 feet of leather, which will cost, in consequence of the duty, about 2 cents per foot more than if the hides were free. The ordinary workingman's shoe will require at least 3 feet of leather. There is what is known as a split taken off the leather, and in estimating this cost the figures have been taken from actual results, and the cost of the leather has been credited with the amount of split actually produced. In figuring in this way, which is the basis on which the tanner is obliged to make up his cost, we shall find the additional cost of the finished leather would be 2 cents a foot, as stated above, so that the workingman's shoe would be increased, on account of the upper leather, by about 2 cents per foot. With 3 feet of stock it would amount to 6 cents per pair.

Now, as to the sole leather used in such a pair of shoes, we find that this is increased in price in a variable quantity, according to the weight of the hide. The B. A. dry hide is the one from which sole leather of this class is usually made. An average weight of such a hide is 23 pounds. The average price of such a hide is 19 cents per pound. The duty on this hide would amount to 65½ cents per hide. As the hides are split in two down the back, making two sides to each hide, the average duty per side would be 32¾ cents. The average weight per side would be about 20 pounds, which would indicate that the average pound of sole leather would cost 1.6 cents

more on account of the duty.

I have before me the speech of Mr. Henry T. Bannon, of Ohio, made in the House on May 22, 1906, and he figures the cost at 1½ cents (page 8). His figures are slightly different from mine, but considering the varying weights of leather, our figures are pretty close, and he is approximately correct. As a matter of fact, taking the average leather used, the average difference in cost of the sole

leather on account of the duty, is fully 15 cents per pound. In the average pair of shoes worn by the workingman or farmer, including the necessary waste, it will take 2 pounds of leather for each pair manufactured. You can see, therefore, that the additional cost of the shoe, as relates to the sole leather, is approximately 4 cents per pair. Add to that the cost of the upper leather which we have found to be at least 6 cents, and the result would show an added cost at the factory, on account of the duty, of from 9 to 10 cents a pair. As a matter of fact, it varies from 8\frac{1}{2} to 12 or 13 cents a pair on that class of shoes. Mr. Bannon, reasoning from these premises, later on undertakes to show that such a small difference as is caused by the 15 cents per pair, would make no difference in the cost of the shoe at retail. As I have shown the actual difference to be 12 or 13 cents, his reasoning is obviously not correct. That difference not only affects the consumer but it affects him in a way and to a degree which you gentlemen, not being in the business, and not having these

matters clearly in your mind, can not possibly conceive.

One member of the committee spoke of the Douglas shoe selling

at \$3. The Douglas shoe sells at \$3.50.

Mr. BOUTELL. I meant to say \$3.50, because I know that to be the

selling price of the Douglas shoe.

Mr. Jones. The Douglas shoe is uniformly sold throughout the world at a fixed price of \$3.50. If leather goes up on the shoe I have

been discussing the \$2 shoe is not sold for \$2.05 nor \$2.10. The added cost is not added to the price of the shoe. The selling price must remain at the figure where it originally stood or it must go up at least 25 cents. I would be glad, if time permitted, to tell you just why that is so.

Mr. Cockran. Tell us.

The Chairman. Let the gentleman finish his answer to the question as to the cost of the finished shoe.

Mr. Jones. I will be glad to answer Mr. Cockran's question if he

will be kind enough to propound it later on.

Take as an example the two shoes mentioned. The \$2 shoe manufactured before the tariff went on hides was increased in cost by the increased cost of the leather, and in a few months the added cost was so much that the manufacturer could not continue to sell it at the former price. Originally we sold this shoe to the wholesaler at \$1.35; the wholesaler sold it to the retailer at \$1.60; the retailer sold it at \$2. The added cost of 8, 9, or 10 cents prevented our selling the shoe at the old price, because it increased the cost above the selling price of the shoe. In a year's business we never make an average of over 8 cents on each pair of shoes, and consequently could not continue on the old basis. You will notice that I have said the shoe could not be retailed at \$2.05 or \$2.10. We must ask \$1.45; the jobber must ask \$1.75, and the retailer must charge at least \$2.25, and in many cases \$2.50. That shows how the cost is increased to the consumer by every addition to the cost of our raw material.

Competition compels us to add to our shoe, when the price is changed, something in the way of trimming, or extra finish, or a better lacing to make them fully worth the price charged, so that the manufacturer gets no additional profit; but the shoe as it reaches the consumer in the case I have described has no greater wearing value when he pays \$2.25 and \$2.50 for it than it had when he bought it for \$2. You can see, therefore, that the trifling addition which appeared to Mr. Bannon as a negligible quantity becomes quite an important item

to the consumer.

Mr. Cockran. Please enlarge upon that a little more.

Mr. Jones. You mean as to the necessity of selling shoes at a fixed price? I have before me some figures on this business, as I have been interested in the subject, and have appeared here in years gone by. It has been told me formerly that it was all right for us to say that the small additional cost of the shoe on account of the tariff would increase the price to the retailer 25 to 50 cents, and it has been stated that the tariff was not responsible for that and that the addition to the retail price to this amount was not necessary or reasonable. The fact that it is impossible to successfully retail shoes at the intermediate prices can be explained in this way. There are five or six shoe dealers in a town, we will say. If one dealer is selling a shoe at \$2 and another attempts to sell it at \$2.10, no man can tell the difference between them. The man who is selling the shoe at the lower price will surely claim that his is the same thing as the other and he will get the trade. A shoe that is sold at \$2 may not be nearly as good as the one sold at \$2.10, but it looks identically the same, and a dealer could not live long enough to explain and convince his customers of this difference. The shoe at \$2.10 may be very much better, but the consumer can never find that out until the shoes are worn out, and the dealer trying to sell the shoe at the odd price could never maintain a foothold in business long enough to satisfy the customer in regard to the superior quality of his product. It has been found necessary for the dealer to sell shoes at a fixed price, putting into them the best possible quality for the money, so to be on an even basis with his competitors and trust in the quality of his goods to bring the customer back.

Mr. COCKRAN. However slight may be the apparent difference in the cost of an article that difference is always reflected in the cost

of the shoe itself, and generally that difference is doubled?

Mr. Jones. Absolutely.

Mr. Cockran. So that the duty may even be so slight as to be invisible to the eye, yet to the customer it is always added in the price of the shoe or reflected in the quality of the article.

Mr. Jones. This is true to a greater extent than you would believe. If there be a change in cost of half a cent, 2 cents would be

reflected to the consumer in the cost of the article.

Mr. Cockran. Certainly; and do you not find that in the article of shoes we are large exporters and that we import very little under existing conditions?

Mr. Jones. That is true.

Mr. Cockran. As a matter of fact, is it not true that if you go into a shop in Constantinople or Cairo and ask for shoes you will always see American shoes?

Mr. Jones. I did not know that, but am glad to learn it.

Mr. Cockran. The American shoe goes into every place where ready-made shoes are sold.

Mr. Jones. Only in a very limited way.

Mr. Cockran. No; I find that the exportation of boots and shoes last year, under existing conditions, were 5,833,914 pairs.

Mr. Jones. Well, in proportion to the number manufactured that

is trifling.

Mr. Cockran. And our importations were only 164,000 pairs of shoes.

Mr. Jones. There is practically no importations except the finer grades of fancy shoes, which are bought by actresses, and certain

kinds of slippers used by the wealthy classes.

Mr. Cockran. In view of the fact that we are able to be exporters, even to a limited degree under existing conditions, with duties imposed, don't you think that if we had free raw material and free

leather you could get along without any duty?

Mr. Jones. I said in the opening of my remarks that on our goods the labor cost of shoes in this country is slightly more than the labor cost in Europe. That was not the case ten years ago. During the past ten years the labor cost has decreased abroad and increased here, and at the present time is, as I have said, higher in this country.

Mr. COCKRAN. Is the productive capacity of an operator in Lynn, Mass.. not greater at the present time than in Northampton,

England?

Mr. Jones. That is true to some extent. Ten years ago it was more pronounced than it is at the present time.

Mr. Cockran. The American workingman is not maintaining his

superiority?

Mr. Jones. Not to the same degree.

Mr. Cockran. To come to the really important point of that question, if the American manufacturers are able to export to any great extent under the existing handicap of a duty on hides and raw materials do not you think that if the handicap were removed they

would be able to maintain themselves in every market?

Mr. Jones. Personally, I should be glad to see all the duty taken off, but if all the duty were taken off there would sooner or later result a disturbance of business conditions, or else labor would have to produce more for the price paid, because we would import more shoes and less could be made here, but a smaller duty than that now in effect would protect the manufacturer at this time.

Mr. Cockran. Surely if we import hardly any shoes now under these onerous conditions it is not likely that under better conditions

we will import less?

Mr. Jones. It is less likely.

Mr. Cockran. I assume, then, it is your opinion that the giving of free raw material would enable you to take your chances without

protection.

Mr. Jones. I am glad to say that I am on record in a statement made several years ago to the effect that I should be glad to see shoes absolutely free if all the leather and other materials were free. The New England Shoe and Leather Association was united in that view at that time.

Mr. Cockran. That is really where the strength of your argument

lies

Mr. Jones. I thank you.

Mr. Griggs. Do I understand you to say that a slight advance in the cost to the manufacturer always results in a greater advance on the part of the retailer?

Mr. Jones. Yes, sir.

Mr. Griggs. That is because the retailer advances his price in round numbers—in quarters and halves.

Mr. Jones. He necessarily goes up to that degree.

Mr. Griggs. An additional price to the manufacturer of 10 cents would mean to the retailer that he must sell at 25 to 50 cents more.

Mr. Jones. Yes, sir. There is only one alternative. Among the class of people wearing shoes costing from \$3 to \$5, the retailer will advise a customer, when the market is advancing, to buy a better pair of shoes. The shoe that used to retail at \$3.50 is to-day sold at \$4. The bulk of the shoes sold at \$4 are of the same value as those formerly sold at \$3.50. In this instance the quality has been maintained and the price advanced. The man who suffers the real hardship on account of the increased cost of shoes is the wage-earner who has a family to support on his wages. His compensation does not increase with the rise in the price of commodities. He can not afford to pay the extra 25 or 50 cents, because he has not got the money. In consequence, he is the greater sufferer. The 3 to 10 cents a pair that has been added to the cost of the shoes in the factory, calls on him for a payment of from 25 to 50 cents a pair, and he has not got it. The result is (a retailer will tell you that much the larger part of their trade is in this class) he is obliged to continue buying a shoe at the old price. This means that in order to continue selling the shoe at the former price, when the materials have advanced, it is necessary for the manufacturer to take out of the sole leather of the shoe so much of its value as to practically destroy the shoe. As great a reduction of cost in the factory as 10 cents, would render necessary a second or third quality outersole, a two-piece or shoddy innersole, and a paper counter, so that when the man who can not afford the advance, but continues buying the \$2 shoe, comes to wear out the shoe which he has purchased at the old price, he finds that he has suffered, not only to the same extent as the man who pays the advance, but practically 50 per cent of the wearing value of the shoe has been taken away. That is where the poor consumer's burden comes in, and there is no good reason why he should be called upon to stand it.

Mr. McCall. You know the Sorosis Company, of Lynn? Mr. Jones. Yes, sir; they manufacture fine shoes for ladies.

The CHAIRMAN. I have a telegram from which I will read and let it go into the record.

(Telegram was read as follows:)

[Telegram.]

LYNN, Mass., November 24.

Hon. Sereno E. Payne,

Chairman of Ways and Means Committee,

Washington, D. C.

As probably the largest manufacturers of women's fine shoes in the world, the Sorosis Shoe Company desires to go on record as declaring the present tariff on such shoes as we manufacture wholly unnecessary to our success and a distinct injustice to the consuming public. We favor the complete abolition of this tariff, welcoming the competition of the world. We should be glad, at the convenience of the Ways and Means Committee, to present arguments for the removal of the duty on boots and shoes like those of our own manufacture.

A. E. LITTLE & Co.

The Chairman (continuing). Are the representatives of the Sorosis shoe here?

Mr. Jones. I think not. I have not seen any of them. I will now proceed upon the line that I was pursuing. We claim that this tariff is not protective in any sense of the word. No one in our country gets a benefit that is at all proportionate to the burden of this tariff. We understand that it is levied and collected because it is supposed to be a benefit to the farmer and the stock raiser. It is exceedingly difficult to make a mathematical demonstration as to whether this is true or untrue. It is impossible to show with certainty that the prices of beef would have been higher or lower during the past twelve years if this duty had not been imposed. There is no positive evidence obtainable on that subject. We believe neither the farmer nor the stock raiser gets more money by reason of it, but we are sure the manufacturers of shoes do not. We all know that the farmer does not breed or feed his stock in order to affect the quality of the hide. The farmer breeds and feeds for the result it will produce in the quality of the dairy cattle and for beef purposes, not taking into consideration the hide at all. Consequently, no farmer can be said to produce the hide. He raises the cow or the steer, but the profit on the hide, when it is taken off, does not come to him. While the farmer frequently kills cows and calves, he seldom kills fat cattle, and consequently seldom has their hide.

It has been claimed that the tariff increased the value of the hide on the back of the animal. That can not be proven, and we believe every particle of the additional value of the hide goes in an opposite

direction. We know that the great packing industry does not allow the farmer the benefit of free competition when he sends his stock to the cattle yards for sale. When he gets his stock to the yard he is confronted with a uniform price, which has been established by all the buyers. Whether from collusion or by agreement, I do not undertake to say. I am simply stating the facts. He has to take the price offered him for his cattle. He has no alternative but to take them home again. These animals are purchased on the basis of their beef value. If the packer finds that there is a strong demand for beef, he will advance the price sufficiently to induce the cattle raiser to ship in his cattle. If cattle come forward freely, and there is a liberal kill, hides are plentiful, and the tendency is toward a low price for the hide. If you will examine the statistics you will find that year after year this condition exists. Take the year 1895. In May beef sold on the hoof at \$6.15 per 100 and the hide sold for 12½ cents. In July of the same year the beef had fallen to \$5.85 a hundred, and the hide sold for 13½ cents. This condition is reproduced continuously from year to year, showing that the price of beef and the price of hides have no relation, except that it most frequently happens that the causes which produce high prices in beef tend toward low prices for hides.

It is well known that the hide is not sold the moment it is taken off the animal. It is salted and cured and placed in the cellar and sold later at a favorable opportunity. When a packer buys for beef, he can not, in the nature of things, exactly estimate the value of the hide. I think that the idea that the tariff helps the stock raiser by adding to the price of his animal, the percentage added to the value of the hide by the duty is erroneous. It is so obviously in error that it is hard to take arguments along that line seriously. We can show

the contrary by many instances.

The gentleman from Ohio, Mr. Bannon, in his address formulated some interesting statistics (which are found on page 7 of his remarks) to show the value of sole leather and the value of the hide from year to year, and he shows that from 1890 to 1897, when the tariff bill was passed, the average price of the hide was 8.72 cents. According to Mr. Bannon's table, the average from 1898 to 1905 was 12.4 cents. It is therefore obvious that hides have greatly increased in value

since the tariff was put on.

In considering the value of cattle it is not so easy to get exact figures, as quotations are made with such wide variations between the maximum and the minimum price, but we can get an intelligent idea of it by taking the exports of cattle as prepared by the government census and reasoning from that basis, which is, of course, reliable. We know that the best hides are taken from the heavy steers. We know that the heavy steers or well-prepared cattle are the ones that are exported. It would not pay to send an animal across the ocean that was not of good quality. As a matter of fact, they are among the best produced in this country, and as for many years the best cattle have produced for the feeder the highest prices and the best returns, it is fair to take them as a basis of the price of cattle to-day, in comparison with what it was before the tariff was put on. We find on this basis that from 1892 to 1897 the average value of the cattle sold abroad was \$91.75 apiece. This average has never been reached in any one year since, and we find the average price from 1898 to 1907

to be \$77.02. This shows that the value of the cattle has not increased since the tariff was put on, but that the hides have greatly increased. It will be hard under these circumstances for a packer or cattle raiser to show that he is benefited by the tax on hides, as the price of his cattle has gone down since the duty was put on, and the value of the hides alone has increased. I was speaking of the arguments against the contention that the stock raiser and the farmer received the benefit of the tariff in the increased value of his hides. I want to dwell upon that. As I stated, it is impossible in the nature of things to prove a matter like that to a demonstration, but I wish to point out additional facts that tend to show that it is not true. We called attention to the fact that the animal must, of necessity, be bought and sold by the packer on the basis of the value of beef. glancing over the report of the Union Stock Yard and Transit Company, of Chicago, in 1904, I came across this circumstance. It states there, in describing the cattle market for that year, as follows (page 4):

Choice cattle were in strong demand nearly all the year, and top prices rose from \$5.85 in January to \$7.65 in December.

That represents the price of the best grade of cattle in Chicago during that period. It says immediately after this that short fed and poorly bred cattle, on the other hand, sold relatively low, and it states on the next page that this last class of cattle declined in December to an average price of \$2.90 per 100, the lowest price in years.

What I wish to show by this is that the value of the animals for beef was the only thing considered in making the price which the packer was willing to pay the farmer for the animals. There was small demand for beef of this poor class. Consequently, the price gradually lowered until they only brought \$2.90 a hundred, and yet the hides of these poor animals were about as valuable as from those for which they were willing to pay the top price. In other words, it must be apparent that when the demand for cheap beef was so small, that the packer was only willing to pay \$2.90 a hundred for the live animal, that he had not added to the beef value of this creature any extra price on account of the increased value of its hide to him. In other words, when beef is in good demand, they raise the price sufficiently to bring cattle to the market, and no higher. On any class of beef that is not in demand they reduce the price of the animal so low that there is no possible profit to the farmer in raising it, and the very low price which they pay would not by any thoughtful person be believed to include a gratuity to the farmer in the form of extra compensation for the hide. It seems to me there can be no basis on which to show any appreciable advantage to the farmer or stock raiser on account of this duty. Any claim of benefit must be imaginary or theoretical, and to put up a flimsy argument of that character, against the very heavy burden that has been placed upon an important industry, as well as upon every consumer, is certainly not good economic policy, and while, of course, we realize that the gentlemen of this committee, your predecessors, were not the people who put this duty on, we do feel that, having had this twelve years of experience and being aware, as you gentlemen now are, from what we have shown, and from what we propose to show, as to what the result actually has been, that it is not too much to expect you to see that it does not get on again.

I undertook to show by what I have said that the duty was not a protective one for the farmer. It certainly does not protect the workingman in this country, because there is no work in hides except merely the salting, but I want to go a step farther and show that it absolutely does protect the workingman in other countries, and I think that you will all agree that that is not the proper province for an American tariff. It simply compels the manufacturers of leather in this country to sell their leather at least 15 per cent less abroad than they sell it for in this country, and I leave it to you to decide if the man who has his material laid down at his factory at the lower price is not the man who receives the benefit of the protection. If there is an answer to that proposition I would like to know it. There is no question but what all classes of upper leather and sole leather made from these heavy hides are sold regularly, in the ordinary course of trade every day, at a far less price abroad than they are sold here.

The Chairman. I would be obliged if you would spend as little time as possible on these minor points and devote yourself to the main

proposition.

Mr. Jones. The protection of the workman abroad seemed to me to be quite important. It does not protect us. It does protect the foreigner.

The CHAIRMAN. I understand what your point is.

Mr. Jones. There is another way in which you protect the other man. Hides are not a material that can be developed or grown at will. If you want more hides, you can not produce them without you take the beef. It is a fact which every one knows who is familiar with the subject at all that hides are getting more scarce year by year. Every hide that is taken off in the whole world has a ready market. It is immediately used up. Consequently, if anything happens that diverts the hides from this country, they are made up abroad. They are not wasted. The result has been that the tariff of 15 per cent on hides in this country has turned the current of hides that formerly reached us from South America and Africa and India to Europe, and every hide that goes there and is tanned and made up into shoes represents so much work taken away from the American laborer. If those hides came here as formerly, they would be used and they would be manufactured into shoes, and those shoes would be worn here or exported to meet the needs of the other countries in the world.

Another feature that we want you to look at for a moment, is the importation of cattle hides. Previous to this duty in 1897, the cattle hides imported were very much more than the cattle hides imported since the duty. The falling off in that time has been 27,890,000 pounds; in round numbers, 29,000,000 pounds less imported. That means so many less workmen employed, so much less leather goods manufactured in this country, and this loss is replaced by the leather

goods manufactured by the foreigner.

Mr. Longworth. Does Germany impose a duty upon hides?

Mr. Jones. No, sir; no highly civilized country imposes a duty on hides. [Laughter.]

The CHAIRMAN. Have you finished your remarks, Mr. Jones?

Mr. Jones. No, sir; I would like to continue if I may.

The CHAIRMAN. There are a great many people waiting to be heard on other subjects who have been here all day.

Mr. Jones. I wanted to point out also that we manufactured and exported every year about \$22,000,000 worth of upper leather and kid. Now it has been shown in answer to the questions of you gentlemen, that the labor cost of making shoes in this country was approximately, if not actually, the same as in other countries.

Mr. Gaines. Did you say that there was that much exported?

Mr. Jones. We export side leather and kid leather—import the skins and export the leather—amounting to \$22,000,000 a year, upper leather and kid. Now, if we had free sole leather to bottom these shoes with there is no reason why we should not make that leather up with the labor that we have here, that costs little or no more than the labor abroad, and export that leather in the form of shoes. That \$22,000,000 worth of leather would represent \$80,000,000 worth of shoes. The fact that we can not get the sole leather at the same price that the foreigner gets it absolutely prevents us from using up that leather in this country.

Mr. Longworth. I don't want to interrupt your statement, but— The Chairman. Would it not be well to wait until he closes?

Mr. Longworth. I simply wanted to ask —

The CHAIRMAN. I know, but that "simply" leads to another question from another member. Will you not let him finish, and then the floor will be yielded to Mr. Longworth to ask any question he pleases, first.

Mr. Longworth. I yield.

Mr. Jones. I will get through very quickly. What we contend is that if what I said is true, this duty is not protective, and it certainly was not levied for purposes of revenue, because we only tax one class of hides, which represents one-third to one-fourth the importation, and then we give a rebate on every hide made into leather that goes out of the country. So that plainly, it was not a revenue measure, and if it was not a revenue measure, it was not anything else but a bounty. Now we claim that if the Government wishes to pay a bounty, the money for it should not be raised by a tax on one industry. We claim that it should be raised by general taxation. We claim that there is no propriety or justice in laying a tax on the shee and leather industry for this purpose, and if it should be continued, this bill should not be described as it now is, "An act to provide revenne for the government and encourage the industries of the United States," but should be described as "A bounty to be paid to the Beef trust," and should be paid from the proceeds of general taxation. The injustice of the present duty will account for a good deal of the feeling that the members of our trade have against this tax. It is a feeling of resentment shared by the members of our trade, in all sections of our country, the West as well as the East. We object to this tax, not in proportion to its amount, but in consequence of the fact that it is levied under conditions that we consider immoral and improper, and if, as it is claimed, it was levied for the benefit of the farmer, and it appears that the farmer has not got the benefit from it, the mistake should be corrected. We can point out the parties who have received the benefit.

I want to take just a moment to dwell on that. When this tariff duty was first put on the only kind of hide that the packers of this country controlled was the heavy steer hide, which weighed over 25 pounds. This was the class of hides on which the duty was levied.

They controlled them then and they control them now, and I want to say that within the last three or four years, since this Beef trust investigation was concluded, that the packers have been attending strictly to business, and they have developed their business in relation to hides and leather to an extent that none of us anticipated. At the present time they control not only the packer hides, but they control the country hides through their numerous agencies established throughout the country. They control at this time practically every hide that is produced in this country, and in addition to that they have become very large tanners. Armour & Co., Swift & Co., and Nelson Morris & Co. are tanning both upper and sole leather in large quantities. You can see the position of our friends in the leather business. I wonder that they have been as patient as they have been under existing conditions. It is like this: They are compelled by this law to go to their competitor to buy their raw material. Now that is an intolerable condition and I will show you just how it works. In October and November last year, owing to the panic and financial conditions, hides dropped like every other commodity to a very low price. The packers could not sell them as they would have liked to sell them, and they therefore put them into tanneries everywhere in this country where they could make an arrangement with the tanner to tan the hides for their account, at so much per pound. leather has been produced in large quantities and they own it to-day at an exceedingly low basis of cost. Now they say to the tanners, "Gentlemen, if you want our hides they are 12, 13, 14, 15, 16, or 17 cents a pound, according to the grade of the hide." This is the highest price we have ever known in the history of the business. If they buy these hides and pay these exceedingly high prices, what are they going to do with the leather in competition with these gentlemen who have got it to sell on the basis of a 9-cent hide?

This condition is absolutely incompatible with independent tanning. Every independent tanner in the United States will be wiped out in three years if the duty is not taken off and we are not allowed access to the world's supply of hides. I must say that the packers have shown themselves to be first-class business men in this operation.

The CHAIRMAN. Do not spend so much time in complimenting the packers. There are 40 people to be heard after we get through with the leather business. I know in making that remark that it will be published in all the free-trade papers in the country that I am trying to choke off this business. Ever since I have been a member of this committee, I have fought a duty on hides; but, of course, those papers do not know that.

Mr. Jones. I will stop right now.

Mr. Longworth. I wanted Mr. Jones to tell us his definition of "labor cost."

Mr. Jones. The money we pay to employees engaged in the manufacture of goods, together with the office help. The labor cost is the pay roll divided by the number of pairs produced.

Mr. Longworth. But do you not take into consideration the

efficiency of the labor?

Mr. Jones. Why, of course. That appears in the result. For instance, if our pay roll is \$100,000 a year and we make 100,000 pairs of shoes, the labor cost is \$1 a pair. If we make, on the same pay roll, 400,000 pairs of shoes, the labor cost is one-fourth that amount or

25 cents a pair. The efficiency or the amount of production of the labor controls the amount of the cost in this way.

Mr. Boutell. I want to put several questions, and I will leave

blanks for your answers, so that you may fill them out.

Mr. Cockran. Would you mind reading them?

Mr. BOUTELL. Oh, yes; I will read the questions, of course. They

involve the making of just three sets of figures.

How much less would or could \$2, \$3.50, and \$8 shoes sell at retail with, first, free hides; second, free hides and free leather, and third, free hides, free leather, and free shoes?

These are the figures that I tried to get from some of the tanners, and if you would just figure that out and hand it up, I would be

obliged.

Mr. Cockran. I would like to ask a question. You stated that under the operation of this tariff the Chicago packers have engaged in the tanning business.

Mr. Jones. Yes.

Mr. Cockran. And that they are now the most important element in leather production.

Mr. Jones. Yes, sir.

The CHAIRMAN. You understood that, did you not?

Mr. Cockran. I just wanted to ask him the question to make sure that I understood him right.

The CHAIRMAN. You do not gain much by repeating it.

Mr. Cockran. I think it is very important to understand my premises correctly. I wanted to make sure of my premises. Now, I base my question on those premises. Assuming that these packers control the raw material of this industry, it rests with them to compel a union of all these concerns into one on their own terms, does it not?

Mr. Jones. It does.

Mr. Cockran. So that if the leather production of this country is not in a trust to-day controlled by these packers, it is owing to their forbearance rather than any lack of power.

Mr. Jones. It is due to the fact that their policy is not fully devel-

oped as yet.

## STATEMENT OF HENRY J. MACFARLAND, PRESIDENT M. D. WELLS COMPANY, CHICAGO, ILL., WHO WANTS FREE HIDES.

Saturday, November 28, 1908.

Mr. Macfarland. I am a manufacturer of boots and shoes in Chicago. Mr. Jones has very ably represented the shoe interest. What we desire is this—to say for the West that heretofore it has been supposed that the agitation for the abolition of this duty on hides came largely from the East. That was true ten years ago. The industry of manufacturing shoes in the West has grown very largely in the last ten years, and so our delegation that comes from Chicago, St. Louis, and so on, and from the West, is much larger to-day than the representation from the East, so that the West now almost dominates what used to be an eastern idea. The manufacturing is growing out there very fast, and we indorse entirely what the East is doing in the agitation for the abolishment of this duty. I had prepared a

paper, and I will just simply leave it, and all I want to say is that the West emphatically indorses the position of Mr. Jones, who has very ably stated it.

Mr. CLARK. Is this position of yours satisfactory to the western

shoe manufacturers generally?

Mr. Macfarland. I represent the Western Association of Manufacturers and Jobbers of Boots and Shoes, and they selected me to make such a statement.

Mr. CLARK. That includes the Southwest generally?

Mr. Macfarland. There are some St. Louis men here who represent that, but I think they will agree that we are as much interested as the eastern men are.

Mr. Clark. I just wanted to know.

Mr. Macfarland. And that we are entirely in sympathy with taking the duty off of cattle hides. We want more tanneries instead of less, and this competition that is growing of the packers is abolishing competition.

Mr. Clark. Are you in accord with taking the tariff off of leather?

Mr. Macfarland. I am, sir; absolutely.

Mr. Clark. And boots and shoes?

Mr. Macfarland. I am not an exporter. The exporters have a different opinion from what I hold. I believe that this country can manufacture shoes in competition with any country on earth.

Mr. CLARK. That is all.

Mr. Macfarland. I think the skilled labor here is such that we can compete, and successfully compete, with any country.

Mr. Boutell. Who is the largest American exporter of shoes? Mr. Macfarland. I think he is present to-day; Mr. Keith. Mr. Boutell. Where does Mr. Keith live, in Brockton, Mass.?

Mr. Macfarland. Yes.

Mr. Boutell. Who is the next largest exporter?

Mr. Macfarland. I should think he was in Massachusetts.

Mr. BOUTELL. What is his name?

Mr. Macfarland. I should say Rice & Hutchins, Boston, Mass.

Mr. Boutell. If I was going to make a guess I should say Florsheim Brothers, of Chicago.

Mr. Macfarland. Yes.

Mr. Boutell. So that even the exporting business is moving west to Chicago?

Mr. Macfarland. Yes; and St. Louis exports very largely.

Mr. Randell. You say that the manufacturers of shoes in this country can compete with those of any country in the world, in your opinion. You mean in the markets of the world, do you?

Mr. Macfarland. Yes.

Mr. RANDELL. You do not just confine that to this country, the

home market, but you mean the markets of the world?

Mr. Macfarland. I mean the skill with which shoes are manufactured; the skilled workmen of this country can overcome the handicap of the price of foreign labor.

Mr. RANDELL. And enable you to meet them in the markets of the

world?

Mr. Macfarland. Meet them anywhere.

Mr. RANDELL. Then of course any duty would be a gratuity and a bounty?

Mr. Macfarland. My position is that we do not want any duty. There is a difference of opinion on that. No two men ever thought alike; but I have always been in favor of free raw material.

Mr. RANDELL. You have thought of this matter, and your deliberate judgment is that the shoe trade does not need any protection

advantage; that it already has the advantage of the world?

Mr. Macfarland. That is my position exactly. Mr. Griggs. Will you not answer me one question?

Mr. Macfarland. Yes, sir.

Mr. Griggs. Is it not your opinion that a high protective tariff long continued tends to make manufacturers timid and afraid to venture out?

Mr. Macfarland. I should say you are right.

Mr. Griggs. And do you not further think that it tends to make the labor less efficient rather than more efficient?

Mr. Macfarland. Well, I am a little mixed about that, but I think

you are right about that.

## BRIEF SUBMITTED BY HENRY J. MACFARLAND, CHICAGO, ILL., IN ADVOCACY OF DUTY-FREE HIDES.

Washington, D. C., November 28, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: Every man engaged in any business is naturally interested in the effect of a combination among those to whom he must look as the source of the supply of the raw material in his par-Tanners and shoe manufacturers, therefore, are ticular business. naturally interested in any combination by which the source of the supply of their raw material is affected. What is the raw material of the tanners and shoe manufacturers? Hides. Who controls the supply of cattle hides in the United States? Supposedly the large packers. Any combination, therefore, among the large packers must necessarily seriously affect the tanners in the United States, and if all tanners are affected by such a combination, then all the industries which in turn depend upon tanning industry, namely, leather of all kinds, shoe manufacture, harness manufacture, belting manufacture, etc., are in turn affected. All of these industries, therefore, may be said to depend absolutely upon the so-called "beef industry," which controls the source of the supply of their raw material. This statement is borne out fully by the report of Commissioner Garfield on the beef industry filed March 3, 1905. In that report he says, on page 211:

The by-products derived from cattle by the western packers constitute an enormously important factor in their business. The value of a hide is usually greater than the combined value of all the other by-products derived from a beef animal.

The packers themselves have from the very start realized that controlling the supply of hides they practically have control of the tanning industry and of all the other industries dependent upon that. Realizing their power in this regard, they have not been satisfied to sell the hides to tanners generally, even though in so doing they would be in a position to fix the price which tanners must pay for their hides, but they have gone further in an effort to corral the tan-

ning industry itself into their own hands by acquiring control of the

large tanning concerns of the United States.

Representing the boot and shoe manufacturing, wholesaling, and retailing interests of the entire western part of the country, and basing our conclusions of more than eleven years' practical experience with the tariff of 15 per cent on cattle hides, we assert that it is a burden on every one of the 86,000,000 consumers of boots and shoes in this country.

Our reasons for this assertion are that the laws of profit in business will eventually and just as certainly give the consumer of the necessaries of life (food and raiment) the benefit of a reduction in the raw material entering into the manufacture of these necessaries, as would the consumer be compelled sooner or later to bear the bur-

den of an advance.

For a man's shoe it takes 3 feet of leather to a pair, extra cost for upper,  $4\frac{1}{2}$  cents per pair. We estimate the sole leather for the workman's shoe at 2 pounds to a pair, and the extra cost on account of the duty  $2\frac{1}{2}$  cents a pound on sole leather, or 5 cents per pair, so that the duty would add to the cost of this grade of a shoe from  $9\frac{1}{2}$  cents to

10 cents per pair.

Heavy workmen's shoes are the hardest hit because they require much more leather. All skins and all hides are free except cattle hides, so that the duty applies the injustice to the workman's shoes, and to the poor man. Fine shoes for men, and all women's shoes are made from skins as a rule, and the uppers escape the duty. On the sole leather they also suffer from the duty to the extent of cost of soles.

In the repeal of the hide duty the benefits would first accrue to the tanner from whom the manufacturer of shoes would demand it, thence down through the wholesaler to the retailer, who, by reason of the laws governing competition, whether willingly or not, have to give it to the consumer, and with the packers in complete domination of all domestic raw material for making leather and a tariff to keep out foreign hides, there can be no hope for extension of the export trade in shoes that is the only salvation of our business.

We submit the following resolution:

"Whereas the real beneficiaries of the hide duty being the great corporations seeking to control and monopolize the domestic production of cattle hides, and the leather produced therefrom, and "Whereas in view of the decreasing domestic supply of hides, the

"Whereas in view of the decreasing domestic supply of hides, the importation of them is absolutely essential to supply the home and export demand for leather out of which to make boots and shoes; now

therefore be it

"Resolved, That we, the manufacturers, wholesalers, and retailers of boots and shoes, located in the western part of the country, do protest against the unwise continuance of the tax that oppresses the many for the benefit of the few, and we respectfully ask that cattle hides be restored to the free list, where they were continuously for twenty-five years prior to the tariff act of 1897."

All of which is respectfully submitted.

Henry J. Macfarland,
Of the Western Association of Wholesale
Manufacturers and Jobbers of Boots and Shoes.

#### STATEMENT OF R. F. SPENCER, OF ST. LOUIS, MO., WHO FAVORS THE REMOVAL OF ALL DUTY FROM HIDES.

Saturday, November 28, 1908.

Mr. Spencer. I represent the shoe manufacturing interests of St. Louis, and I merely want, in indorsement of what Mr. Jones has said, to indicate that the question is not only sectional, but we of the West are in perfect accord with the manufacturers of the East on this question. Here is a brief which I would like to submit.

Mr. GRIGGS. You call that from the West?

Mr. Spencer. From the Southwest.

Mr. Griggs. We are not going to lose you as being a part of us. Mr. Spencer. I am from St. Louis; you can locate it as you may

Mr. McCall. Is not the shoe industry very well developed in St. Louis?

Mr. Spencer. Yes.

Mr. McCall. Manufacturing?

Mr. Spencer. Yes.

Mr. Gaines. You make a great many shoes, you say?

Mr. Spencer. Yes, sir.

Mr. Cockran. You export them, according to the answer to Mr. Boutell's question.

Mr. Spencer. Yes, sir. Mr. Cockran. Where do you export them to?

Mr. Spencer. To Mexico; some to Germany, some to England, and a little to Ireland, and some to France.

Mr. Griggs. Any to Belgium?

Mr. Spencer. No, sir. We have done it occasionally, but not with any success.

Mr. Clark. The industry of manufacturing shoes has increased all over Missouri as well as in St. Louis, has it not?

Mr. Spencer. It proceeds from St. Louis, sir.

Mr. CLARK. I know; that is the center from which it radiates?

Mr. Spencer. Yes. Mr. Randell. Do you agree with the gentleman who just preceded you that manufacturers of shoes in this country can compete in the world's markets, with an advantage over their competitors, without

any tariff?

Mr. Spencer. They can as conditions are at present. It must not be overlooked, though, that the European manufacturers of shoes are becoming more skillful each year in their imitating of our methods. They send their foremen to America to acquaint themselves with our methods of making shoes, our handling of shoemaking machinery, and they go back, and year by year their own operatives become more expert.

Mr. RANDELL. As it is to-day we have the advantage? Mr. Spencer. We have the advantage, I should say, sir.

Mr. RANDELL. Do you also agree with the statement made here by some gentleman to-day, who said that in 1897 the labor of Europe was higher than labor here, as he took it from his standpoint of production, and that there is less difference now than there was then? Do you agree with that?

Mr. Spencer. It is logical that it should be the case, because as the European operative, the European shoemaker, becomes more skillful he necessarily narrows up the gap between his efficiency and that of the American operative.

Mr. RANDELL. And you agree with the proposition, then, that the cost of labor in America is less than it was in Europe, from the stand-

point of production, in 1897?

Mr. Spencer. Yes, sir.

Mr. Griggs. You say that labor has become more efficient in Europe since then, and that narrows the gap between the European labor and the American labor? What is your answer to that?

Mr. Spencer. You reiterated what I have said, sir.

Mr. Griggs. Yes.

Mr. Spencer. Yes, sir.

Mr. GRIGGS. If that be true, is it not your opinion that European labor is becoming more efficient because it has been compelled to, being free?

Mr. Spencer. Well, as to the cause I would not pass judgment.

There are probably a number of causes that contribute to that.

Mr. Griggs. I asked you your opinion about that. You say they are becoming more efficient?

Mr. Spencer. More efficient, if you will excuse me for breaking in.

Mr. Griggs. Certainly.

Mr. Spencer. More efficient because of the example of the efficiency

Mr. Griggs. Exactly. Now, ours have not improved, but have

been at a standstill because they are protected?

Mr. Spencer. We have exhausted the possibilities of the development of the trade, possibly.

Mr. Griggs. You do not believe that, do you?

Mr. Spencer. I mean so far as the efficiency per man is concerned. Mr. Griggs. Do you not believe if we are set free on these questions that we will become more efficient than we are now?

Mr. Spencer. With respect to making a better shoe at a price? Mr. Griggs. Yes.

Mr. Spencer. That may be, sir.

Mr. Cockran. Mr. Griggs means that when your only protection is the superiority of the product you are very likely to be improving it all the time, are you not?

Mr. Spencer. Yes; I think so.

Mr. Cockran. In other words, you think that the best guaranty for improvement, continual improvement, is to make the industry depend for its existence upon the superiority of its product?

Mr. Spencer. I do, sir.

Mr. Cockran. I agree with you.

Mr. Gaines. Where is the greatest wage paid, in this country or in Europe, in the shoe business?

Mr. Spencer. I should say in this country.

Mr. Gaines. Have any of the persons interested with yourself filed a comparative statement of labor cost in this country and

Mr. Spencer. I do not know that that has been done.

Mr. Gaines. I wish some of you would do that. Is it not a fact that, man for man, the American is paid very much more, but that some years ago the machinery efficiency of the American factory was much higher than the machinery efficiency of the foreign factory, and that the foreigner by using American methods and American machinery has increased in that way the efficiency of the foreign labor?

Mr. Spencer. That is my position.
Mr. Gaines. And is not that what you mean when you say that the cost of labor was greater in Europe in 1897 than in America; but the conditions since that time have been equalized, or, as Mr. Jones put it, the advantage is with Europe against America, slightly?

Mr. Spencer. At this time?

Mr. Gaines. Yes.

Mr. Spencer. Yes, sir. Mr. Gaines. That is all.

The CHAIRMAN. Are there any further questions?

Mr. CALDERHEAD. You say that the shoe manufactories in the West have increased now under this tariff?

Mr. Spencer. Because of our natural position with respect to the development.

Mr. CALDERHEAD. Has the tariff injured you?

Mr. Spencer. We have not felt it except possibly in the increased cost of the materials which we use.

Mr. CALDERHEAD. If the tariff was entirely removed would it increase the development?

Mr. Spencer. It will, in my judgment; yes, sir.

Mr. Calderhead. Just how?

Mr. Spencer. It will enable us to buy raw materials at a less price. It will enable us to give a superior shoe at a price.

Mr. CALDERHEAD. Just a moment. You need not go any further.

Who furnishes the raw material?

Mr. Spencer. The tanners.

Mr. CALDERHEAD. And who furnishes them?

Mr. Spencer. The packers and the takers of the hides from the backs of the animals.

Mr. Calderhead. And who furnishes them? Mr. Spencer. And who furnishes them?

Mr. Calderhead. Yes.

Mr. Spencer. We are getting back to God, are we not?

Mr. CALDERHEAD. The cattle raisers, the fellows who ship cattle. Have they anything to do with it?

Mr. Spencer. The shippers of cattle?

Mr. Calderhead. Yes.

Mr. Spencer. In my judgment, the shipper of the cattle has very little to do—I mean the price of the hide has very little to do with his price.

Mr. CALDERHEAD. Just wait a minute. Now, who furnishes these

packers with hides?

Mr. Spencer. The men who sell them the steers, of course.

Mr. CALDERHEAD. Sure, and they are the fellows who furnish the raw material which you finally sell to the consumer?

Mr. Dalzell. The products of which they sell to the consumer?

Mr. Calderhead. Yes.

Mr. Spencer. Yes; that is a fact.

Mr. Calderhead. And the tariff has no relation to this process?

Mr. Spencer. It has, in increasing the ultimate cost of the component parts of the shoe.

Mr. CALDERHEAD. What relation has it to the man who produces

the cattle?

Mr. Spencer. None whatever.

Mr. Calderhead. None whatever?

Mr. Spencer. I would say none, in the sense that it does not help him.

Mr. Calderhead. These packers have become tanners?

Mr. Spencer. Yes.

Mr. Calderhead. Do you think they will quit if the tariff is taken off?

Mr. Spencer. It would at least give the independent tanner more

of an opportunity to compete with them.

Mr. CALDERHEAD. What advantage will that be to the man who sells the cattle?

Mr. Spencer. That is a matter that I—— Mr. Calderhead. You had not considered? Mr. Spencer. I had not considered, sir. Mr. Calderhead. Surely; that is all.

Mr. Cockran. You heard Mr. Jones's lucid description of how this tariff tax is all seized by the packer, and diverted from the producer, did you not?

Mr. Spencer. I do not remember to have heard that, or noted that

particular point. I might not have been in the room.

Mr. Cockran. You say that this tariff tax does not benefit the agriculturist, but does the packer; you said that in answer to Mr. Calderhead, did you not?

Mr. Spencer. That was my opinion.

Mr. Cockran. Then you stated that as the result of your own observation?

Mr. Spencer. Yes, sir.

Mr. Cockran. Mr. Calderhead asked you how placing the hides on the free list would operate to relieve the tanning industry from the domination of the packers. Surely if the entire supply of the world is thrown open to them, the power of the packers would be gone, would it not?

Mr. Spencer. Would what?

Mr. Cockran. If the entire supply of the world is thrown open to the tanners of this country, the power of the packers over them would be broken?

Mr. SPENCER. Yes.

Mr. Cockran. And the power they have over them now lies in the fact that they control, through the operation of this tariff, practically the entire supply of raw material.

Mr. SPENCER. Yes.

Mr. COCKRAN. And your position here is that by repealing that tax the tanners in this country will have access to the supply of the world?

Mr. Spencer. Yes.

Mr. Cockran. To the supply of raw material of the world?

Mr. Spencer. Yes.

Mr. Griggs. Just one question on the line of Mr. Calderhead's questions. Assuming that the farmer—and by that I mean the ordinary farmer through the country who kills a few head of cattle every year—gets the benefit of the 15 per cent on hides, will he not in the course of the year, with the 20 per cent duty on leather and the 25 per cent on shoes, more than pay back what he gets?

Mr. Spencer. Yes.

Mr. Griggs. Because he will have to pay back his 15 per cent?

Mr. Spencer. Yes.

Mr. CALDERHEAD. Do you mean the farmer?

Mr. Spencer. Yes.

Mr. CALDERHEAD. He will pay back his 15 per cent?

Mr. Spencer. Yes.

Mr. CALDERHEAD. If the packer fixes the price of the cattle now, what will he do when the tariff is taken off?

Mr. Spencer. Fixes the price of the cattle?

Mr. CALDERHEAD. Yes; fixes the price of the cattle. What will he do when the tariff is taken off?

Mr. Spencer. I could not answer that.

Mr. Calderhead. Will he reduce the price of cattle or increase it? Mr. Spencer. I can see where he might be compelled to reduce the price of hides, but as to the price of cattle, I do not know.

Mr. Calderhead. He buys the cattle with the hides on; he does not

buy them without.

Mr. Spencer. Naturally not; but so far as I know the value of the hide on a steer does not cut much of a figure in the price paid for it. Mr. Calderhead. Nothing except the weight, so much a pound.

where he buys them.

Mr. Spencer. Yes.

Mr. CALDERHEAD. Then will he increase or reduce the price of the cattle when the tariff is taken off of hides?

Mr. Spencer. That would depend upon the supply of cattle at the particular time.

Mr. Calderhead. And the weight of the hide?

Mr. Spencer. No; as to whether he would reduce or increase the orice.

Mr. Calderhead. No. You are not either buying or selling cattle

or hides?

Mr. Spencer. No, sir.

Mr. CALDERHEAD. You do sell shoes?

Mr. Spencer. Yes.

Mr. CALDERHEAD. What per cent of the cost of shoes is this tariff on hides?

Mr. Spencer. The cost of a shoe?

Mr. CALDERHEAD. Never mind.

Mr. Spencer. The labor cost of a shoe is generally reckoned——Mr. Calderhead. Just what per cent of the cost of the shoe is this tariff? I do not care about the rest.

Mr. Spencer. Well, it would be a little difficult for me to answer.

Mr. CALDERHEAD. You could not tell?

Mr. Spencer. It would depend entirely upon the shoe.

Mr. CALDERHEAD. Just a moment, now. Is it any greater per cent of the cost of the shoe than the local taxes and insurance upon your business?

Mr. Spencer. That is a question rather harder for me to answer

Mr. Calderhead. How do you put it in, then, in the cost of a shoe?
Mr. Spencer. We simply base the cost of a shoe upon what we pay
for the materials entering into it.

Mr. CALDERHEAD. And what else?

Mr. Spencer. And the labor, of course, plus a reasonable profit.
Mr. Calderhead. And what else? Do the taxes and insurance and
things of that kind have anything to do with it?

Mr. Spencer. Those are the natural expenses of doing business. Mr. Calderhead. And the value of the property, and all that?

Mr. Spencer. Yes.

Mr. Calderhead. How do you just fix the cost of a shoe now, for yourself?

Mr. Spencer. We ascertain the gross cost of doing business, and we

add that much to the cost of each shoe.

Mr. Calderhead. Did you ever take into account this tariff, in doing that? Do you remember ever taking into account this tariff? Mr. Spencer. That is included in the cost of the material to us.

Mr. CALDERHEAD. The cost of the leather?

Mr. Spencer. The cost of the leather, whatever it may be.

Mr. Calderhead. And you never went back to see where the leather came from?

Mr. Spencer. No, sir.

Mr. CALDERHEAD. That is all.

Mr. Griggs. You do not believe in a tariff on rents, do you?

Mr. Spencer. On rents? The Chairman. On what? Mr. Cockran. On rents.

Mr. Griggs. This is a matter of interest, Mr. Chairman, and I have the right to ask that question, if I am foolish enough to ask it.

Mr. RANDELL. I want to ask a question. Mr. Griggs. He did not answer mine.

Mr. Spencer. I did not consider you had put it seriously.

Mr. GRIGGS. All right.

Mr. Randell. Please give us your opinion about what would be the difference of per cent of the cost of shoes in general, such as are worn by the ordinary public, farmers and so forth; what would be the difference in the per cent of the value of the shoes as they stand under present conditions, and as they would be if the tariff was removed from hides, leather, and shoes?

Mr. Spencer. Ultimately there might be no difference, but it would

enable the manufacturer to give a much better shoe at a price.

Mr. RANDELL. I am talking about the same shoe. Mr. Spencer. The same shoe, made exactly as it is?

Mr. RANDELL. Yes; instead of putting the difference in the quality

of the shoe to put it in the price; what per cent?

Mr. Spencer. It would probably reduce it. I would say that the shoe the manufacturer sells to a retailer to-day at from \$1.35 to \$1.40

would probably be reduced 10 cents per pair, or possibly 6 or 7 per cent.

Mr. RANDELL. That would be to the wholesaler?

Mr. Spencer. Yes.

Mr. Calderhead. Did you ever make that estimate before in your life?

Mr. Spencer. I have, in going over the question; yes, sir.

Mr. Boutell. We were promised by the tanners that the shoe manufacturers would tell us the method that was adopted in the trade for fixing a stable and uniform retail price for a given shoe. It has not been given us yet. Can you give us that? Let me say, first, the reason we want to get that information. Mr. Jones is going to give us the possible reduction that this reduction of the tariff could make in three prices of shoes, \$2, \$3.50, and \$8 shoes, the reduction that could be made if we repealed the duty on hides and leather in the price to the retailer. Now, in order that the consumer, the ultimate consumer, may be prevented from having this possibility of reduction absorbed, can you tell us how it is that this uniform and stable retail price of shoes is fixed? In other words, how is the celebrated \$3.50 Douglas shoe valued, how is the price fixed, if you know?

Mr. Spencer. Well, I do not know, sir. You ask me a question about another man's business that I could hardly answer with intelli-

gence or fairness.

Mr. Boutell. Well, I did not mean to ask you about any other man's business; I simply mentioned that because we see it every day in every city, that there is what is known as a \$3.50 shoe.

Mr. Spencer. Yes.

Mr. BOUTELL. Do you know how they fix the price on that \$3.50 shoe?

Mr. Spencer. It is based on the cost of the materials entering into

the shoe.

Mr. Boutell. No. How is it that every retailer from Maine to California sells it, and even paints elaborate signs advertising it? You go down Pennsylvania avenue or F street, and you will see "The Douglas celebrated \$3.50 shoe." What method is adopted by the wholesalers or jobbers to keep that price among all the retailers?

Mr. Spencer. I do not know, sir. I would say, offhand, that taking a man retailing Douglas shoes at \$3.50 in Boston and a dealer retailing a \$3.50 shoe made by Mr. Douglas in Portland, Oreg., the Boston man would give much more value for \$3.50 than the Portland, Oreg., man would, necessarily.

Mr. Boutell. That is one secret in the trade. The Portland,

Mr. BOUTELL. That is one secret in the trade. The Portland, Oreg., man sells for \$3.50 an inferior quality of shoe by the amount

of the freight?

Mr. Spencer. This is only theory, sir. I am just stating the case in a theoretical manner.

Mr. Boutell. Yes.

Mr. Spencer. I would say, further, that on these fixed-price shoes that you see advertised in the daily papers and magazines, there is a range of prices quoted from \$3 upward to \$5. The man who had not the \$3 per hundredweight to pay between the manufacturing town and the selling town would necessarily give better value at \$3.50 than the man who had to pay the freight.

Mr. Boutell. So far as you know, is there, or is there not, a contract running between the manufacturer and the jobber and the retailer?

Mr. Spencer. There is not; no, sir.

The CHAIRMAN. Has not some other gentleman a question?

Mr. GAINES. I have, and I am just about to ask it.

The CHAIRMAN. All right. I was afraid you were all through.

Mr. Gaines. You state that the difference made by the tariff in the cost of the leather that went into the shoe would be about 10 cents, being practically the same as Mr. Jones stated. He said 9 cents in a \$2 shoe. That is a little bit less. It is precisely 5 per cent on your calculation and a little bit less than 5 per cent on his.

Mr. Spencer. Oh, no; we both based our calculation on the cost of the shoe to the man who sells it to the retailer—the manufacturer.

Mr. Gaines. On the contrary, I think Mr. Jones based his on the cost of the leather, the amount that the tariff added to the cost of the leather that entered into the \$2 shoe. Is not that the basis upon which you have made your calculation?

Mr. Spencer. He made his percentage based on the price that the

shoe cost the manufacturer, not the cost to the retailer.

Mr. Gaines. The price that the shoe cost the manufacturer?

Mr. Spencer. Yes. Mr. Gaines. You said that the price to the retailer would be, in your opinion, reduced to about that amount; that is, the price to the public, to the man who last bought the shoe in order to use it; that is, the price would be reduced about 10 cents on the shoe. Did you not?

Mr. Spencer. I said to the retailer; not to the man who wears the

shoes.

Mr. Gaines. Not to the man who wears the shoes?

Mr. Spencer. No, sir; but to the man who buys the shoes to sell to the man who wears them.

Mr. GAINES. The retailer?

Mr. Spencer. Yes.

Mr. Gaines. To whom do you sell your shoes that you manufacture?

Mr. Spencer. To the retailer. Mr. Gaines. To the jobber?

Mr. Spencer. To the retailer entirely.

Mr. Gaines. To the retailer? Shoes are generally sold to a jobber, are they not?

Mr. ŠPENCER. Well, no.

Mr. Gaines. And by the jobber to the retailer.

Mr. Spencer. That is rapidly becoming an obsolete practice in the trade.

Mr. Gaines. I do not know how it is becoming, but I know myself that it is not an obsolete practice, because I see the jobbing houses in the country where I live.

Mr. Spencer. That is a fact, sir.

Mr. Gaines. So that your opinion is that the retailer would get all the benefit of the 10 cents and you would get none of that as a manufacturer?

Mr. Spencer. That we would get none of it?

Mr. GAINES. No.

Mr. Spencer. It would simply find us a readier sale.

Mr. Gaines. How about the jobber—would he get none of it?

Mr. Spencer. Certainly.

Mr. Gaines. He would get some of it?

Mr. Spencer. Yes; and those manufacturers that make shoes for the jobbers. There are manufacturers who make shoes to sell to the retailers, and other manufacturers who make shoes to be sold to jobbers, to be again sold to the retailers at a profit.

Mr. Gaines. But as a general proposition throughout the country to-day the country storekeeper buys his shoes from the jobber, does

he not?

Mr. Spencer. The jobber-manufacturer, if you may call him such.

The Chairman. Has any other gentleman a question? Mr. Gaines. I have not concluded, Mr. Chairman.

The CHAIRMAN. I beg your pardon.

Mr. Gaines. Do you manufacture any shoes which retail at \$2?

Mr. Spencer. Yes.

Mr. Gaines. In your opinion, will the consumer get those shoes 10 cents cheaper if we remove the tariff on hides?

Mr. Spencer. The consumer?

Mr. Gaines. The man who wears the shoes. Mr. Spencer. I should say he would; yes, sir.

Mr. Gaines. Then you do not think that the manufacturer will get any benefit except the extension of his trade and the jobber will take none of the 9 cents?

Mr. Spencer. That is a question I could hardly answer. What the manufacturer wants is a little wider market in which to buy his raw material.

Mr. Gaines. And it is really the manufacturing consumer who is making this fight? My position is just this: The fact that the laboring man who has been talked about here, who buys the \$2 shoe, will not get his shoes any cheaper may not be a reason for taking the action which you want us to take, and that is the reason why the fight you have made in the name of the laboring man is in the interest of the manufacturing consumer also?

Mr. Spencer. The consumer will get a benefit ultimately in that he will get a much better shoe at a price than we are able to give him

to-day.

Mr. Gaines. So that nobody will benefit all along the line here by that 9 cents except the ultimate wearer of the shoe?

Mr. Spencer. The ultimate wearer.

Mr. Gaines. Do you not know the benefit will go to the jobber and retailer and not to the final consumer?

Mr. Spencer. No, sir; that is not the case.

Mr. Gaines. That is what I think.

Mr. Spencer. The manufacturer will get his profit anyhow; he will sell an inferior shoe still at a profit which ultimately comes out of the pocket of the consumer, and the man who buys the shoe will not get as good a shoe at a price as if the manufacturer could sell him at the same price for which he is making a line of shoes without the tariff, without, we will say, this specific 10 cents added cost through the operation of this tariff.

Mr. Gaines. If I get your answer, to proceed any further would be

argument.

Mr. Calderhead. I hope you did not understand my questions to be for the purpose of finding fault with St. Louis. I have taken a good deal of pride in the development of shoe factories at Chicago and St. Louis and Kansas City within the last ten years under the operation of this bill, with the present tariff law, and a good many other manufactories that have been creeping closer and closer to the place where the output is produced, and the raw material. The whole issue between us is whether this tariff is a protection to the farmer who produces the cattle that furnish the hides, or not. Now, if it is not, why not?

Mr. Spencer. We have never considered it any protection to the farmer. The average farmer does not produce more than a hide or

two in a year that he sells as a hide.

Mr. Calderhead. Just a moment. I do not know any farmer in my State who sells cattle one or two in the year. They sell their cattle by the carload or by the hundred carloads.

Mr. Spencer. I said who sells the cattle with the hides on.

Mr. Calderhead. Yes.

Mr. Griggs. You said the average farmer, too, did you not?

Mr. Spencer. Yes, sir.

The Chairman. Gentlemen, if you want to have a debate, please address the Chair.

Mr. CALDERHEAD. Very well. I say, then, if the Chair please, I do

not know any farmer who sells one or two cattle in a year.

Mr. Spencer. Then, evidently, our acquaintance with the farmers is in different localities.

Mr. CALDERHEAD. Come out and get acquainted.

# BRIEF SUBMITTED BY R. F. SPENCER, ST. LOUIS, MO., REPRESENTING ST. LOUIS LEATHER MANUFACTURERS, WHO WANT DUTY REMOVED FROM HIDES.

St. Louis, November 21, 1908.

The Ways and Means Committee,

Washington, D. C .:

The restoration of cattle hides to the free list is a vital issue to all

leather-consuming industries, for the following reasons:

Cattle hides are strictly raw material, and the theory of protection can not logically be applied to them, because, no matter what the tariff is, the hopelessly inadequate domestic supply, which for this reason is subject to manipulation, can not be increased thereby, because cattle hides are simply a by-product and the supply depends absolutely on the demand for beef.

The tariff on cattle hides of 15 per cent imposed by the Dingley tariff law of 1897 favors the packers only, who need no protection, while it works great harm and hardship to tanners, shoe manufacturers, harness manufacturers, bag and trunk manufacturers, glove manufacturers, and, in fact, to every leather-using industry, by an unwarranted increase in prices, while the farmer, who is supposed to be benefited, pays increased prices on shoes for his entire family, as

well as on harness, saddles, horse collars, gloves, and mittens; and as the farmer and laboring man, respectively, are the largest consumers of leather, they bear the greater portion of the burden of high prices.

Therefore, for the above-mentioned reasons, the undersigned users and manufacturers of leather of St. Louis. Mo., respectfully request the Ways and Means Committee of the House of Representatives to recommend to and urge strongly upon Congress that the duty of 15 per cent on hides be abolished.

E. Hartmann Hide and Leather Co.; Hermann Oak Leather Co.; James Clark Leather Co.; Shultz Belting Co., J. R. J. Shultz, president; California Tanning Co., per E. C. Markmann, president; Wm. M. Taggart; Western Leather Co.; Standard Leather Co.; E. K. Leiber Leather Co.; J. W. Schloeman Leather Co., by O. H. Schloeman, secretary; Alfred Scannell Leather Co.; P. Burns Saddlery Co.; William Homann Saddlery Co.; Meyer, Bannerman & Co.; Straus Saddlery Co.; J. B. Sickles Saddlery Co.; P. C. Murphy Trunk Co., per W. S. Maxwell; Herkert & Meisel Trunk Co., per J. A. Meisel; Wm. Higgins Leather Co., H. S. Higgins, secretary and treasurer; Standard Heel and Counter Co., S. Hunt, president.

### ST. LOUIS SHOE MANUFACTURERS AND JOBBERS PETITION FOR THE REMOVAL OF THE DUTY FROM HIDES.

St. Louis, Mo., November 18, 1908.

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

Gentlemen: Whereas it is a recognized and indisputable fact agreed upon by tanners, leather dealers, shoe manufacturers, harness manufacturers, trunk and bag manufacturers, glove manufacturers, and by every merchant or manufacturer connected with the leather industry in allied trades, that the duty of 15 per cent imposed upon cattle hides by the Dingley tariff law of 1897 is entirely unfair and works great harm and disadvantages to the industries herein mentioned by an unwarranted increase in the price of raw stock, which in this case are raw cattle hides; and

Whereas in practice the duty on hides affords protection to practically no one but the large packing interests, and permits them to manipulate the hide market and places the tanners and manufactur-

ers of leather goods at their mercy; and

Whereas the removal of said tariff on hides will necessarily result beneficially to the great masses of people of the country, especially to the farmer, mechanics, and laboring classes, who are the largest consumers of leather, by lowering prices on manufactured leather goods generally: Now, therefore, be it

Resolved, That we, the undersigned shoe manufacturers and jobbers of St. Louis, Mo., do hereby respectfully request the honorable Ways

and Means Committee of the House of Representatives to recommend to and urge strongly upon Congress that the duty of 15 per cent on hides be abolished.

Roberts, Johnson & Rand Shoe Company, by Jno. C. Roberts; Wertheimer-Swarts Shoe Company, by J. J. Wertheimer, president; The Courtney Shoe Company, Wm. Sieburgh, president; Geo. F. Dillmann Boot and Shoe Company, W. H. Dillmann, president; Giesecke-D'Oench-Hays Shoe Company, Wm. D. Buck, president; James Clark Leather Company, Cyrus E. Clark, president; Friedman-Shelby Shoe Company, A. Friedman, president; Geo. F. Daniels & Co., Stanley Wass, resident manager; Johansen Bros. Shoe Company, Fred H. Weber, vice-president; The Brown Shoe Company, G. W. Brown, president; John Meier Shoe Company, Edw. J. Meier, secretary; Carruthers-Jones Shoe Company, L. H. Doan, vice-president; Hamilton, Brown Shoe Company, H. L. Brady, secretary; Vinsonhaler Shoe Company, per H. Vinsonhaler, secretary and treasurer; Goddard-Bennett Shoe Company, W. C. Bennett, secretary; Goodbar Shoe Manufacturing Company, A. B. Goodbar, president; St. Louis Shoe Company, by T. G. Morfit, presipent; Peters Shoe Company, H. W. Peters, president.

### MILWAUKEE (WIS.) BOOT AND SHOE MANUFACTURERS URGE THAT HIDES BE PLACED ON FREE LIST.

MILWAUKEE, November 17, 1908.

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

Gentlemen: Whereas a revision of the tariff is now being considered by the Ways and Means Committee of the National House of Representatives, adapted to present conditions of the industries of the United States; and

Whereas the boot and shoe industry of this country, now representing an annual production of about \$400,000,000, has, since the passage of the Dingley bill in 1897, been suffering from an unjust and unnecessary tariff on hides of 15 per cent, which is a discrimination against the American manufacturer and in favor of the European manufacturer; and

Whereas it is an undisputed fact that this tariff works also to the detriment of the consumer of boots and shoes, especially to those that use boots and shoes made of the heavier leathers, and also deprives labor in our tanning industries of their legitimate amount of work on account of the scarcity of hides, the importation of which is largely

checked through the present tariff: Be it therefore

Resolved, That the undersigned boot and shoe manufacturers of the city of Milwaukee and State of Wisconsin, in meeting assembled this 17th day of November, 1908, respectfully but most earnestly petition the Ways and Means Committee to give this matter due consideration

and recommend the removal of this tariff, which is an injury and imposition on one of the leading industries of this country and protects nobody, as hides in their raw state are not a manufactured product and cattle are sold by the farmer on hoof for beef, for which he does not receive any advance in price no matter what the market price of hides may be; be it further

Resolved, That a copy of the above resolutions be submitted to the Wisconsin Representatives in Congress and to our United States

Senators.

Harsh, Smith & Edmonds Shoe Co., per Geo. R. Harsh, prest.; V. Schoenecker Boot & Shoe Co., per John J. Gasper; Kalt-Zimmers Mfg. Co., per Mich. Zimmers, sec'y and treas.; F. Mayer Boot & Shoe Co., A. J. Mayer; Bradley & Metcalf Co., W. N. Fitzgerald, prest.; Beals & Torrey Shoe Co., F. E. Beals, prest.; The Rich Shoe Co., per A. W. Rich; Weyenberg Shoe Mfg. Co., F. L. Weyenberg; A. H. Weinbreunner Co. J. H. Gage.

## STATEMENT OF CHARLES A McCARTHY, SHOE MANUFACTURER OF AUBURN, N. Y., WHO ASKS FOR FREE HIDES.

Saturday, November 28, 1908.

Mr. McCarhy. Mr. Chairman and gentlemen, it was not the purpose of the boot and shoe manufacturers to worry you with arguments, but in the main to have Mr. Jones present their case, and to have you feel that this matter is not sectional, that it represents the East, the West, the North, and the South. I do not know why I was drawn into it at all unless for the reason that I reside in the same town in which Mr. Payne lives when he is at home.

Mr. Cockran. That is an excellent reason.

Mr. McCarthy. That is where Mr. Payne is unfortunate.

Mr. Cockran. You need not give a better reason.

Mr. Griggs. I am glad to see you.

Mr. McCartiy. Many years ago before Mr. Payne became so deeply interested in politics and I in the shoe business we were very good people; we were good friends and belonged to the same church. As I say, on account of living in Auburn where Mr. Payne resides all these manufacturers present and a great many others have made life miserable in a sense for me and through me for Mr. Payne, because they have thought "all we have to do to have the tariff removed is to ask Mr. McCarthy to see Mr. Payne and say to him 'scratch this off and that off' and immediately it is done." At least for a number of years they have felt that if I would ask Mr. Payne to grant a hearing on the question of the tariff on hides he would do it, and I would say in the presence of Mr. Payne that while we have been on such friendly terms I feel that I have been a nuisance to him for years, that he has not properly enjoyed his vacations in his home town because I have come so often and asked him if he could not do thus and so, and have felt during the last few years that he has had sort of a dread of seeing me.

There are two points on which I beg to dwell briefly. First, the rebates we get when goods are exported is not generally understood. To you, gentlemen, it would appear a very simple matter that we

get 15 per cent or a certain percentage off on the amount of sole leather that we put into a pair of shoes for export that are made from an imported hide. Now, as far as the manufacture of ladies' fine shoes, such as were mentioned in the telegram from the Sorosis Shoe Company received here to-day, is concerned, the same shoe that we make, and many other manufacturers make, is something like this: We all remember years ago when we were boys that the man who made a wagon made the hub, made the felly, made the spokes for the wheels, and perhaps he made the tires. To-day he buys his fellies from one man, his hubs from another, and his tires from another. With the manufacture of ladies' fine shoes it has come to be generally the case, although not entirely, that they buy their soles already cut in New York, Boston, and the different markets, and it is because of this perhaps that if Dunn & McCarthy and the Sorosis people make a high grade of shoe they want the best sole that comes out of the hide, some other manufacturer in another town wants a cheap sole, and the man who makes a medium-priced shoe wants a medium sole. The price is governed by the thickness and the fineness of quality.

Then we buy the counter, which is the part that stiffens the shoe at the heel. We buy the insole of one party and the outsole of another. How can I, if I care anything about my oath, make a claim on the Government for the shoes I export? Take the cut sole for instance; part of the leather may come from an imported hide and part from a domestic hide. The goods are sorted and put together. They are of different qualities, they are mixed up, and I think one would have great difficulty in deciding on some goods he shipped as to whether one-tenth, one-quarter, or two-thirds were made from

an imported hide. Is this not so, Mr. Walter?

A BYSTANDER. It is, sir.

Mr. McCarthy. Just a moment and I am through. The second point is the case of the "poor farmer." Mr. Payne and myself were both poor farmers.

Mr. Boutell. Poor in what sense?

Mr. McCarthy. Dollars and cents. [Laughter.] While we were at lunch I took a pencil and figured this out. It has been stated here, and I suppose it is so, although I would not myself be positive, that the average hide weighs about 30 pounds. This at 13 cents a pound would be \$3.90, 15 per cent of which would be 581 cents. Now, according to what my neighbor has said, he is from the West where they are large cattle breeders, in the East and through the Middle States they are not cattle raisers to the same extent. I worked on a farm in Michigan and I have worked on a farm in New York State. There are some large families that are small raisers of cattle and small families that are large raisers of cattle; I was one of a family of ten children and I never knew that we had a hide to sell when I was on the farm, but should say from my knowledge, and I have traveled over twelve or fifteen different States a great deal during the last twenty years, that the average farmer throughout this country does not kill and take to market more than two cattle hides a year. If this is so he would receive on each hide 581 cents, or on the two hides \$1.17. Let use see what he gets for that. If he has the average family of five—as I say ours was ten—they would wear, we will say, two pairs of shoes a year each, or ten pairs of shoes for the family,

Mr. Jones has shown you what all the shoe people here know, that shoes do not advance in the retail stores 5 or 10 cents a pair. A shoe that is sold when shoes are low to the workingman at \$1.25 when that shoe costs the retailer \$1.10 or \$1.15 the price to the consumer immediately goes up to \$1.50, so that the advance in shoes is so far as our knowledge goes 25 cents a pair. If this raise is made to the farmer who gets 581 cents on each hide, and each member of his family wears two pairs of shoes a year and he pays 25 cents a pair more for the shoes, he will have lost \$2.50 in the one case and gained \$1.17 in the other, a loss of \$1.33 in the transaction. Now, I have been in the farming business, I have worked in a retail store and tried these shoes on day in and day out, I have been in the jobbing business, have been selling shoes on the road, and have been in the manufacturing business, and believe I understand this pretty well, and I do not believe that there is a man here connected with the boot and shoe industry who is intending to in any way deceive your committee. I think they want you to understand the facts just as they It is rather embarrassing for us to sit before you eminent gentlemen, among whom are great lawyers, and be questioned by you. Mr. Spencer is treasurer of the Hamilton-Brown Shoe Company; he is not the man who figures up the cost of their shoes—they have a partner who does that part of the business. So you see it is not always easy to get a direct intelligent answer from the man who happens to be before you.

Mr. Cockran. I do not think you need apologize to the committee

for Mr. Spencer.

Mr. McCarthy. I am not apologizing for Mr. Spencer.

Mr. Cockran. Any whatever.

Mr. McCarthy. He can take care of himself at all times.

Mr. Cockran. Yes.

Mr. McCarthy. To go back to the farmer with the family of five who sells on an average two hides each year, he loses \$1.33 instead of making anything. He loses any benefit he might get from that.

Mr. Griggs. You are only assuming two pairs of shoes to each

member of the family?

Mr. McCarthy. Yes, sir; that is all.

Mr. Griggs. You are the best lot of witnesses we have had here; the best lot of folks.

Mr. COCKRAN. You agree to all that Mr. Jones said as to the changes he desired?

Mr. McCarthy. I do, sir.

Mr. Calderhead. You spoke about a hide that was 30 pounds

weight. What do you mean, a dry hide or a green hide?

Mr. McCarthy. I understand these are dry hides, and weigh about 30 pounds—the heavy ones. Of course a green hide weighs more than a hide that has been dried out.

Mr. Calderhead. A green hide weighs from 90 to 110 pounds?

Mr. McCarthy. A green one does.

Mr. Calderhead. Yes.

Mr. McCarthy. Of course a dry hide does not weigh anything like that.

Mr. CALDERHEAD. That is considered in the price of the steer. As to what I was saying a few minutes ago about the sale of the hides, any thrifty farmer could sell the hide of a cow or steer that was

killed by accident, but the sale of cattle is by the train load or car load, and nobody is bothering about selling a steer; so that the question of whether this tariff is a protection to the producers of cattle or not is a question.

Mr. McCarthy. I do not know that I understand you.

Mr. Calderhead. The question of whether this tariff on imported heavy hides is a protection to the farmer or not is the question.

Mr. McCarthy. I think to the farmers numerically it certainly, as I figure it out here, is against them. I say, if you picked out a few large farmers the percentage would be largely to their benefit to have the duty on hides.

Mr. CALDERHEAD. But I do not pick out a few. I pick out the farmers west of the Missouri River to the Rocky Mountains, all of

them out there; they are all in one class.

Mr. McCarthy. Well, you may understand that better than I do. I mean the average farmers, so far as I know them and so far as the western jobbers and the people that talk to me about it are concerned. Of course there are exceptions. With the men that have these large ranches of thousands of acres of land that would be a different matter.

Mr. Calderhead. I have not been referring to those people. I have been referring to the farmers who own a quarter section, or a half section, or a section of land. There are 30,000,000 of these people who live west of the Missouri River and raise cattle in that way and sell them by the carload.

Mr. Cockran. You say 30,000,000 people that sell cattle by the

Mr. Calderhead. Thirty millions of the people live west of the Missouri River, and cattle there are raised and sold by the carload, and not one at a time.

Mr. Needham. Your position is that if we take this tariff off it

will reduce shoes 25 cents a pair?

Mr. Cockran. It will reduce the price of shoes?

Mr. Needham. Yes. That is a different position from what any of the others have taken.

Mr. McCarthy. I did not say that.

Mr. NEEDHAM. You gave an illustration of a family using ten pairs of shoes a year, and you said that they would get their shoes for 25 cents a pair less.

Mr. McCarthy. I said when the price went up. If the price was changed and went down it would go in the same ratio, I should say,

if they changed the price.

Mr. Cockran. If there was any change it would be a change not

of 5 or 10 cents, but it would be 25 cents.

Mr. NEEDHAM. Do you think they would reduce the price of shoes any to the consumer?

Mr. McCarthy. They would either do that or give them a better

Mr. Needham. If it took two pairs of shoes to each member of the

family a year, what benefit would that be?

Mr. McCarthy. The benefit would accrue to them in either case, whether they paid less for the shoes or got shoes worth 25 cents a pair more.

Mr. Needham. There would not be any benefit, would there?

Mr. McCarthy. We want to give people good shoes for the money. We want the workingman to have them and the farmers to have them. Before this question came up of a tariff on hides and these prices began to advance there were fixed prices, shoes for \$1.50, shoes for \$2, shoes for \$2.50, and shoes for \$3, and they were getting exceptional values for their money, and the manufacturers dreaded to see the thing disturbed. The manufacturers had gotten their work down to the finest point and the people were getting exceptional values, better than they are getting to-day, because, as I say, if you sell to the jobber, he perhaps sells for a little more, and if he raises his price at all, the retailer raises the price to the consumer 25 cents a pair.

Mr. Griggs. Did I understand you, Mr. Needham, to say if a man's family had to have only two pairs of shoes apiece a year that it did

not help him if the tariff was reduced?

Mr. NEEDHAM. Two pairs a year, it would not make any difference

to him.

Mr. Griggs. They would not have to go barefooted quite so long every year, would they, Mr. Witness?

Mr. Cockran. You assume that it is better for people to have good

shoes than bad?

Mr. McCarthy. That they have good values for the money.

Mr. Cockran. Exactly.

## STATEMENT OF JOHN W. CRADDOCK, WHO RECOMMENDS THE RETURN OF HIDES TO THE FREE LIST.

Saturday, November 28, 1908.

Mr. CRADDOCK. I appreciate, Mr. Chairman and gentlemen of the committee, the tax which you have been subjected to to-day, and I am going to make my remarks, which I believe are the concluding ones for the shoe trade, as brief as possible, and focus what little light I have got on this question within a very few minutes. The main point of the questions put by your committee appeared to be, first, whether or not the consumer is going to get the benefit of this reduction if the tariff is taken off; second, whether the farmer or cattle raiser does now get a benefit, and if so to what extent he will suffer if it is taken off, and, thirdly, the general effect that a contracted market for raw material has upon business. On the first proposition I want to say that if I did not feel that a reduction in this duty would redound to the benefit of the consumer I would not be here advocating it, and the combined shoe distributing and manufacturing interests of the South that I am speaking for would not uphold it. I am going to take just a moment right on that topic to supplement the point Mr. Jones made and to amplify it very briefly. It seems a very small matter, and it is a small matter, if the consumer only saves 3 to 5 or 8 cents a pair on shoes; but the shoe business is a big industry by reason of the fact, as these gentlemen have explained to you, that it is largely a fixed-price proposition. Take the wage-earner at \$10, \$12, or \$15 a week. When Saturday night comes, a portion of his wage goes for rent and a portion to the grocer's bill, and he walks into the store with a dollar and a half or \$2 in his pocket, as the case may be, to buy a pair of shoes, and he is not going to consider any other price. That is what he has put aside for that

pair of shoes.

When it comes to getting our raw material for less money, we do not propose giving that man that \$2 shoe for a dollar and 90 cents; we are going to give him a \$2 shoe, but the competition in the shoe business is such as to absolutely guarantee the consumer that he is going to get, not 10 cents increased value in that shoe, but, as explained to you by Mr. Jones, he will more likely get 50 per cent more value. First take the \$2 shoe we are putting out at \$1.60 a pair. If we had to take 3 cents per pair out of the outer soles of that shoe to-day, we would decrease its value in wear to the consumer 50 per cent. In other words, in order to produce that shoe at that popular price which fits the laboring man's idea and his pocketbook, we get just about as low in the quality of our outer sole as we can get to give him a good, honest value, and the difference between a second-grade sole, we will say, to illustrate, which we use now, and a fourth grade, which we would be forced to use if we had to pay 3 cents a pound more for that leather, would mean a difference of nearly 50 per cent in the wear of that shoe. Therefore, when you say that if the consumer is to get 3, 5, 8, or 10 cents it is not material, I say it is an absolutely vital matter. As Mr. Jones has told you, the man that wore the \$3.50 shoe, which represented the maximum of value ten years ago, readily goes in and pays \$4 for those shoes, and all of these gentlemen who made famous the \$3 shoe are selling more \$4 shoes to-day than they are \$3.50 shoes. That man can afford it, and he is not hurt by it; but the wage-earner, the farm laborer—my business is done largely in agricultural sections—can not afford to go up. I am making a line of shoes at \$1.60 that retails at \$2. If leather goes up so that those shoes only cost me 3 cents a pair more, I have got to advance that shoe. I will do as is indicated; I will put a little more in it, not so much in the actual value of the shoe as in the outward appearances of it, in the way of trimming, put it up to \$1.70 or \$1.75, and make a \$2.50 retail value The man who buys it will not be getting any more value than he got at \$2; he will simply have had a few trimmings added, so that the retail clerk can have something on which to explain to him that he is getting more than he did in the \$2 shoe.

I am not going to take up much of your time. I have been here all day, and I know what you have been through. There is absolutely no question as to this benefit reaching out to the consumer. There are 1,600 independent manufacturers of shoes in the United States, and the competition is just as free between them as the air from heaven. There is no line of business in these United States that is figured down on so close a margin to-day, considering its magnitude, as the manufacturing of boots and shoes. From 3 to 5 per cent is a fair net profit on the business, 3 to 5 per cent on the volume of business done. So that with that amount of competition, with no artificial barriers to protect the manufacturer of shoes, he is forced to strip to the waist and get right in the fight, and any economy in the production of his article is bound to go to the consumer; that is unquestionable. Within the last year hides have declined so that we made only a 5-cent reduction in the popular shoe we put out at \$1.75. The minute we brought it down to \$1.20 the retail dealer was willing to take that shoe and put it down to \$1.25, because that is

the minimum profit on which the retailer works—25 per cent. That was a condition that was due to the fact that during our recent monetary panic the situation of our packers was very critical, and the hide was the one thing they could force on the market and get money for. It may not be known that the packers are large borrow-

ers of money in the open market.

I think I have made myself clear, and I will get along to the other question, as to the benefit to the farmer, whether or not he gets really this tariff tax. The gentleman from the West, where they have great ranches and where they do sell cattle by the carload, spoke of this. For the sake of argument we will grant that there is a probability of that man getting some benefit. As Mr. Jones has pointed out, there has been no proof to establish that fact, and all the circumstances and the actual data as to the prices of cattle on the hoof, and the price of hides, go to show that the two have no relation to each other at all; and from the very nature of things, when we all know that the packer or butcher goes into the market and buys cattle on the hoof in response to the demand for beef, and not with reference to the hide prices, that appears to be borne out. Hides are one of the most peculiar products that I imagine your committee has to deal with. No amount of protection stimulates the production. The hide is an item of commerce that is in a class entirely to itself so far as I have been able to observe. Wool is one of the principal products of sheep raising. It is a by-product in a sense, but it constitutes the profit of sheep raising, largely. With the hide it is different. As far as we can figure out, even in the case of the ranchman, the big cattleman—and he is in a very small minority; he is less, I dare say, in number than the shoe manufacturers in the country—it is not shown that he gets any benefit.

Now, take the fellow from the 25 older States east of the Mississippi River, and those of us who are familiar with conditions know that Mr. McCarthy has not stated it far wrong when he says that the average number of cattle sold by a farmer would be two or three, and maybe two more likely than three. That man butchers the cattle for his own use or sells them to the local butcher. When the local butcher buys an animal he does not know when the collector of hides is coming around; he has no idea what that hide is going to be worth when he sells it. When the farmer butchers a steer himself, probably the hide goes up in the loft of his barn and is not sold for six months. There is no connection between the sale of that steer

or that cow and what that hide is going to bring.

The system of collecting these hides is for some dealer in a central point, say Cincinnati, which is the center for quite a section there, to go out once a month or once in sixty days and make a trip around to the local butchers for these hides that they have collected in the meanwhile. It does not bear directly on the cost the farmer gets for the animal. Now, the farmer not only buys shoes, but the farmer is also the biggest user of leather in the country. We all wear shoes. He buys harness and be buys buggies and he buys saddles, and those things are made largely out of heavy hides. The cattle that the farmer kills are not protected. I venture to say that 80 per cent of the slaughtering done by the farmer is of the younger cattle, the calves and vearlings, and so on, that do not come under this protection at all.

I will try to make good and not keep you but a little while longer. A peculiar condition has grown up in the shoe and leather and hide It has been referred to here frequently and elaborated on to a considerable extent, and I just want to refer briefly to it. I speak of the change in conditions that has taken place in the last ten years since this tariff has been on toward monopolizing, first, the collection and the selling of hides, and secondly, leather. We do not want to say anything harsh about the packing interests, but it is a fact that those gentlemen are supposed to take off 50 per cent of the domestic hide production. They are known, and it is a fact that they have their agents abroad in all the districts collecting hides. are absolute masters of the situation in the hide business. you own 50 per cent of the industry in which 100 per cent is in demand all the time, you are just as much master of the industry as if you owned it all, and they are absolutely masters in the hide busi-They are going largely into the leather business. They know if the time comes when there is no accumulation of leather in this country it is easy to say that with your rebate of 50 per cent on your leather made from foreign hides they can reduce this 10 per cent on export leather, not only to a point equal to the drop, which is 5 to 10 cents a pound, but they can carry it further than that and reduce it 5 cents a pound in order to maintain a higher level at home. So that when you figure out you are saving the consumer by this 5 cents a pound you do not know what you are saving him.

Just one word on that point: Twenty years ago, and in fact up to twelve years ago, the shoe and leather business were among the most stable and conservative lines of trade you could mention. Now, I tell you, it is just as gamy and sporty as a seat on the Stock Exchange in New York. [Laughter.] We have seen hides go up in the last nine months from 40 to 60 per cent. There is no other commodity that can be mentioned that has shown the fluctuation in the last twelve months that hides have. No thoughtful man can say, with the supply remaining about a fixed quantity and the demand dull (because it has been dull) in shoes and leather for the last nine months, that there is any reason for an advance of from 40 to 60 per cent in

the primary market, other than manipulation.

Those are facts, gentlemen, and all we are pleading for here is this: It impressed me that the tanners were a little timid and modest in their requests, but all we are pleading for here is a free market in which to do our business. We are in straits. The shoe business is one that America ought to be proud of. The rest of the world take off their hats to us. They have come over here and adopted our machinery. There is hardly a day or a week that some European or English manufacturer is not over here studying our methods; and they are making headway. And why should they not make headway when we are holding an umbrella of 15 per cent over them? Their buyers come right into New York and Boston and buy their sole leather at 15 per cent hide value less than our home manufacturers buy it. In the face of that, these gentlemen have gone abroad and built up an export trade in finished shoes of \$11,000.000. They have done that in spite of this tariff. What will they do if you give them a free hand?

We exported \$22,000,000 worth of upper leather last year. Every foot of it ought to have been manufactured into American shoes; and

instead of \$22,000,000, it ought to be exported at the rate of fifty or sixty million dollars of finished goods, which it would amount to, adding the sole leather and the labor to it. It is a proposition that seems to us to have but one side to it.

I am going to "make good" by bringing my remarks to a close right there, except with this statement [laughter]—I am not play-

ing for time. This is simply a question of—

Mr. Cockran. Go ahead.

Mr. Craddock. This agitation for the repeal of the hide duty, as I have seen it in the past years, has met with very little encouragement, by reason of the prevalence of a general impression that New England wanted all free raw materials and great protection on her manufactured articles, and that this was primarily a New England proposition. I want to say something that I do not believe has been stated in these exact terms here to-day: That New England represents a minority in the shoe-leather business to-day—a minority interest of the whole United States. The growth of this business in such cities as St. Louis and Chicago and St. Paul and Milwaukee-and it has extended throughout the South-is remarkable. We are not here asking for favors. Understand me. We are simply asking to be relieved of a handicap, and one that is not sound in principle from any standpoint. It does not stimulate the industry of raising cattle, because they are raised for beef. It does not put revenue in the Treasury of the United States to any extent. It does not help the farmer. It is a handicap that we have to pay on the whole \$150,000,000 or \$160,000,000 worth of hides we buy. The level of values of the whole domestic proposition is in some measure fixed by this 15 per cent.

We are appealing to you as the whole interest of the United States—not as New England, not as the Northwest, not as the Southwest, not as the Southwest, not as the Southwest, not as the South, but as all combined—to help a truly American industry that never has sought any protection. This 25 per cent, and the present duties on hides and leather, were really put there voluntarily when this duty was put on hides, in a measure. The trade has never sought it to any extent. I stand subject to correction on that matter to a certain extent; but as long as I have been identified with the business I have never known the shoe manufactur-

ers of this country to be clamoring for any protection.

But if you will pardon me for just a word there, I am in accord with the position taken by the gentlemen who have preceded me—that in my individual opinion the shoe business has developed to such an extent that we can stand alone without protection. But I want to qualify that by this statement: Protection is the policy of this country. That being the case, and the fact being known that we are handicapped in the sale of our goods by a tariff in France, one in Germany, one in Australia, one in Cuba, and England as far as I know being the only free country, there is not a necessity for taking the tariff entirely off of shoes. That is largely because of the results that have been brought about by the introduction of American machinery—and that means more than the mere statement signifies. What has revolutionized the shoe business of the world has been the machinery controlled by the United Shoe Machinery Company of this country, which is a "machinery trust," as you might call it, but it is protected by patent rights. It is what is regarded as a legal

trust. Those people not only go to England and sell their machinery, but they send American experts there to stay right with it—not for sixty days, but for all the time. They are there permanently improving the European facilities for making shoes. The labor price per man in this country in the shoe-making industry is, of course, very much in excess of what it is abroad. All of you gentlemen caught that proposition, I hope—that the net labor cost of our shoes up to this time has not exceeded the labor cost of the European shoe; but with these added facilities, with these borrowed American ideas and methods and machines, it is questionable in my judgment whether it is desirable to take all the duty off. I stand, though, as far as my personal position in the matter is concerned, willing to do it.

Mr. Underwood. May I ask you a question? You would prefer to have the leather trade absolutely free if you could get free hides,

rather than stand existing conditions?

Mr. CRADDOCK. Certainly.

Mr. Underwood. It would improve your trade conditions for us to give you free hides and give free competition with the world?

Mr. CRADDOCK. That is absolutely apparent; yes.

Mr. Underwood. There is one other question I should like to ask you as to the trade conditions. Suppose this committee should determine to write a minimum and a maximum tariff for the purpose of developing foreign trade, and should put the minimum rate absolutely at free trade and the maximum rate a degree above that, so that we could say to foreign countries that gave you free admission of shoes that we would give them free admission of shoes or something else, and if they put their tariff against your shoes we would put our tariff against their shoes—would not that be the ideal condition for you to establish your business?

Mr. CRADDOCK. In my judgment, yes.

Mr. Boutell. One or two questions: Do you know, Mr. Craddock,

whether or not there is a leather trust?

Mr. Craddock. As to sole-leather tanners, there is the United States Leather Company, commonly spoken of as "the trust." As I understand it, it is generally accepted that they produce about 70 to 80 per cent of the hemlock-tanned sole leather. That is largely sole leather from imported hides—dry imported hides—and they possibly control from 70 to 80 per cent of that product.

Mr. Cockran. Have you any idea how much of the native product

they control?

Mr. Craddock. I was speaking of their leather product, which, when it is made, is all leather, you know, and is all domestic product; but I say that the hemlock leather is largely made from dry hides. I should say that out of the packers' hides, the domestic hides, the green hides, they probably made 40 per cent. I shall have to shield myself behind the qualification that I am not directly connected with the tanning business.

Mr. BOUTELL. The reason I asked you that question, Mr. Craddock, was this: In speaking of the price of leather to the manufacturer

you spoke of the influence of the "meat trust."

Mr. CRADDOCK. Yes.

Mr. BOUTELL. But I noticed that you refrained from saying anything about the leather trust.

Mr. CRADDOCK, Yes.

Mr. Boutell. And some four or five years ago I remember seeing, in an alphabetical list of the trusts in the country, covering several pages, and issued under quite distinguished, and I have no doubt trustworthy, authority, two trusts—the meat trust and the leather trust. So I took it that there was one trust that handled the original raw hides, in the estimation of these compilers, and then another trust that handled the tanned leather. And I wanted to know from a manufacturer, if possible, what the truth was about the leather trust, which would be the trust that would dictate the price that you

paid for leather. Mr. Craddock. Yes. Very probably I can answer that question in such a way as to meet your requirements without being positive. do not think it is definitely known to what extent the Armour interests are controlling factors in the United States Leather Company. It is known that they are a very large factor in it. The United States Leather Company, while making, say, from 70 to 80 per cent of one class of sole leather and 40 to 50 per cent of another, might not be termed a trust in reality, but, as a matter of fact, they do practically set the price for sole leather in the United States. If trade is a little dull, the independent man comes just a fraction under their umbrella. He just bends his head enough to get under it. But with active trade, such as we have had in leather, for the most part, for the last five years or more, I think the larger manufacturers here, some of whom have had more experience than myself, will agree that the United States Leather Company practically fixes the price of sole leather.

Mr. BOUTELL. This is quite a new truth in this investigation. So that the price of manufacture of leather is fixed by this so-called

"leather trust" and not by the meat trust?

Mr. Hill. It is all the same thing.

Mr. Craddock. I do not know that I am in a position to answer that question, Mr. Boutell, further than to say that in a commodity that has been in very active demand, protected by a 25 per cent tariff, the home consumption being right up to the supply and the foreigners relying upon this market for a part of their supply, the United States Leather Company have certainly been in a position to practically—not absolutely, but practically—fix the price of their grades of sole leather. They do not go into the oak and belting butts to any great extent, that some of these gentlemen spoke of here, such as Mr. Lees, from Philadelphia, but as to hemlock sole leather, which takes in a wide range of foreign leathers, large lines of union or slaughtered leather made from domestic hides, packers' hides, I should say that they really made the market.

Mr. BOUTELL. And your means of information about these two organizations to which you refer—the leather trust and the meat trust—are as accurate in one as in another—that is, you have no

fuller information about one than the other?

Mr. CRADDOCK. No. sir; I should not say that I had. I know the facts to exist. It is a matter of public record that the Armours are stockholders and directors in this company, and it is a matter of current belief that they in a large measure control or indicate the policy of the United States Leather Company. I am just stating what is commonly understood.

Mr. Calderhead. You stated that about 80 per cent of the cattle

slaughtered are calves and young cattle, did you not?

Mr. Craddock. No, sir; I did not. I beg your pardon. My statement was this: That, in my opinion, among the general run of farmers east of the Mississippi River who were not primarily cattle growers, but were agriculturalists or farmers, the majority, probably 80 per cent, of the cattle that they killed on the farm for home consumption were the small animals, on which this duty does not apply.

Mr. CALDERHEAD. There is no duty on their hides?

Mr. CRADDOCK. No, sir.

Mr. Calderhead. Do you know the number of cattle slaughtered

in the packing houses of Chicago, Kansas City, and Omaha?

Mr. Craddock. The four or five principal markets, I think, slaughtered 6,400,000 head, or about that, last year. I should say that about 8,000,000 cattle are slaughtered by the packers.

Mr. CALDERHEAD. Those are all heavy cattle, for meat-packing pur-

poses

Mr. Craddock. As a rule, yes; although they slaughter a great many calves; but in these figures I gave you the calves are not included. They do slaughter a great many calves a year—several hundred thousand.

Mr. Calderhead. These are 3 and 4 year old steers with heavy

hides?

Mr. Craddock. The majority of them, I take it, are these native steers. There are half a dozen classifications of steers.

Mr. Calderhead. I understand.

Mr. Craddock. There are Texas, Colorado, butt brands, and so forth, so far as the hide classifications are concerned. Of course, there are something like half a dozen classifications of steers. They count the calves separately. The packers kill a great many calves. They butcher a great many calves. Their numbers run into hundreds of thousands.

Mr. Calderhead. Do they not run into millions?

Mr. CRADDOCK. I think it approximates a million. Could Mr. Vogel say what the slaughter kill of calves was?

Mr. Vogel. I do not know.

Mr. Craddock. My recollection is that for a year or two past—that

is, for a couple of years ago—it ran up to about 700,000 calves.

Mr. CALDERHEAD. What proof is there that the tariff on this 6,000,-000 of cattle slaughtered in the packing houses does not go to the benefit of the farmer that produced the cattle?

Mr. COCKRAN. Do you mean the tariff on the hides? Mr. CALDERHEAD. Yes; the tariff on the hides.

Mr. Craddock. The operation of it is this, in my opinion: That if (as is the case at present, as I understand it) the packers have an abundant supply of beef they are not going to go into the market and pay a good, full, round price for beef cattle, although at that same time hides may be up a cent or 2 cents a pound. That would not induce the packer to continue to slaughter beef cattle and pile the beef up simply because the hides were higher. And, as Mr. Jones explained this morning, the very time that there is the largest slaughter of beef is the time that the prices are highest for these cattle. The very time when the farmer is reaping his harvest, selling his cattle on the hoof at high prices, is generally the time that hides are lower, because the larger kill of cattle makes a larger sup-

ply of hides and depresses the market somewhat. Does not that answer your question?

Mr. Calderhead. The consequence of that is that the farmer gets

nothing. The farmer who furnishes the cattle gets no benefit.

Mr. Craddock. You will probably recall that I started out with the statement that I did not announce it as a fact that the ranchman got no benefit from this tariff; but as far as I have investigated the subject (and I have gone into it very carefully and have studied it for years), there is no proof that the farmer gets any higher price for his cattle on the hoof by reason of this 15 per cent tax. We have the market quotations of hides and beef side by side, running over twelve years, and oftener than otherwise when beef cattle are higher hides are lower.

Mr. Calderhead. I think you might as well say the same thing con-

cerning the manufacture of shoes.

Mr. Craddock. We do not ask for any protection. It is very much like it is on cotton.

Mr. Calderhead. It very often happens that when the price of cat-

tle is low the price of shoes is high.

Mr. Craddock. Not when hides are low, though; I beg your pardon. Mr. Cockran. Mr. Craddock, just to make clear that matter that Mr. Calderhead has discussed with you, let me ask you this question: As a fact, the price of hides can not enter into the price of cattle, seeing that the major article that the cattle produces is beef; and the

Price of any article or any commodity is measured by the quantity——Mr. Calderhead. Just a moment, right there. Mr. Craddock, is

that a fact or an assumption?

Mr. Cockran. It is a fact, I think.

Mr. Craddock. It is a fact, not to be proved by a mathematical demonstration, however.

Mr. Calderhead. Of course.

Mr. CRADDOCK. But a fact that in economics is true.

Mr. Cockran. Let me say this, then: As a matter of fact—because we must get down to facts to meet Mr. Calderhead's niceties of expression—is there, in all the world (in Chicago, Omaha, Kansas City, or any city of packing activity, or any other civilized or uncivilized community on the face of the earth) a market for hides on the back of an animal? Did you ever know of an animal being sold for its hide?

Mr. Craddock. No, sir.

Mr. Cockran. When an animal goes to the market, it does not go there as a source of hides, but as a source of beef. Is not that so?

Mr. Calderhead. Just a moment.

Mr. Craddock. Yes; and furthermore, if you will watch the prices of beef——

Mr. Cockran. I am coming to that.

Mr. Craddock (continuing). You will notice that the shipments of cattle increase simultaneously as the price of beef goes up, regardless of whether hides are up or down.

Mr. Cockran. Exactly. In other words, the value of beef is the

controlling element in the value of cattle, is it not?

Mr. CRADDOCK. Unquestionably.

Mr. Cockran. That is why, except perhaps in Kansas—I do not know what may happen out there—but that is why anywhere else

among civilized human beings the value of cattle is determined by the price of beef? [Laughter.]

Mr. CALDERHEAD. Just a moment, right there. We do not raise

any cattle without hides.

Mr. Cockran. No, no; but when you come to fix the value of cattle it is the value of the beef that determines it, is it not?

Mr. CALDERHEAD. Oh, surely. That is a very large element, but

it is only a part of it.

Mr. Čockran. "A very large element, but only a part," might answer a description of 99 10 per cent.

Mr. CALDERHEAD. Oh, no.

Mr. Cockran. As a matter of fact, Mr. Craddock, in the purchase and sale of cattle on the hoof, you state this, if I understand you, that the demand is determined by the demand for beef?

Mr. Craddock. The price is determined by the demand for beef;

yes, sir.

Mr. COCKRAN. Yes. When the price of beef is high the slaughter of cattle is extensive?

Mr. CRADDOCK. Yes.

Mr. Cockran. You have stated several times that the price of hides was high and the price of beef low.

Mr. Craddock. Yes, sir.

'Mr. Cockran. Did you ever know, in your experience, of a demand for cattle being stimulated by a high price of hides and a low price of beef?

Mr. Craddock. I never have, sir. I do not think it can be shown. Mr. Cockran. So that when you say that this tariff rate upon hides can not appreciably affect the value of cattle on the range, you mean because the disproportion of value between the hide and the carcass is so great that what would affect one would be a negligible quantity, while what would affect the other would be a very important factor?

That is what you mean to state, is it not?

Mr. CRADDOCK. That is it, sir.

Mr. CALDERHEAD. Mr. Craddock, do you and the other gentlemen

mean that the ranchman gets nothing for the hides?

Mr. Craddock. I have never stated that; but if he does, I do not think it can be demonstrated by actual market conditions.

Mr. CALDERHEAD. No.

Mr. CRADDOCK. Nor by economics.

Mr. Calderhead. You mean that he gets about the same thing that

he would for the horns and the hoofs and things of that sort?

Mr. Craddock. No. Here is the reason, if you will permit me, that I say that: Not only because it is borne out by the actual market quotations on beef and hides, but, as a matter of fact, when the packer buys that steer on the hoof he really does not know what the hide market is going to be when he sells it. It takes quite a time to salt and cure that hide. It goes through a curing process. They frequently carry those hides in their cellars six months; and it is not a question of the cost now. The supply is supposed to be low now, but last fall there was an accumulation. Hides did lie in the packers' cellars for six months. Now, how could that man fix his price on the live steer by reference to the market price of hides months in the future?

Mr. Calderhead. But do you suppose the packer buys cattle to-day with reference to the price of meat to-morrow?

Mr. Craddock. Very largely; yes, sir; because the fluctuations are

almost daily.

Mr. CALDERHEAD. It is usually six months before he realizes on that meat, is it not?

Mr. Cockran. Do you mean that he keeps his meat for six months

before he sells it? [Laughter.] This is another revelation.

The Acting Chairman (Mr. Dalzell). I do not know that Mr. Craddock need be here to settle a dispute between you and Mr. Calderhead. I think that is all.

Mr. CRADDOCK. Thank you.

#### STATEMENT OF CHARLES KIPER, OF CHICAGO, ILL., REPRESENT-ING THE WHOLESALE SADDLERY ASSOCIATION OF THE UNITED STATES WHICH WANTS FREE HIDES.

Saturday, November 28, 1908.

Mr. Kiper. Mr. Chairman and gentlemen, we appear before you as the representatives of the Wholesale Saddlers of the United States, most respectfully to ask that the hides of cattle be restored to the ee list. By "saddlery" I mean harness—harness as well. Mr. Cockran. What duty do you pay on your saddlery?

Mr. Kiper. I beg pardon?

Mr. Cockran. Do you not know the rate of duty on saddlery?

Mr. Kiper. On saddlery?

Mr. Cockran. Yes.

Mr. Kiper. What do I understand your question to be?

Mr. Cockran. What rate of duty is imposed on your finished product?

Mr. KIPER. On our finished product? Mr. Cockran. Yes; on the saddles?

Mr. Kiper. On the goods we make usually the duty cuts no figure at all.

A duty of 15 per cent on cattle hides is not only obnoxious but burdensome to the manufacturers of harness and saddlery goods for the reason that all saddlery leather is manufactured exclusively from "adult" cattle hides, while at the same time the hides of the young critters are admitted duty free through a ruling of the Treasury

Department of the National Government.

It is a well-known fact that the hide market of this country is largely controlled by the packers, and that they have become a great factor in the tanning business as well. The removal of the duty would doubtless stimulate the importation of foreign hides, thereby affording the independent tanner a wider field for the purchase of raw material and thus lessen the likelihood of manipulation in the price of hides by the packers.

Statistics will show that the price of hides have advanced about 40 per cent during the past nine months, despite the fact that the demand for leather goods has been much below the normal, which indi-

cates that the price of hides has been manipulated.

The restoring of cattle hides to the free list would not only benefit the leather manufacturing industries of the country, but would also

directly benefit all consumers of leather goods who are now paying tribute to the beef trust.

We beg to submit the following resolutions adopted by the Wholesale Saddlery Association of the United States in annual convention assembled:

Whereas by an apparent accident of caucus legislation in 1897 Congress imposed a duty on hides of cattle; and

Whereas no considerable number of citizens have ever demanded the duty

or have shown that they were benefited by its operation; and

Whereas the harness industry is adversely affected by said tariff on hides, especially in that it discourages the importation of the heavy hides required for harness leather, which are becoming scarcer each year as the farms encroach upon the ranges; and

Whereas it has been made known to this association that a movement is on foot the object of which is to combine the harness, saddlery, shoe-leather, and leather-belting manufacturers and all other interests affected in a joint effort to procure the repeal, at the coming session of Congress, of the law imposing

a duty on hides: Now, therefore, be it

Resolved, First, that the Wholesale Saddlery Association of the United States, in annual session assembled, hereby requests Congress at its next session to remove the tariff of 15 per cent ad valorem upon hides of cattle, for the reason that its operation has restricted the supply and increased the price of the raw material that enters into our product without incidental or compensating advantage to anyone; and

Resolved, Second, that the Wholesale Saddlery Association of the United States hereby favors and approves the combined effort about to be made to

procure the repeal of the law imposing a duty on hides of cattle.

All of which is respectfully submitted.

Mr. Underwood. If the duty is taken off of hides, and you have free hides, would it be satisfactory to your business to take the duty

off of saddles and saddlery leather in your business?

Mr. Kiper. So far as the great majority of the goods are concerned, 95 per cent or more of the goods that are made by the American manufacturers of harness and saddlery, I should say that the removal or the retention of the duty would make absolutely no difference whatsoever. That is for the reason that the great bulk (I am safe in saying more than 95 per cent) of the goods made by the American manufacturers are not made abroad, mainly for the reason that the styles and classes of goods that are used by our consuming masses, such as the farmer and the ranchman, are not made in Europe; and even if the European manufacturers cared to make them, we would not fear their competition. There are, however, a few goods that are made abroad, mainly in England, on which the English manufacturer has a decided advantage over the American manufacturer. refer to the high-grade English, or what we term in the business seamed, riding saddles, and riding bridles. There are some of those goods imported, but those goods are—oh, I might say less than 1 per sent, or not to exceed 2 per cent of the total business of the country. They are usually purchased, not by the masses, but by the class of people who are wealthy, and who are willing to pay the price; and I believe that the removal of the duty would not stimulate the demand at all.

Mr. Underwood. Then you regard that portion of the duty as

purely a matter of revenue?

Mr. Kiper. That is a matter of revenue, and I should say that that was more of a luxury than a necessity.

Mr. Underwood. That is to be considered from the revenue standpoint of the bill, and not from the standpoint of protecting your

industry ?

Mr. Kiper. Not in the least. I am safe in saying that we American manufacturers have nothing to fear from European competition on the great bulk of the goods that we make. The duty that now exists is merely a nominal affair, anyway, and cuts no figure whatsoever.

Mr. Underwood. So that if you get free hides you will be perfectly

satisfied with whatever else is done with the bill?

Mr. Kiper. My opinion is that the restoring of hides to the free list would be a benefit to the consuming masses who buy our goods. We ask for no protection on the bulk of the goods that we make, with the exception, as I say, of those exceptional articles.

Mr. Cockran. There are just a few foreign saddles and bridles

imported?

Mr. Kiper. Yes.

# SUPPLEMENTAL STATEMENT OF JOHN H. HANAN, NEW YORK CITY, RELATIVE TO HIDES AND SHOE MAKING.

Saturday, November 28, 1908.

Mr. Hanan. One of your committee asked two questions to which, I take it, he did not get a satisfactory answer. One was in regard to the extent to which the American shoe found a foreign market. I regret that Mr. George Keith has stepped from the room, because he could answer that question very well. But speaking for myself and for Mr. Keith, both of us, I believe, export into 40 different

foreign countries.

The other question was as to why or how the selling of shoes at a fixed price became an established custom in the shoe trade. I think I can explain that when I refer you back to the time, perhaps twentyfive years ago, when a certain manufacturer commenced advertising a \$2.50 shoe. He advertised it very extensively in the public press and in the magazines all over the United States. He was successful; and, like all successful enterprises, he soon found imitators. As the price of leather advanced, along with the advanced cost of labor, that same shoe was raised to and advertised at \$3; and finally, with a still further advance in leather, practically the same shoe (or possibly a trifle better shoe) was advertised at \$3.50. That shoe was so extensively advertised all over the United States, and the claims made for that shoe by the advertiser were of such an extravagant and I might say (to put it politely) unreal nature, wherein the advertiser claimed that he was retailing a \$5 or \$6 shoe at the wholesale price of \$3.50, when we who were in the trade knew that the wholesale price of the shoe was \$2.75, that it was not long before he had an imitator who did precisely the same thing, and made the same iniquitous or outrageous claims for his wares.

That state of affairs existed for quite a long time, perhaps five or six years, and there was no one who disputed it. Finally something occurred in Boston as a result of which that situation, with regard to the advertised shoe being sold, or retailed, at a wholesale price, was publicly attacked. The result was that very soon after both of

the advertisers ceased to make this unreasonable and fraudulent claim for their goods—that they were being retailed at wholesale

prices.

These shoes were advertised to such an extent, as I said before, in every newspaper throughout the country and in the magazines that the effect of that kind of advertising of a shoe from \$2.50 to \$3 and \$3.50 had its effect upon the merchants throughout the country. It was done so extensively that the average retail merchant was almost afraid to stock his store with anything excepting something below \$3.50. That had a most iniquitous influence upon the entire shoe trade and drove all of us who are manufacturers to consider that proposition. The result of it was that manufacturers, for the last ten years or more, up to within a year, have been forced down; they have been forced to see how cheap a shoe they could possibly produce to meet the claims of this kind of advertising. That, I feel, has been one of the reasons why this system of selling shoes at a fixed price has become so prevalent; and I believe that it is likely to remain so.

Mr. BOUTELL. That is all very interesting, except the explanation how the arrangement is made between the manufacturer and the

jobber and the retailer.

Mr. Hanan. It is the manufacturer that does this himself. I am speaking now of the man who makes the shoes and retails them himself.

Mr. Boutell. Yes.

Mr. Hanan. Some of these same manufacturers who have made this outrageous claim for their goods are wholesale distributers as well. They run their own stores; but at the same time they sell to the trade, to the retailer, to sell again.

Mr. Boutell. Where you see one brand of shoes advertised all over the United States at the same price at different retail stores, how is that arrangement made between the manufacturer or jobber and the

different retailers?

Mr. Hanan. The advertising manufacturer controls a chain of stores. Some of them have a hundred or more. Those stores are scattered broadcast throughout the land; and, as I said before, they are very extensively advertised. The stores are well located, on the most prominent corners, and that has its influence. The other retailers in the same cities must in order to meet that influence, cater largely to that class of business.

Mr. BOUTELL. Then the explanation of what I was trying to arrive at is very simple—that the wholesalers and jobbers do not sell

these shoes to other retailers, but retail them themselves?

Mr. Hanan. There are very few wholesalers that I know of that control retail establishments. It is principally the manufacturers who control retail establishments.

Mr. Cockran. It seems to me that that does not answer Mr. Bou-

tell's question.

Mr. Hanan. How is that?

Mr. Cockran. Mr. Boutell calls your attention to a fact which is very conspicuous—that certain shoes are sold at the same price everywhere.

Mr. Hanan. Yes.

Mr. Cockran. All over this country?

Mr. Hanan. Yes.

Mr. Cockran. He wants to know, now, how it is that the manufacturer is able to impose upon the retailer the same price everywhere

for that particular shoe.

Mr. Boutell. I understand his explanation of it to be that these apparently retail stores, kept, we will say, by John Smith and William Jones, are not such, but are retail establishments run by the manufacturer, with a salaried agent.

Mr. Cockran. No; he said he also sold to others.

Mr. Hanan. He does; and the retailers in the different localities where these stores are operated by manufacturers in turn seek a shoe

of equal if not better quality to sell at the same price.

Mr. Cockran. That does not explain, Mr. Hanan, how it is—just answer Mr. Boutell's question—that the manufacturer is able to control retailers everywhere, so that they will all charge the same price for his shoe. Why do not some charge more profit than others?

Mr. Hanan. I do not know, Mr. Cockran, that that state of affairs

exists.

Mr. Cockran. Take one shoe; if you will allow me to use a name—Mr. Boutell, I presume, will allow me—take the Douglas \$3.50 shoe or \$3 shoe, or whatever it is.

Mr. Hanan. Yes.

Mr. Cockran. I have seen that all around this world, as well as all around this country. I have been able to escape all manner of things in the sky and even under my feet, but I never could escape the Douglas \$3.50 shoe. Wherever I went, and whatever town I visited, I always found there an English advertisement of Douglas's \$3.50 shoe; and everywhere it was sold at exactly the same price.

Mr. Hanan. Well, Mr. Cockran, I believe-

Mr. Hill. It sells for \$4

Mr. Cockran. But I say, you find it sold at the same price everywhere.

Mr. Hanan. I can tell you what I believe to be the fact with regard to Mr. Douglas's business, although I can only state my belief; but, at the same time, I think that you will find my belief to be borne out by the facts: I believe that Mr. Douglas stipulates with every retailer who buys his shoes that he shall not sell them for more nor for less than \$3.50.

Mr. Cockran. Yes; that is the explanation. Is that a habitual

thing in the trade?

Mr. Hanan. That is a habitual thing in the trade, in so far as the

manufacturer who is operating retail stores is concerned.

Mr. Cockran. Suppose he is not? I suppose there are other shoes in the trade as well known as the Douglas shoe, but I mention that because it seems to be the most advertised.

Mr. Hanan. Yes.

Mr. Cockran. Any manufacturer who identifies himself with a particular shoe must, in the nature of things, exact from the retailers an agreement that they will not undersell other dealers who sell the same shoe?

Mr. Hanan. To a certain extent that prevails. In my own line of business I would like all of my customers to sell the shoe at a certain price; but I can not control that, because certain retailers can afford to sell for a less price than others. The expenses of a retailer who occupies a very expensive store in a large city are larger in proportion

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than those of a man who sells shoes in a country store. Consequently, the small country dealer can afford to retail at perhaps a gross profit of 25 per cent, where the retailers in large cities, where they have expensive stores to retail from, are obliged to get, perhaps, 30 per cent gross profit.

Mr. Cockran. But that is set by the manufacturer, is it not?

Mr. Hanan. No; it is not set by the manufacturer what the shoe shall be retailed at, except by the man who controls a shoe that is advertised to be sold at a fixed price. He stipulates to the retailer that he shall not sell that shoe for more nor for less than \$3.50. He wholesales it to him at \$2.75. There are some manufacturers that, I believe, are stamping a shoe \$5 or \$4 or \$3.50, and trying to build up a trade by advertising that shoe themselves in the public press and the magazines, and finding a market for it among the retailers, stipulating that if they buy that shoe they must retail it at a certain fixed price; and that fixed price is generally stamped upon the sole of the shoe.

### JOHN E. WILDER, OF CHICAGO, ILL., REPRESENTING THE TANNING INTERESTS, ASKS FOR FREE HIDES.

Saturday, November 28, 1908.

Mr. Wilder. Mr. Dalzell, if you will excuse me, there are three briefs to be presented, and just one word in closing for the National Association of Tanners. My name is John E. Wilder, of Chicago, sir—a gentleman who, I think, has made life miserable for most of you gentlemen for the last few weeks.

The National Association of Tanners, in presenting its brief through Mr. Vogel, its president, desires also to file, without discussion, one of our "free-hide text-books," as containing further argu-

ments as to why the duty on hides should be removed.

(The book above referred to was filed with the committee.) Mr. Wilder. I have here, gentlemen, a letter from the Shoe Travelers' Association, of Chicago—a body of men numbering somewhere between 700 and 1,000 of the "boosters" of Chicago. I will file this brief without reading it, although it is bristling with that beautiful optimism and enthusiasm which makes our western salesmen the true emissaries of commerce, to whom we can not pay too high a tribute.

#### REASONS FROM A SALESMAN'S STANDPOINT WHY THE DUTY SHOULD BE TAKEN OFF OF HIDES.

We have originated styles and made a demand in all parts of the world for American-made shoes. The manufacturers have respected the wishes of the salesmen representing them in their respective territories in regard to the particular styles needed, and through this channel of broad-gauged effort have made footwear to meet the demands of the people, not only in the United States, but in most of the foreign countries.

Recently the production has been to a great extent on patent stocks and calfskins in the better grades of shoes, which has made a hard proposition for the manufacturer, and in turn, the salesmen are compelled to face conditions which the manufacturer can not avoid. Conditions to-day are very favorable to calfskin stocks, and if the manufacturer could be placed in a position where

he was able to grade his shoes to better advantage, it would be a great help

to the salesman and the customers would receive better goods.

The sole-leather proposition has been a hard one for the manufacturer, as it has been very poor in the past five years, and no doubt the salesman would be benefited in this case if the duty was taken off of hides, as conditions would be more favorable for the tanners to get selections of hides, which would enable them to furnish a better grade of leather.

We have made the conditions as regards machinery, labor, leather, and style such that no country can equal the American-made shoes. With these conditions, and assuming that we will continue to make the same strides in years to come, we think that Congress would do well to respect the demands of the National Association of Tanners, to assist them in making conditions which will favor the industries that the manufacturers of shoes have made in the United States. We are in favor of conditions that will assist the manufacturers and tanners to continue the good work that has already been done to secure the greatest possible market for American-made shoes.

The manufacturer must make shoes to fit every pocketbook, and in order to do this he depends upon the tanners to make the leather at such prices as will enable him to make shoes at a profit, as no manufacturer can exist without

some profit on his output.

The salesman will gladly welcome anything that can be done to enable the tanners to make leather which will help to make conditions easier to grade our shoes to the standard that is expected of American-made shoes. Manufacturers have been accused of skinning the shoes. They have not done this because they wanted to do it, but were compelled to make shoes to fit the pocketbook. Conditions which will help them to avoid this are the conditions for which the Association of Tanners will ask.

To-day we have many large shoe factories, with outputs of from one thousand to ten and twelve thousand pairs, whereas a number of years ago the output

was much smaller.

There is no reason why the demand for American-made shoes should not continue, so it is reasonable and just for the tanners and manufacturers of shoes to ask the men who represent the people in Congress to help them meet the growing demand for American-made shoes.

Years ago the present law answered the purpose, but to-day it is just as necessary to change the law as it was for the manufacturer and tanner to change their methods and increase the outputs of their factories to meet the demands of their customers and the people.

The American people have been educated to use shoes for many occasions, in games of all kinds, hunting, fishing, and many other things too numerous

to mention.

The farmers are also wearing lighter shoes, and are not satisfied to wear the old-style "stogey" boots, which in the olden days would last them from one to two or three years. To-day they buy the many different styles that are produced by the manufacturer and use as many or more shoes as any other class of people.

The styles that have been created are as necessary to meet the demand of the foreign trade as well as our own people. There is no reason why the

conditions will change to shrink this demand for American-made shoes.

Conditions should be such as to place the tanners in a position to give us good leather, and at a price which will enable the manufacturers of the United States to deliver the goods.

Leather to-day is used extensively in the manufacture of many articles besides shoes, which no doubt the committee representing the tanners will present in figures.

SHOE TRAVELERS' ASSOCIATION OF CHICAGO. (Representing about 1,000 salesmen.) H. L. WARE, Secretary.

Mr. Wilder. There is one section of the country that has not been heard from, represented by an association whose brief I hold in my hand—the Northwestern Shoe and Leather Association, of St. Paul and Minneapolis. The brief is very short, and with your permission I will read it. [Reading:]

The following resolutions were unanimously adopted: Whereas the duty on hides has been in effect for a number of years, and during all that time it has not proved to be the protection to anyone, any class, or any business, but it has been the handicap to all the leading business and industries which involved the use of leather, and whereas the production of hides has been and is decreasing steadily, while the demand for leather has increased steadily through the growth of the population and development of the numerous new uses for it: Therefore, be it

Resolved by the Northwestern Shoe and Leather Association in meeting assembled, That we urge upon the Congress of the United States an early removal of the duty upon hides as being a step for the benefit of the users and sellers of shoes and to all leather productions and a relief to the shoe and leather

industry.

Resolved, That a copy of this resolution be sent to each Senator and Representative in the Congress of the United States from the Northwest States.

Minneapolis, Minn., November 23, 1908.

THE NORTHWESTERN SHOE AND LEATHER ASS'N, C. GRIMSRAD, President.
GEO. A. PIERCE, Secretary.

The following is a list of manufacturers and wholesalers of shoes and leather, comprising the membership of the Northwestern Shoe and Leather

Association:

Northern Shoe Company, Duluth, Minn.; Twin City Shoe Company, Star Baby Shoe Company, North Star Shoe Company, Hathaway-Shaft Shoe Company, The Grimsrad Shoe Company, C. F. Albrecht & Co., J. H. Martin & Co., Dodson, Fischer, Brockman Company, H. J. Putnam & Co., Hume & Friend, Minnapolis, Minn.; C. Gotzian & Co., Foot-Schultz & Co., Sharood Shoe Company, Sheffer & Rossum, P. R. L. Hardinberg & Co., St. Paul, Minn.; Red Wing Shoe Company, S. B. Foot & Co., Red Wing, Minn.

Mr. Wilder. There is also a brief from the Columbus (Ohio) Shoe Manufacturers' Association.

The ACTING CHAIRMAN. Will you file that?

Mr. WILDER. I will file that without reading it, Mr. Dalzell.

To the Honorable Ways and Means Committee,

National House of Representatives.

Gentlemen: We appear before you as representatives of the tanning industries, shoe manufacturers of Columbus, Ohio, most respectfully to ask that you restore hides to the free list.

We submit the following syllabus of points upon each of which we are

prepared to make extended argument if desired.

1. That the principle of protection can not be applied to hides. They are in the strictest sense a raw material upon which almost no labor is expended.

2. That the tariff of 15 per cent on cattle hides does not "protect" stock

raisers and is not even a bounty, since higher prices of hides accrue to the

packer and not the cattle raisers.

3. That the domestic production of hides and skins is inadequate and is not increased or stimulated by the tariff. The packers have surplus stocks of beef for export, but tanners are compelled to import large numbers of hides. The market price of a steer hide is about one-sixth the amount paid for the live animal. Cattle are thus raised primarily for beef, their hides being an incidental product, affected in price, but not in quantity, by demand or lack of demand.

4. That hides and skins, the basis raw materials of the leather industries, are becoming scarcer and dearer in all the markets of the world. The per capita consumption of leather is outstripping the supply of hides that results from slaughter of cattle for beef. There are many substitutes for beef for food, but sole, harness, belting, furniture, and other leather can not be made

from anything but cattle hides.

5. That foreign raw material is a vital necessity of the tanning industry. The domestic supply is hopelessly insufficient. Despite the tariff the United States is the largest purchaser and consumer of hides exported from foreign countries. We have imported more than 400,000,000 pounds of hides and skins in a year.

6. That the expansion of our industries and the continued employment of thousands of work people is dependent upon obtaining foreign hides and skins

to augment the domestic supply of raw material.

7. That the South American and other countries have a surplus of hides and skins that the tariff of 15 per cent tends to divert to the free ports of Europe. Argentina has six head of cattle to each inhabitant. The nations south of us are small per capita consumers of leather, while we are the largest users of leather merchandise of any nation in the world.

8. That hides were on the free list for twenty-five years prior to the enactment of the present law, and that the existing tariff was an innovation. It crept into the act during the conference hours and was imposed without suffi-

cient consideration.

9. That with free hides the leather industry developed until a large export trade was achieved, but since the imposition of the duty of 15 per cent exports of leather made from dutiable hides have decreased while all other kinds have continued to increase. Canadian, English, and continental European tanners, with the advantage of free hides, and availing themselves of our tariff handicap, have increased their tanning capacity and prevented us from acquiring a proper share of the increased export leather traffic of the world. They not only are turning back the tide of leather exports, but actually are invading our shores. Of late quantities of English sole leather have been sold in the American markets.

10. That since the revenue law of 1897 went into effect tanners of hides most affected by the duty have not prospered, in proportion with persons engaged in other staple industries, where smaller average amounts of capital are invested.

During the past twelve years tannery profits have seriously decreased.

11. That the tariff on hides is inconsequential as a producer of revenue to the Government. The net revenue, after the drawback duties are refunded, is less than \$2,000,000 a year, if we take five years and strike an average.

All of which is respectfully submitted.

THE NOLFE BROS. SHOE COMPANY,
H. P. NOLFE.
THE H. C. GODMAN COMPANY,
By F. A. MILLER, General Manager.
THE G. EDWIN SMITH SHOE COMPANY,
G. EDWIN SMITH, Secretary.
THE BRADFORD SHOE COMPANY,
EMERY BRADFORD.
THE C. & E. SHOE COMPANY,
C. W. STUBER, Treasurer.
THE JONES SHOE MANUFACTURING COMPANY,

By D. M. Jones,

Viec-President and General Manager.

The Riley Shoe Manufacturing Company,

F. C. BARGAR, Treasurer.

Mr. Wilder. Here is a letter which I should like to read, Mr. Dalzell, addressed to Hon. Sereno E. Payne, chairman of the Ways and Means Committee of the House of Representatives, by Mr. Charles A. Schieren, of New York, whose illness prevents his being here. With your permission, sir, I should like to read it.

(Mr. Wilder read the following letter:)

NEW YORK, November 25, 1908.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee, House of Representatives, Washington, D. C.

DEAR SIR: The duty of 15 per cent on all heavy hides of 25 pounds and over which was imposed by the Dingley tariff about ten years ago was imposed under the claim that it was demanded by the farmers, cattle raisers, and feeders of the North and Southwestern States to assure to them a higher price for their cattle and a fair share in the general prosperity of the country and in the public belief that such would be the result.

This, however, has not been the case. On the contrary, notwithstanding the clamors of the few interested parties, experience has shown that the hide of the animal, being a by-product, has not figured materially in the market price of cattle. In consequence, the practical result has been that the farmers and cattle raisers do not generally receive any more for their cattle than they did before this duty was imposed, while they have to pay an advance

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for the leather which they use in the shape of heavy harness, shoes, carriage leather, etc.

While those for whose benefit this duty was imposed have not been appreciably benefited, its existence has had a ruinous effect upon the tanners of the

country. It has benefited nobody but the packers.

The packers pay practically no more for cattle than they did before the duty on hides was imposed. They, therefore receive the sole benefit of this large duty of 15 per cent on heavy hides. With this protection, shortly after the passage of the Dingley tariff they started in the sole-leather business with certain tanners, furnishing them hides and making contracts with them for tanning it into sole leather by the pound.

It is the universal belief in the trade that the packers have since manipulated the hide market in such a way that whenever the price of hides shows weakness they fill up the tanneries which they control with their surplus of hides, thereby creating a shortage, which causes an advance of price to the public. At the same time it is said they reduced the price of leather tanned by them, which created a competition with the outside tanners, in consequence of which many

were forced out of business.

It is also the universal belief in the trade that the packers have obtained a controlling interest in other large tanning companies which it is generally believed control fully 75 per cent of the sole and belting leather business of

the country.

The sole-leather tanners who are not identified with these leather companies and the packers are in consequence crushed under this duty and the burdens which its existence enables the packers to impose upon them. In consequence very many of such tanners have been driven out of business. It is also generally predicted in the trade that the remaining tanners will be similarly crushed out and the sole-leather and belting industry of the United States be seized by the packers and their associates, who are generally known by the name of

the "beef trust."

In view of the fact that after ten years' practical test the duty of 15 per cent on hides weighing over 25 pounds has not materially helped the farmers and cattlemen of the country, for whose benefit it was enacted, but has increased their expenditures and that of all the people in this country for heavy shoes, boots, carriage leather, and for all other purposes for which heavy leather is used, but has materially benefited the packers by practically shutting out foreign hides, and thereby been the means of forcing many of the tanners out of business, I feel that it is the interest of the whole country to require that this evil shall be stopped. The only way this can be done is to remove the duty on hides and place them again on the free list.

Trusting that you will give this matter your most careful consideration, I am,

Yours, truly,

CHAS. A. SCHIEREN

Mr. Wilder. In closing, the National Association of Tanners wishes to be recorded as in favor of the removal of the duty on such tanning materials as wood extracts, chrome alum, chemicals, etc., which are not now produced in this country in sufficient quantities to supply the industry. We stand pledged to such maximum and minimum tariff legislation as Congress, in its wisdom, may see fit to enact, and which sufficiently protects American labor against foreign competition.

I thank you, gentlemen.

#### STANDARD LEATHER CO., PITTSBURG, PA., THINKS PACKERS THE ONLY BENEFICIARIES FROM DUTY ON HIDES.

PITTSBURG, PA., November 28, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: As president of the Standard Leather Company, an independent concern, I desire to bring before you for your serious consideration the question of tariff on hides.

Hides, as you all know, are raw material, and if they were not manufactured into leather of different kinds I am certain they would not bring over 2 or 3 cents per pound, as I know of no other purpose they can be put to, except into leather of some kind or glue stock for making a high-grade glue, and it is putting it into glue I refer to when I say if not put into leather they would sell at 2 or 3 cents per pound, while at present they are selling anywhere from 113 to 17½ cents per pound, owing entirely to the fact that there is a tariff on hides and skins imported into this country, thus giving the packers of beef a monopoly and, to a great extent, control of the hide market. The packers gain all the benefit and by charging such outlandish prices for hides compel the tanner to charge accordingly for leather, and the consumer must pay into the maws of the packers.

The fact exists, which all of you gentlemen can understand at once, that all cattle, calf, sheep, hogs, etc., are not killed to produce the hide or skin; but they are killed for meat to feed the people, and the hides and skins should be a by-product selling at reasonable prices. Reasonable prices I would consider anywhere from 30 to 50 per cent lower than present prices, and if the tariff were removed from hides and skins the many millions of people of this country would enjoy cheaper shoes, harness, furniture, carriages, buggies, hats, gloves, etc.; in fact, any and everything in which leather is used, and allow me to say that every man, woman, and child in our country wears leather in some shape or form, and all instead of donating to the hungry, grasping packer combination would be receiving a benefit by the tariff being removed from hides. The packers to-day are interested in the Central Leather Company, which is called a "soleleather trust," and at any time they have or there should be a surplus of hides the packers will sell to the Central Leather Company hides on private terms to clean up the surplus—private terms to my mind simply means reduced prices to the sole-leather trust. When independent or smaller buyers go into the market for hides the prices are again at the top notch. From this you can see the packers get two profits, viz, on his hides and again from the sole-leather trust, which they about control through the Central Leather Company. Now, surely you must agree that such dealings are unfair to the people, and if other countries could sell their hides and skins here free from duty it would help the independent tanner and the people, who are the consumers.

It is an outrage against the people of the United States to keep a protective tariff on a raw material, such as hides and skins, imported or which would be imported into this country in large numbers for leather from France, Italy, Germany; Switzerland, and South America. With the tariff removed the independent tanner could, on account of cost of hides being reduced at least 30 to 50 per cent, work in his tannery two hides for what one costs him today. Thus the production would be increased in leather and consequently the prices would be reduced in proportion to cost of raw material or "hides," and the people would enjoy cheaper shoes, gloves, harness, etc.; in fact anything in which leather is now used would be cheaper to the people.

The fact is, packers to-day are getting more per pound for hides on an average than he gets per pound for his meats throughout, and remember the animal is not killed for the hide, but for the meat it produces to feed the people. Can you not see the inconsistency of having a tariff on hides and skins, a raw material worth what? If not put into leather, which the people must have for shoes, gloves, hats, etc., is it fair to the people to have a tariff on any raw material coming into our country to go into a manufactured article? Is it not the right and proper thing to have such raw material on the free list? Does it not increase the demand for labor in our country if we have free hides and skins to make leather from? Gentlemen, there positively is no country on the globe which can manufacture leather cheaper than it can be manufactured in this country so far as actual cost of manufacture goes. What we want as independent tanners and as the people, long suffering people, of this country want is cheap hides, cheap raw materials to make cheap leather, and no country on the globe can beat us selling cheap leather to the United States and the world.

It is up to you, gentlemen, to either help the people or the enormously wealthy packers, who are grinding the very souls out of the people, not only through high-priced hides, but on produce, eggs,

fruit, poultry, anything they can control to a great extent.

Some agent or representative of the packers may tell you, gentlemen, that on account of getting higher prices for their by-products or offal they can and are paying the farmer who raises the cattle more money, live weight, for their animals. This is not true. Look up the statistics of the selling prices of cattle, hogs, sheep, etc., for the past ten or fifteen years and you will find that live animals, if any, are selling for very little more than they were when meats, such as steak, was selling at 12½ cents per pound, roast beef at 8 to 10 cents per pound, boiling beef at 4 to 5 cents per pound, and hides at 7 to 8 and 9 cents per pound for the best heavy hides; then turn and see what hides and meats are selling at to-day. Would ask you, is the farmer getting the benefit of the high-priced hides and high-priced meats; are the people getting the benefit of the high prices? You must answer no. Then, who is getting all the benefit? There is only one answer to this, viz, the packer and his friends and allies.

I wish to inform you that I have all my life been a Republican, my father and grandfather before me likewise, and I shall always remain one so long as the Republican party and its leaders are for the people and masses and not for classes. I am in favor of tariff to protect articles manufactured in this country, to protect our workingman and his family; but I am against tariff that prohibits the importation of a raw material that would cheapen the manufactured article to the consumer and the people of this glorious country of ours, and which can be improved upon at least 50 per cent if legislative bodies elected by the people would and will legislate for the masses and the people against the classes who dominate only because by fair and foul means they have gained control of an article of commerce, let it be what it

No doubt you will have this matter placed before you in a far more forcible manner, and also statistics to prove the claims of the tanners of this country, who are making a gallant fight against almighty money power to have the tariff removed from a raw material—hides and skins from animals suitable for leather only. Notwithstanding that I feel that my effort to reach you on this subject may amount to naught, I can not help adding my voice in protest against a tariff or

raw material, enriching a few and making poorer every day the

masses, the people.

Trusting that in all wisdom you will see this as I try to picture it to you, "a true picture"—anyone can see it who takes honest time to look—and remedy the matters by removing the tariff, I beg to remain.

Most respectfully, yours, Geo. J. LAPPE,

President Standard Leather Company.

# HON. F. E. WARREN, SENATOR, FILES PROTEST OF WYOMING CATTLE RAISERS RELATIVE TO HIDES AND CATTLE.

Washington, November 29, 1908.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

My Dear Sir: I transmit herewith, for the consideration of your committee in connection with the proposed new tariff bill, letter from Mr. J. C. Underwood, secretary of the Laramie County (Wyo.) Cattle and Horse Growers' Association, protesting against the reduction or removal of the duty on hides and the duty on Mexican and Canadian cattle imported into the United States.

Very truly, yours,

F. E. WARREN.

UNDERWOOD, WYO., November 25, 1908.

Senator F. E. WARREN,

Washington, D. C.

My Dear Senator: In relation to the move of the leather interests to take the duty off hides and to admit Mexican and Canadian cattle

free to the United States:

We hope that you will use every effort at your command to head this off. While the contention of the manufacturers is probably true that hides are higher than ever before, still, if the duty is taken off, the packers will surely cut us on the price of cattle. At the present time the packers in buying cattle figure the value of a hide at from \$10 to \$16 each, according to the size of the animal. If an immense amount of Mexican and South American hides are rushed in here, it will surely mean a reduction on the hide end of our cattle of \$5 to \$8 each. With the free importation of Mexican cattle, which can be bought for about \$5 of American money, it would mean the flooding of our public ranges with thousands of these cattle, thereby destroying the grazing value of our ranges to such an extent that probably the supply would be rendered much smaller than now. Again, the far southern cattle, being so much smaller than our natives, it would take at least three hides to meet one of ours, to say nothing of the quality of the hides. It appears to us that if the Congress and country at large would do something to protect the way we have to do business, we could certainly increase the amount of hides now sold. Furthermore, we have no guarantee from the leather interests that in the event of their securing free duty on hides that the price of leather or shoes will be materially reduced. From the fact that they are generally conceded to be in a trust, it is more than likely that the retail

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price of leather products would remain on about the same basis as the retail products of slaughterhouses. At the present time the price obtained by us for the sale of cattle on the foot is only about what we can produce them for. The conditions of our ranges at the present time makes the production of cattle a very unsatisfactory business.

We were under the impression that the oral hearing on the cattle schedule would not occur until December 2, but we were informed last Friday that it occurred that day, but that briefs could be filed up to December 4. Mr. Murdo Mackenzie and Mr. S. H. Cowan are now on the way or in Washington, and will take this matter up as representatives of the national association; but in the meantime the members of our association hope that you will use every effort to hold the present duty on hides and to stop the free importation of Mexican and Canadian cattle.

Very truly,

Secretary Laramie County (Wyo.) Cattle and
Horse Growers' Association.

## GEORGE W. RUSSELL, ATKINSON, N. H., ASKS RETENTION OF PRESENT DUTIES ON HIDES AND SHOES.

ATKINSON, N. H., December 1, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: I am a wage-earner and I suppose that I represent more than thirteen-fifteenths of the working people in this country, all of whom are dependent on a really protective tariff for American wages and conditions. I am a consumer and not a producer of American products. I have nearly all of my working life been connected with the boot and shoe industry as superintendent of a factory.

We produce nearly all of our consumption of dutiable hides, having imported only \$20,649,258 in 1907. This enables us to fix the price on the small quantity imported. Our boot and shoe industry is the best protected of any of our large New England industries. All of the other large New England industries are subject to heavy for-

eign competition.

In 1905 Great Britain took of our sole leather \$4,449,410 worth, and of other leather \$11,072,078 worth, and of boots and shoes \$1,943,845 worth. Great Britain's facilities for importing hides are far better than ours, yet with everything free that goes into a boot or shoe she took of us in 1905 \$17,465,333 worth of leather and hides and shoes worth \$651,343. In 1907 our exports of boots and shoes were practically \$10,000,000 worth. We are the largest exporters of boots and shoes in the world. With everything free that goes into boots and shoes Great Britain increased her exports of boots and shoes \$1,000,000 worth between 1893 and 1902, inclusive, while we increased our exports of boots and shoes in the same time \$5,250,000. Our sales of leather, hides, boots, and shoes to Great Britain show absolutely that the duty on the few cattle hides that we import does not increase the cost of our boots and shoes one particle.

As one interested in the production of boots and shoes, I entreat your honorable committee to leave the duties on hides, leather, boots,

and shoes as they are now. The duties ought to be increased in nearly all the schedules of the Dingley tariff.

In 1908 we imported very nearly \$70,000,000 in the manufactures of cotton. In 1905 we imported \$5,500,000 worth of leather gloves

and immense quantities of cloth and knit gloves.

In 1897, when the Dingley tariff was enacted, wages were low and products were low in price. Revenue was needed. The Dingley tariff afforded fair protection under conditions then existing. Between January 1, 1897, and July 1, 1907, there has been a great rise in wages in this country, with very little rise and in some cases no rise in competition with foreign countries. This has given foreign competition a great advantage in our market. This, with the trade agreements with the principal European manufacturing countries, leaves us with very little protection, and in some lines, particularly knit goods and gloves, without any. "The test of a tariff as to whether or not it is too prohibitory, or not sufficiently protective, is seen in the imports of a series of years." Judged by this standard, the duties on imported sugar are very nearly 13 cents per pound. This duty, with the probability that American sugar would soon supply our market, gave us consumers 20 and 22 pounds for \$1. tariff was reduced one-fifth on Cuban sugar, and Philippine sugar is practically free (we give the Filipinos what we collect in duties); we get now 16 to 17 pounds for \$1. In 1906 our import of sugar and molasses was valued at \$85,460,088; in 1907 at \$92,806,253. 1897, when the Dingley tariff was enacted, our beet-sugar product was 37,500 tons; now it is 433,000 tons. A reduction of the duty has increased the cost of sugar to American consumers, and is increasing imports, and has so discouraged our beet-sugar producers that the industry is practically at a standstill, while it increased very rapidly under the Dingley tariff. There is no reason for the Cuban treaty or for free Philippine sugar. We have not yet learned the truth, that to have an article that we can produce, plenty, and cheap, and good, we must produce it ourselves.

Free of duty sounds nicely to many ears but it always works against the wage-earner's interests. We wage-earners in this country have lost millions in wages, since July, 1907, on account of the agitation for, and the fact of free importations, and the senseless war on our

industries.

Now, gentlemen of the committee, we entreat you to fix the schedule in our tariff, so that a large part of the more than \$800,000,000, in competing imports will be kept out. Our imports of the manufactures of cotton in 1907 equals the total production of Fall River, Lowell, and New Bedford, the three largest cotton manufacturing cities in this country. If these products were made here, what a tremendous addition to our consuming power it would be. Then when we come to multiply this by eleven, to cover our imports of competing products, it would add immensely to our consumption of everything that we produce. We should not need to pay England and Germany and other countries \$2,000,000 or more in gold annually, to carry our bulky agricultural products to Europe.

All of our trade treaties and agreements with Cuba and European

manufacturing countries need to be abrogated.

Very respectfully,

6913 HIDES.

#### ISAAC PROUTY & CO., SPENCER, MASS., OPPOSE THE SUGGESTED REMOVAL OF DUTY FROM BOOTS AND SHOES.

Spencer, Mass., December 2, 1908.

Hon. SERENO E. PAYNE,

Washington, D. C.

My Dear Sir: You will please pardon me for addressing you again on the subject of the tariff on hides, as I addressed you so recently, on November 20, but I was quite disturbed by some of the arguments pre-

sented at your hearing on the 28th.

While I am decidedly in favor of free hides, according to the argument I made in my letter of the 20th, I feel that the consent given by some of the representative men who came before you consenting to the free import of boots and shoes was a question not for them to con-The boot and shoe industry is a great industry and would not survive the extreme low prices of labor prevailing in many countries without a tariff. While it would be possible to reduce the tariff partially, not wholly, and when a man consents to remove the entire tariff on a manufactured product like boots and shoes he does not comprehend how soon the foreign countries will take up the manufacture of

boots and shoes and supply America.

I hope this committee will look upon this question in its true light. The hide product is a by-product. The duty on hides does not encourage the production of hides especially. We have always been supplied with abundant material for the tanning of hides, and that is the reason we tan so many and produce so much leather; but the shoe industry is an industry that will be taken up where labor is the cheapest. It can just as well go to some other country as to remain with us, and a free duty on shoes would drive out an industry of great magnitude from our country. While the free import of hides would not drive out any industry, I think the concession made was very unwise and misleading. I hope the committee will not take that part of the testimony seriously.

Very respectfully, yours,

CHAS. N. PROUTY.

#### THE LEATHER BELTING MANUFACTURERS' ASSOCIATION OF CONCORD, N. H., FAVORS DUTY-FREE HIDES.

Concord, N. H., December 2, 1908.

WAYS AND MEANS COMMITTEE,

Washington, D. C.

GENTLEMEN: Whereas the Dingley tariff act of July, 1897, imposed a duty of 15 per cent on hides, which have for many years been

on the free list, and .

Whereas the claim then made, that by this duty the farmer would receive more for his cattle, has not been found true; on the contrary he is obliged to pay a higher price for harness, saddles, carriages, and other articles containing leather, and

Whereas the packers have during the past eleven years been engaged in the tanning of leather until they control a large part of the

tanning industry, and

Whereas this 15 per cent duty enables these packers to still further

control the tanning interests of the United States, it is

Resolved by the executive committee of the Leather Belting Manufacturers of the United States, in session in New York on December 1, 1908, that the wrong that was made in 1897 be righted, and that hides be restored to the free list, and that leather belting be continued with the duties that were upon them before the Dingley law was approved, thus carrying out the policy of the Republican party of protection to manufactured articles, which is necessary both for a revenue for the Government and a protection to the laborer.

Yours, respectfully,

CHAS. T. PAGE, Chairman.

# ENGLAND, WALTON & CO., PHILADELPHIA, PA., FAVOR FREE HIDES AND REDUCTION OF DUTY ON LEATHER.

PHILADELPHIA, PA., December 2, 1908.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: We have observed through the newspapers the thought expressed that the Ways and Means Committee is inclined to report a bill recommending that hides and leather be put on the free list.

As probably the second largest tanners of oak leather in the United States, we would like to express our views clearly as to the advisabil-

ity of this action.

First. We approve of the admission of hides free of duty.

Second. We heartily approve of a decided lowering of the present rate on leather, but do seriously object to the entire removal of the same. We herewith give our reasons for the above conclusions.

We approve of the admission of hides free of duty, because the hide supply of this country is entirely inadequate to meet the demands for leather, and tanners are compelled to look for their necessary supply to the markets outside of this country. As statistics show, the per capita consumption of beef is lessening, while the per capita consumption of leather, owing to its various forms of utilization, is rapidly increasing, thereby widening the breach between the supply of the raw material, hides, and the demand for leather, and thereby compelling the tanners, more and more, as our country is settled, to look to outside sources for their hide supply.

We heartily approve of a decided lowering of the duty on leather, as we think it is and has been unnecessarily high, but we object to

the entire removal of this duty for two reasons.

First. There should be a sufficient tariff to represent the difference paid for labor in foreign countries and in our own, and thus protect the labor of our country. This we figure would be represented by a

duty of from 3 to 5 per cent.

Second. We object to the entire removal of the duty on leather, as we believe some duty should be maintained to prevent the foreign tanners, in time of depression in their own countries, using our country as a dumping ground for their surplus stock by selling their leather at cost in this country, and they would often thus be able to relieve themselves of their surplus, and still obtain higher prices in their own

HIDES. 6915

markets. In addition to the duty imposed for the protection of labor in our country, we think a slight addition should also be made for this reason, and therefore believe that a duty on leather of between 5 and 10 per cent should most decidedly be maintained.

To summarize, we believe in the abolition of the 15 per cent duty and the admission of hides free, and the reduction of the tariff of

20 per cent on leather to a rate between 5 and 10 per cent.

We wish to be placed on record as most strenuously objecting to the entire removal of the duty on leather for the reasons given in the foregoing, believing that the removal of all duty on leather would be a very serious blow to the tanning industry.

As this matter is of such importance, we have taken the liberty of sending a copy of this letter to each member of the Ways and

Means Committee.

Very respectfully submitted.

ENGLAND, WALTON & Co. (INC.), CHARLES S. WALTON, President.

S. H. COWAN, FORT WORTH, TEX., REPRESENTING THE CATTLE RAISERS' ASSOCIATION OF TEXAS AND THE AMERICAN NATIONAL LIVE STOCK ASSOCIATION, ASKS RETENTION OF PRESENT DUTY ON HIDES.

Saturday, December 5, 1908.

Mr. Cowan. Mr. Chairman and gentlemen, these documents which I have in front of me were not brought for use—only for protection. For purposes of asking the committee to accept and print a brief which I have prepared, I will state that I represent, as attorney, under employment of over fifteen years, the Cattle Raisers' Association of Texas. That organization is composed of all persons who desire to belong to and do engage in the business of raising cattle in Texas, Oklahoma, Kansas, New Mexico, Arizona, Colorado; and there are quite a sprinkle of members of the association who are engaged in business in all of the northwestern range States. The impression sometimes gets out that these live-stock associations are composed of what is called the "big men." That is not the case with the Texas Cattle Raisers' Association. They pay what they have to in support their organization on the per head basis, but the number of members of the association who own less than 300 head of cattle constitute more than two-thirds of the entire membership of the association, and they are not only range men, but farmers and feeders as well.

I also am attorney for the American National Live Stock Association, which has its headquarters at Denver. That organization is composed of live-stock associations—of producers only—in all of the States west of the Mississippi River. Iowa has an organization known as the "Corn Belt Meat Producers," with a very large membership, and that association is a member of the American National Live Stock Association. Similar organizations exist in Kansas, Nebraska, South Dakota, Montana, Wyoming, Utah, California, Arizona, and New Mexico, and other States which perhaps I have overlooked; and these component organizations are likewise composed of a much larger number of small men than of big men. I say these

things, not because the small man is entitled to any more than the big man, but because of the general prejudice which is aroused by men who have not very broad minds when they speak of the "big" man.

In behalf of these associations, I wish to file a brief which I have prepared in a short period of time. I have taken all of the reports which I could secure from the best sources of information of the Government—the Department of Commerce and Labor, the Department of Agriculture and the different bureaus, the reports in the way of bulletins which have been issued by the Census Bureau, and by these different departments. And I have taken such publications as trade journals that I could get hold of, and publications of stockyard companies where I could get hold of them—they publish annual reports—and I have taken some of the live-stock papers which are published at the markets.

I have had personal familiarity with the cattle-raising business for thirty years, and it has been very close, because for the last fifteen years I have been employed by the largest organization of cattle raisers in the world, and have looked after their business in detail in almost every form. I never was engaged in the leather or tanning business, although my grandfather was a leather tanner, and a great uncle, brother of his, was a saddler. Another brother of his, a great uncle of mine, was a shoemaker; and those gentlemen were much more careful in what they said than the latter ones in that line

of business.

We have discussed a great many of the things which have been said by the gentlemen who have appeared here representing the leather industry, and we wish the committee to examine into some of the statements made, which, if not disputed, the committee might accept as true. We do not know the extent to which the packing houses of the country control the leather business. It has been commonly said that the big packers control the leather business. Perhaps that may have been accepted without any truth in it. had it stated to me recently that there is very little, if anything, to that, excepting so far as they have procured these gentlemen who are engaged in the tanning business to tan hides for them. Of course I see nothing particularly reprehensible about having that done if they pay for it. In undertaking to base an argument upon the supposition that because the packers have a large amount of leather tanned, or that they own interests in tanneries, that therefore the man who raises a steer in Texas or Iowa does not get the value of his hide that is a mighty short-sighted argument, and it will bear investigation. We take it that the committee is disposed to go to the bottom of every alleged fact, and I want the committee to do that with reference to anything that is stated in our brief or which I shall hereafter state before the committee.

The people whom I represent of course are not skilled in the matter of tariff; they know little about it. It has been held out to them that they were going to be treated fairly. I dare say that if there had been put in any political platform a statement that the tariff on hides and wool would be taken off at the coming Congress, the party which put that in would have had several members of Congress shy from the West. We think it would be scarcely fair to take off the tariff upon the few things, the very few things, which we produce and make us pay the tariff on what we buy, and which, for the most part, have a

tariff on them. As to whether a tariff should be levied for the purpose of protection, or whether it should be levied for the purpose of revenue, and let protection be incidental, are questions, of course, of political economy which the stockmen would not attempt to bring up before this committee. We are here representing only our beliefs and our desires, and they are that we have equality before the law. If you shall enact a law upon the subject that shall be a bad law, we want to stand equally before it just in the same manner precisely as it would be in cases of our antitrust laws.

In Texas we undertook to exempt the farmer as a person entitled to special privileges, but the courts held that that was unconstitutional. That great principle ought to apply surely in the levying of tariffs. That is the belief of the great mass of farmers and stock Whether you should act upon that raisers throughout the West. is a matter which your consciences will determine and not our wishes, although our wishes might play some considerable part if we had means at hand for getting information such as the gentlemen who spend a great deal of time in getting up data and in making arguments before the committee. I have gathered from the reports that it is probable we produce enough cattle hides in the United States to supply the leather necessary, and which is used and got from cattle, for the consumption of the United States. It is difficult to get out any precise data upon that subject, because there is only one class of leather which is separated, so that you can tell whether it is from cattle, in the statistics that I have had access to, and that is sole

Of course, we could assert that harness leather is likewise made of cattle hides, but after making my computations I found that there were probably some errors, and I wish to call the committee's attention to that. I find that we import approximately 130,000,000 pounds of cattle hides in a year. It has run as high as one hundred and sixty odd million pounds, and down as low as eighty odd million pounds, depending I assume upon the various conditions of the markets the world over for hides, and circumstances of trade too innumerable for a man to reason out and present in an argument before the committee. Taking the total number of cattle hides imported, I have collected the percentage of the imported hides to the exported leather, which is very difficult to determine because the amount of leather exported, while the pounds in the case of the sole leather, is given, only the dollars' worth is given in many other cases; and then it is not separated precisely as to sorts, because there is a large export of leather under the heading of "Other leather." So that it is only a method of approximation.

We export about 31,000,000 pounds of sole leather. Now, as to what amount of hides that would represent would depend entirely upon the question of what sort of a hide was put into the leather and at what sort of process the tanning was used. I took the census report of 1900, under the head of "Review of hide and leather business and tanning and the making of shoes," and I have read that through with great care, and I might add that I have learned something about it. I find that leather from flint hides may be made so that the tannin and other precipitation which gets into the texture of the hide will produce as high as 140 per cent of leather out of the dry hides, whereas in the case of the cured hide it produces

from 60 to 80 per cent, depending upon the process of tanning. So that it is difficult, therefore, to determine what proportion of the 130,000,000 pounds of hides imported is exported under the proviso in the tariff act under which they can export them and get a drawback equivalent to the entire duty. Then, we can not tell the weight of some 6,000,000 pairs of shoes exported, nor can we tell the weight of the sole leather in the shoes; but if we assume that the sole leather amounts to two-thirds of the weight of the coarser shoes, we may assume that they exported—with a pair of coarse shoes weighing, heavier 3 pounds and medium 2 pounds—that we have exported fifteen or twenty million pounds of sole leather in shoes. We assume that a large part of that must have been made from leather made from hides which were imported, because they got 99 per cent back on that; and they are careful men, and doubtless get as much, at

least, as they are entitled to. But the difficulty I want to point out lies in this: We kill in this country—I prefer to read the figures, and will not occupy more than five minutes of the committee's time-I take from the report of the Bureau of Animal Industry, statistics of the Census and Statistical Abstracts, the showing that the total cattle existing in this country in the year 1897 was reported as 46,450,000, in round numbers, of which milk cows constituted one-third, practically, or 15,941,000, and other cattle, which, of course, would be beef cattle, practically 30,508,000. That number of cattle has increased up to the year 1908, so that there is a total reported of 71,267,000. I have not figured that per cent, but it must run to about 33 per cent. The number of cows have increased proportionately, so that there are 21,000,000 cows, and approximately 50,000,000 beef cattle. Of course, the hides would be proportionate to the number of cattle, because they must either die or be killed, one or the other. It seems from information which I gather in the reports of the hearings of this committee, and from what I have heard on the outside, that I was in error in supposing that the 130.000,000 pounds of hides imported, called cattle hides, embraced all of the cattle hides imported. It seems from some source of ruling or method, which I do not care to criticise, that cattle hides have been imported into this country in great numbers without paying any duty.

I do not know the why of that, and I do not know the wherefore; but I have read the tariff law under the head of items subject to duty, and I have read that section containing the free list, and as a practical lawyer of thirty years' experience I would not have the temerity to ask a judge of the United States court, or any judge of any court of Texas, or a justice of the peace, to construe that law to mean that cattle hides weighing under 25 pounds could come in free of duty. I say my computations are somewhat erroneous to the extent to which that has taken place; I am not able to find out, and there would be no means of ascertaining. As has been said, the hide may be trimmed down so that it does not weigh over 25 pounds and yet imported free of duty. That probably could fall under another heading than the hides in the statistics called "Other hides." Why they are not called

"cattle hides" I do not understand.

Now, with these explantions, I will not attempt to point out the grounds of our contention further than to say that we think that the

value of the hide on the animal is just as much a part of the value of the animal as the tallow in the animal, the oleo or the oil in the animal, or the meat in the animal; and to assume that the hide is a perquisite, like a waiter's tip at a hotel, is an absurdity that ought to challenge the credulity of intelligent men. We deny that. We can disprove it. There has been no proof offered in support of it; it is

incapable of proof.

Again, to say that the tariff on hides, which confessedly has caused them to bring more money, is not an advantage to the man who sells is equally absurd. Of the total cattle slaughtered in this country, as our brief will show, 5,000,000 head are slaughtered by the big packers; 13,000,000 head are slaughtered exclusive of calves, 5,000,000 calves are slaughtered. There are 3 per cent of the entire cattle of the United States which die by accident or disease every year; from which we estimate that the fallen hides to the extent of one-half a million, or a million, are taken. So you have a production of hides in the hands of men whom these gentlemen say control the hide market of 5,000,000 hides originally skinned, against more than 8,000,000 hides otherwise and elsewhere produced. We have tried to point that out.

Now, the value of hides did not only advance when the tariff was put on, but the value of hides advanced in the markets all over the entire country much more than the tariff.

The CHAIRMAN. All over the world?

Mr. Cowan. All over the world, probably; yes; and much more than the tariff. The time was when I have seen hides lay out and rot on the prairies because we could not get enough for them to make it an object to ship them to the market. Numbers of Congressmen and Senators in Congress know those facts personally. Now, if there is some benefit to come to us, we want it for the money there is in it. We are not here for benevolence, but if there can be a home market where we can sell our hides in the United States, we want it; and we do not want to be subjected to having to pay the expenses in the way of commissions, transportation charges, and the like in order to reach some standard market in London or elsewhere. We are not arguing that the whole protective system is perfect—that will be for the committee to consider—but we want a fair and equal division of the benefits, and that is what everybody works for in the protective-tariff system—the benefits to be derived—some say the benefits to the public, and I have heard it said that it was for the benefit of the man who thinks he gets it, and in many instances but little for the public, but-

Mr. Underwood. A bill to equally distribute the benefits and

equally distribute the burdens.

Mr. Cowan. No; I think it would be impossible to do that. It is largely a matter of political economy. But in the make-up of that political economy we hope that a large and meritorious class of people, whose interest is not individual, come here and argue the matter to you will receive that consideration which they have been led on the hustings to believe they would receive when Congress met.

Mr. Crumpacker. Does a tariff on hides stimulate the production of cattle? Are any cattle raised in this country for their hides?

Mr. Cowan. It would be perfectly impossible for any man to answer that the tariff does do that, but a high price of hides does just as much as a high price for oleo or beef.

Mr. CRUMPACKER. The cattle are raised, as I understand it, to

supply the food market?

Mr. Cowan. They are raised for all the purposes for which a man engages in any other business, for the money that goes to the men who grow and feed them. Of course, the main object is the food supply, but the man who is raising them has no particular intention, no particular motive or design, except to make some money to support himself and his family, or lay it up in the bank, and he will get it out of any part of the animal that he can; at least, that is my personal opinion.

Mr. RANDELL. I understand that you want to come before the committee again after you have had time to see what kind of arguments

have been made?

Mr. Cowan. I do. I overlooked making that request. What I want to do is to read the report of the evidence, much of which is entirely statistics, and present the facts which we propose to prove to

this committee.

Mr. RANDELL. I would be glad to have you inform yourself, as well as you can, in reference to this proposition: How would the cattle raiser stand in regard to taking the duty off of hides and leather and shoes, or all leather manufactures? Of course, there are a great many people in this country besides cattle dealers, and of course, too, the cattle dealers are entitled to as much consideration as anybody else; and some shoe men and leather men are willing to have the tariff taken off shoes and leather if they can get their raw material free. Of course, if they can not get raw material free they can not manufacture in competition with foreign manufacturers who do get their raw material free. I would like to have you think about that matter and, when you desire, endeavor to have the chairman arrange a time to come before the committee and be

prepared to answer questions along those lines.
Mr. Cowan. Well, I shall undertake to gain such information as I can. I take it that if you were to call up a farmer or a stockman and ask him about these things he would be liable to answer without having knowledge about what actually takes place in regard to hides and leathers. I have put in the brief a statistical table of the prices of hides and leather for ten years taken four times a year, and it does not appear to me that the prices of leather and the price of hides fluctuate together at all. There is something in the economics of this business that controls it. Furthermore, I have inquired of a number of retail shoe men that I deal with—they are the only men I could get information from, as the others do not want to tell me—and the retail shoe dealers in my town told me that apparently the price of shoes does not fluctuate with the price of leather or hides at all. They do not know much about hides, but they say that it does not fluctuate with the price of leather. They gave me statements about it, but I thought it was not wide enough in range of inquiry to put before the committee. But I undertake to say that a large majority of the farmers on first thought will answer you that if you will take the tariff off of leather and shoes and manufactured articles of leather

he will be willing for you to take the tariff off of his hides, be-

cause he is a pretty fair-minded man. But when he investigates the fact as to what the price of leather and hides is in London or South America and the price of leather in this country and he finds out who it is that is making shoes and making leather that he buys, he might come to an entirely different conclusion, because it might turn out that he would not get any benefit. Whether that would be a benefit or not I am not able to say; I have not made up my mind, and I would want to examine it with great care before I did.

I understand from the reports of the department that a number of concerns producing shoes in this country have declined in the last five or six years 25 or 30 per cent. I read in the papers that a large shoe company in St. Louis, the Brown Shoe Company, have bought one of the largest shoe manufacturing concerns in Boston. If that

sort of thing goes on-

Mr. CLARK. That is because the natural place to make shoes is in

the Mississippi Valley.

Mr. Cowan. Well, the Boston man probably might not say that. Mr. CLARK. I do not care what the Boston man might say; that is the truth of it.

Mr. Cowan. I do not know; I accept your statement.

Mr. Clark. And that is the reason the boot and shoe business is all getting out West, and will ultimately get down to Texas, if it has

Mr. Cowan. We are going to get nearly everything before we get

through with it.

Mr. Clark. I know you will. Now, you have been discussing this question solely from the standpoint of hides, as I understand it?

Mr. Cowan. Yes, sir. I do not profess to know much about the

other things.

Mr. Clark. If it should turn out, as the chairman suggested, that hides went all over the world in the last five or ten years, why, then, with your logical apparatus, you would not conclude that the Dingley tariff law put up the price of hides anywhere excepting in the United States, would you; but that there was some general cause operating to put up hides?

Mr. Cowan. I think your suggestion contained in your question

would apparently be correct.

Mr. Clark. But would it not actually be correct?

Mr. Cowan. Well, I don't know. It is pretty hard to tell. There

are a great many things about prices.

Mr. Clark. Now, here is the case you make out, taking the chairman's question as correct, and no doubt it is: Hides go up in the United States during the period of the Dingley law, but at the same time hides go up where the Dingley tariff bill can not possibly operate. That being the case, you would exclude from your consideration, naturally, any reasoning that is not good and proceed to hunt for the general cause that produced it, would you not?

Mr. Cowan. Undoubtedly.

Mr. Clark. Unless these shoe men who came in and testified here are the most unmitigated set of liars that ever came to this town, if the tariff were taken off of hides and leather, then the plowmen's shoes and workmen's shoes, the heavy shoes, which we do not wear-I used to wear them, but when I got into another business I quit it-

Mr. Cowan. Me, too.

Mr. Clark. They said that with the tariff out, that these shoes could be sold to the consumer at 50 to 75 cents a pair cheaper; and also leather in proportion, harness, and so forth. Don't you believe that the benefits to the farmer that you were talking about a moment ago would more than compensate him for the loss, if he does lose anything, by taking off the tariff on hides?

Mr. Cowan. Well, I should think it would very much more than offset it. If you are speaking of 50 to 75 cents a pair on shoes consumed in this country, then I want to say that there are some 40

or 50 million pairs—I forget just how many—

Mr. Clark. About two pairs a year, I guess. But one of the most intelligent witnesses that I ever saw in my lifetime, a Boston shoe man, testified that while, as a matter of fact, to the manufacturer the tariff on hides would only make a difference of 8 or 9 cents a pair, that ultimately it would take off from 50 to 75 cents to the consumer; and he stated it in this way, in brief: That the retail man, whom you were talking about a little while ago, and who evidently deceived you—that they always go by quarter dollars; that they do not consider a falling off of 5 or 10 cents, or a raise of that amount, but they always jump by quarters, and he explained fully—you can read his testimony—

Mr. Cowan. Yes; I read his testimony.

Mr. Clark. That it would make a difference of from 50 to 75 cents a pair on shoes.

Mr. Cowan. I am unfortunate enough not to know your name—

Mr. CLARK. My name is Clark; Champ Clark.

Mr. Cowan. You have stated that he was one of the most intelligent witnesses that you ever heard. I have read his testimony, and it was far from convincing to me.

Mr. Clark. If he told the truth about the reduction of 50 to 75 cents per pair on shoes, it seems to me that it ought to solve the

question.

Mr. Cowan. I admit the conclusion, but I do not accept the premise. Mr. Clark. Now, I will tell you what I wish you would do. Evidently you have devoted a good deal of attention to this, and I wish you would really go into it, study that out, analyze it, and if you will come back here and throw more light on it, I am certain that I will listen to you with as much pleasure as any living man. What I want

Mr. Cowan. I do not think he stated the facts. I do not believe that it is a fact that only the retailer in this country puts up the

price of shoes.

is the truth.

Mr. Clark. Here is what he said about it: That the retailer puts it up by quarters.

Mr. Cowan. Then why does not he himself do it?

Mr. CLARK. Because they can not do it. Their profit is so small on a pair of shoes that they have got to consider the individual cent, but the retailer goes by quarters. That was his statement. I intend to find out for myself outside of what this committee is doing whether that statement is true or not.

Mr. Cowax. It is a good deal like what Jerry Simpson said in a speech once, referring to a report by a newspaper man of what his opponent had said, that he should have headed it: "This is important

if true."

Mr. Boutell. Right in this connection, if Mr. Clark will pardon me, I asked Mr. Jones before he left the stand to give an answer to this question, and he did it in writing. I forgot at the time to have it inserted in the record, and this is a very pertinent time to put it in. My question was this, written out and handed to him: "How much less would we get \$2, \$3.50, and \$8 shoes for, sold at retail, with, first, free hides; second, free hides and free leather, and, third, free hides, free leather, and free shoes;" and he answered it in his own handwriting, "First, with free hides, \$2 shoes sell 25 cents cheaper; \$3.50 shoes sell 25 cents cheaper;" and the \$8 grade he stated he did not know about, that there were very few made at that price. With free hides and free leather he writes that the \$2 shoe would sell for 25 cents cheaper, the \$3.50 shoe would sell for 25 cents cheaper, and with free hide and free leather and free shoes both prices would be 50 cents cheaper. And under the law, he writes, in answer to the second question—that is, free hides and free leather—that it would

depend on trust control.

Mr. Cowan. I wish to point out at this time, without attempting to answer those questions, because I have not given it that investigation which I consider ought to be given by any man to say just wherein he is in error, but we see errors almost intuitively which we can not at the time point out precisely. In the Census Bulletin for 1905-I do not seem to have the bulletin, but it is on the subject of leather and shoes and the manufactures of leather—in that bulletin it is shown that the total number of shoes produced in 1900 was 207,900,000, in round numbers. In 1905 it was 240,000,000, in round numbers, an increase in the number of pairs of 11 per cent; and that, in the same time, men's shoes increased in number of pairs from 67,000,000 to 83,000,000, or 23.2 per cent, and the value of men's shoes is reported to have increased 31 per cent, the same shoe. Of course, that might be accounted for by the relative number of different sorts of shoes made. On the face of it it would indicate that the price of shoes had increased at wholesale, at least the cost of them, between 1900 and 1905, 31 per cent. If you will look at my table of hide prices, you will find they did not increase at all; and of sole leather you will find the prices in the same condition. When I see such facts as that reported by a department of the Government, it challenges my credulity to say that if you take off the tariff on hides of only 15 per cent of the hides that it will make such an enormous difference in the prices of shoes.

The Chairman. Do I understand you to say that notwithstanding the large increase of price of hides from 1900 to 1905 that it did not

increase the price of leather?

Mr. Cowan. That is my recollection of the figures, but, Mr. Chairman, I would not want now to be held down to properly quote the figures I have in here.

The Chairman. That challenges my credulity. I can not follow that. I am not discrediting your statement of what you found, but I do not believe any such report as that.

Mr. Cowan. It seems singular.

The CHAIRMAN. And I do not see how you can do it. Hides went up nearly 10 cents a pound or more; I do not exactly remember now.

Mr. Cowan. Let us see if they did between 1900 and 1905. Heavy steer hides are quoted by the hide and leather publication published

at Chicago—and I have the issue in my room; I did not bring it here—but as to these figures, I knew nothing about them before I began the investigation and took them from what purports to be correct. though I do not vouch for their correctness. But heavy steer hides were 13\frac{3}{4} cents in January, 1900—the date is not given, but I suppose it means January 1, 1900—and at the same time in 1905 the heavy steer hides, in the same column, were quoted at 13\(\frac{3}{4}\) cents. Now, going over to the column headed "Union No. 1" leather—I do not know what that is, but it is the same sort in the column, I presume. I see it referred to by some of the witnesses. In 1900 that leather is quoted, in January, at 35 to 36 cents. In January, 1905, it is quoted at 35 cents. There are the figures, and they come from these publications that these benevolent gentlemen have been concerned in.

Mr. Clark. Please state that last figure about the leather.

Mr. Cowan. The leather was just the same as the hide—no increase—and yet the increase in the value of men's shoes reported by the census was 31 per cent.

Mr. Clark. Now, there were three tariffs entering into those shoes, really four; one was the tariff on hides, one the tariff on leather, and everything that goes into the making of leather; then the tariff on shoes, so that they had accumulated tariffs of at least three or four.

Mr. Cowan. Exactly, and there are a multitude of things—labor, coal; and for that reason I can not understand how Mr. Jones can say that the mere difference in the price on hides will make such a

difference in the price on shoes.

Mr. Clark. You come from a cattle country and so do I. Of course your interest, the cattle industry in Texas, is larger in proportion than it is in Missouri. If this whole tariff system on hides, leather, shoes, harness, and every product of leather was wiped out, just wipe the whole thing out from top to bottom, then where would we be?

Mr. Cowan. I undertake to say that in all such matters the experience of men who have thought on that subject is that you can tell just as well as you can about any change in the currency by one

method only, experience, and you can not tell any other way.

Mr. CLARK. Just exactly so. But would not this happen to your man who gave you your information—the retail man—that if Congress should wipe out this tariff on hides and hide products, clear up to the finished shoe, then your retail man would hold up the price, or undertake to, until he got rid of them, whether it took one month or six; and after he got rid of them he could not keep them from going down, because somebody would start a store next door to him and sell cheaper.

Mr. Cowan. Well. I am not prepared to agree to all that. I agree that it would look that way, but in actual experience those things do not happen. We pay 25 cents for an E. & W. collar, and we go on

paying that price.

Mr. CLARK. But nobody makes it but one company, and that is the best collar in America.

Mr. Cowan. I am not advertising the collar.

Mr. CLARK. And I am not either, but that is the truth about it.

Mr. Cowan. It is the best I know of. I buy a certain make of gloves, the Stetson hat, and a certain make of shoes, and they keep the price the same. It has been so for six or eight years. I pay \$5

for a certain brand of Stetson hat, and \$6 for another brand, and have done so for fifteen years. I do not know, nor do I stop to inquire, who gets the profit, and how much it is, nor whether they are made cheaper now than before.

Mr. Clark. They confess that they do not make them quite as good. Mr. Cowan. Possibly that is true.

Mr. Clark. Have you the price of leather in 1899 and 1907? Mr. Cowan. Taking the same brand, Union No. 1, 1899, it is quoted in this table as 27 to 28 cents. In 1907—I do not seem to have precisely that same date, but April and July are both quoted as 37 and 38 cents in April, and 36 to 37 cents in July.

Mr. CLARK. During the same year?

Mr. Cowan. The same year, 1907. In April it is reported as 37 to 38 cents.

Mr. Clark. An advance of 10 cents.

Mr. Cowan. Yes; about 10 cents. Mr. Clark. Now, the importing price of hides in 1899 was 10.4 cents. In 1907 it was 15.4 cents, or an advance of 5 cents, or 50 per cent, on the hides. It gradually went up during those years until it reached 15.4 cents, which was the importing price before the duty was paid.

Mr. Cowan. I differ as to your suggestion that the hides gradually went up. The heavy steer hides, per pound, were the same price

in 1904 as they were in 1898, and right on down.

Mr. Clark. It may have been temporary because of the fluctuation. If you will carefully peruse, and get the average price each year, you will find the price of leather corresponded with the price of hides. Of course, it takes a pound of hide to make a pound of leather.

Mr. Cowan. Oh, no.

Mr. Clark. It is so stated by experts.

Mr. Cowan. But a pound of hide, quoted under this heading—this is salt-cured hides—according to the census bureau report, which I have just quoted from—not here, but at my room—shows that it depends upon whether it is on hemlock leather or of oak leather or tanned by some other process; but it runs from 60-odd per cent up to 80 per cent. That is, leather out of that sort of a hide, according

Mr. CLARK. The statement the other day was in accordance with what I have said. I have heard that from a good many manufacturers of leather. I think you will find, on this sole leather, that the increase on account of filling, the increase of weight, is about 2 to 1.

Mr. Cowan. However, the committee will find out definitely about that; and referring to the other suggestion, Mr. Chairman, in order

to avoid error about the price of hides-

Mr. Clark. Did you notice Mr. Jones's suggestion that the packer bought cattle in quantities, of course, every day, and if the price was low on hides kept the hides for a higher price and put them on the market at the high prices, making a profit on the hides in that way which they legitimately might make in their business. And that they had it in their power to absorb this increased price of hides instead of giving it to the farmer. Did you notice that?

Mr. Cowan. I noticed some such statement as that.

Mr. CLARK. Did you notice it sufficiently to try to reply to it in

That is the question that I was getting at.

Mr. Cowan. I can not say that I have taken up that expression of his and attempted to reply to it. But I do say that I have submitted statistics as to the total number of hides in this country, which in the absence of something less than the mere assertion on that proposition would seem to dispute the possibility of the packers fixing the price of hides. Furthermore, as the chairman has suggested, the price of hides went up the world over. I do not see, myself, how it is that the packers can control the market on hides if it is a fact that they kill and skin 5,000,000 cattle out of the 13,000,000, exclusive of calves, that are killed and skinned in this country. I do not see how they can do it. But I do see how they can hold their hides for a long period until they get a good market, because hides fluctuate the world over, as here.

Mr. Clark. But the farmer, the owner of the cattle, has to sell;

he can't hold them; and if he does he loses his profit.

Mr. Cowan. Undoubtedly.

Mr. Clark. So that the farmer is obliged to sell at a certain time?

Mr. Cowan. About a certain time.

Mr. Clark. The packers are not obliged to buy, excepting to supply their daily needs, while they can keep the hides. They have therefore, in other words, the long end of the lever in fixing the price with the farmer?

Mr. Cowan. Well, of course, that is necessarily the case.
Mr. Clark. Is your experience with packers of such a nature as to lead you to believe that they would not take advantage of that if they

Mr. Cowan. My experience with them, and with everybody else in the world, is that they all take advantage of it when they can.

Mr. CLARK. Some men do it honestly and some dishonestly, but

they all take advantage of it.

Mr. Cowan. It is pretty hard to try to find out who is honest and

who is dishonest in these matters?

Mr. Clark. In some things. I am not imputing any dishonesty to anybody, but I am trying to apply the rules by which men are governed.

Mr. Cowan. That is just what we want applied in this case. When I called your attention, Mr. Chairman, to the fact that of the cattle sold in Chicago—and that is shown in this brief from the live-stock papers and the stock-yard companies' publications—44 per cent of the entire sale of beef cattle on the market at Chicago, for the preceding year, were shipped to hundreds of places all over this country.

The Chairman. That is, they were killed by small butchers, and

generally for the supply of their own market at retail?

Mr. Cowan. Yes; generally so. And oftentimes the surrounding

country.

The CHAIRMAN. As to those smaller market men, when they did not get the supply in their immediate vicinity, they bought it from the packer; that is, they bought beef for their market?

Mr. Cowax. Undoubtedly that is true.

The Chairman. So they come in competition with the packers in regard to that beef, and the local people had to meet the same competition?

Mr. Cowan. Naturally.

The Chairman. Naturally would have to do so. And then the butcher, the local butcher, had a little the advantage because the farmer in that vicinity had to sell his beef to the local butcher; he

could not very well send it off to Chicago to be slaughtered.

Mr. Cowan. But that argument would not be worth very much when you consider the fact that the man who buys the cattle on the Chicago market through an order buyer located there among the commission men, and ships the cattle to Alliance, Ohio, or some point in Pennsylvania, or Washington City, could not possibly depend upon any local supply for his cattle.

The Chairman. It is the smaller towns throughout the country, and especially so throughout the factory districts of the United States, where there is a much larger demand for meats and beef than through the agricultural portions of the United States.

Mr. Cowan. I am told that there are 10,000 cattle slaughtered per week in New York City, and probably almost as many in Philadel-

phia.

The CHAIRMAN. At my home they absorb all that the farmers have, and they also buy large quantities of Chicago beef from the

packers, and one is in competition with the other.

Now, I want to make another suggestion, and that is as to the political argument that you made. You are well aware that the House of Representatives, both when the McKinley bill was under consideration and when the Dingley bill was under consideration, both in committee and in the House, voted down a proposition for a duty on hides, and that this duty was put on as an amendment in the Senate, and finally accepted as a compromise by the House, so that there is nothing in past history on which you can base any reliance in saying that the House of Representatives is in favor, or should be in favor, of a duty on hides, or that any Representative was elected with that end in view.

Mr. Cowan. I did not say that he was elected with that end in

view.

The CHAIRMAN. I say that in comment upon your political argument, and I also wish to say, so far as I am concerned, that I recognize no promise, public or private, in regard to making a tariff bill otherwise than that contained in the Chicago platform. That is the only thing that any of the people of the United States have to hold out to me by way of pledge or anything of that kind. It has been known in my district what my view was about the duty on hides for a great many years, and no raiser of cattle has ever raised a question over it.

Mr. Cowan. I hope that the chairman will hear me in reply to

his political argument.

The Chairman. Certainly; but you were urging that as a political argument. What this committee wants is not political argument, but they want statements that you can prove by any process of reasoning, or by any facts that you may present, that the farmer is getting the benefit of this duty upon his hides. I have not yet heard any man who even contended to prove that proposition. The strongest argument that I have heard is that of Mr. Jones to the contrary, and I would like to hear some argument on your side, either now or hereafter.

Mr. Cowan. Mr. Chairman, I should like to be permitted to just bring up two or three things that have been asked of me, and which I would like to answer, and then have something to say.

The CHAIRMAN. Do not understand me as wanting to cut you off in

your answer.

Mr. Cowan. Now, about the comments which the chairman has made with respect to my argument as a political argument. But first I want to go back to the question of the continued price of the heavy steer hides from which I was reading, and to state that in the year 1905 hides began to take a rapid advance, and they remained high on up until 1907, and then declined; but that previous to 1905 there was very little difference between the price of that class of hides—from 1898 to 1905. I only mention that to show that the price of hides and price of leather did not fluctuate, according to the average price of hides during the entire period.

Now, as to the political argument, I think I said in support of my assertion that our people wanted the tariff on hides for the benefit to them, and that if any political party had put in its platform that it was opposed to it they would have been several Representatives shy. If I said more than that on the political side of it, I do not know. I did say that we wanted equal protection before the law, and if that

is politics, I stand committed to it.

The Chairman. Now, right there: The price of hides, importing price, in 1901 was 12.8 cents, and in 1905 it was 13.1 cents, or 0.3 cent higher. In 1904 it was 13 cents. In 1903 it was 12.2 cents. So you see there has not been that uniform advance; but, on the contrary, the price has gone up and down ever since this duty has been placed upon hides.

Mr. Cowan. Which must have been done before. The price must

have gone up and down through our entire lifetime.

The Chairman. But we find it impossible to trace the effect of the duty on hides from the beginning to the end of the whole controversy.

Mr. Cowan. It has been impossible for me to trace it into the leather or into the shoes. But I do say that if it is correct, as testified by the leather and shoe men, that the duty makes the price of hides enough higher that, were it taken off, they could reduce the price of shoes. I do say that the farmer and raiser of live stock ought at least be given the opportunity to get it, whether he gets it or not.

Mr. Cockran. You may be compelled to say that even though the proceeds of this duty did not reach the farmer, but was seized by the packers, as testified here, nevertheless you would want the duty continued on the chance that the farmer might get it hereafter?

Mr. Cowan. Not if I accept the correctness of the premise.

Mr. Cockean. The chairman put a question there concerning the statement which was made here by Mr. Jones, and another made subsequently by another witness, whose name I have forgotten, which indicated that this tax, or the result of it, would never reach the farmer, and you said that you considered it a mere assertion on his part. He went further than making an assertion; he gave the reasons on which he based it. He stated this, and I would like to get your view upon it: In the nature of things the value of hides is a negligible quantity in the purchase of cattle; that stock was purchased solely with reference to the demand for beef; that it was the beef quality that decided the price, the selling price, of the animal;

and for that reason the hide was put aside as a mere incident to the killing, as the farmer was never able to hold cattle back or sell them, according to the price of their hides, if he wished to promote his own profit.

Mr. Cowan. Well, I think the committee had better investigate

that rather than accept Mr. Jones's statement.

Mr. Cockran. And he makes that definition between a hide, for instance, and the wool on the sheep. The wool on the sheep, he contended, was taken off the animal, packed, and sold, and the animal remained alive to produce another crop of wool. But you can not sell the hide separate from the animal, and that as the value of the hide was of little value compared with the total value of the animal it was a negligible quantity in determining its price. That was his position. What do you say to that?

Mr. Cowan. I read that. I do not agree to that position at all.

Mr. Cockran. Do you mean to say that an animal would be sold for his hide; that that is conceivable in the ordinary course of trade?

Mr. Cowan. Not of course ordinarily; not in enough cases to be considered here.

Mr. Cockran. Do you think it has ever been the case that an

ox has been sold for his hide?

Mr. Cowan. Well, how much do the canner cows bring? We have sent canner cows from Texas, and sold them at a cent and a half a pound, when three-fourths of the value was in the hide. The trouble about Mr. Jones was that he knows about leather, but does not know anything about cattle.

Mr. COCKRAN. Do you say that part of the cattle industry of Texas is the shipping of a certain brand of cattle to be sold for their hides?

Mr. Cowan. No; I did not say anything of that kind; you misunderstood me. I say that train load after train load of canner cows are shipped from Texas, Colorado, and Mexico and sold mainly for their hides, because they only bring 1½ cents on the market.

Mr. Underwood. What is a canner cow?

Mr. Cowan. One that is not fit for beef at all in the way of the cutter; that is, you could not cut the beef on the block because the animal is too poor. They are poor, are going to die on the range if not shipped, and they ship them, thousands and tens of thousands of them. I think the President of the United States got into that over in Montana in a certain instance.

Mr. CLARK. They make braised beef out of them?

Mr. Cowan. You will have to ask the tanner. He probably knows;

Mr. Cockran. That is a very important suggestion to place before this committee. Suppose when you prepare your brief you show, with some degree of accuracy, what proportion of cattle shipped from the range could by any stretch of reason be considered as valu-

able solely or chiefly for their hides?

Mr. Cowan. I will endeavor to get that information from the commission firms at the stock yards. I doubt if the information can be found anywhere else. But I wish to show that I can establish beyond a possibility of doubt, to any fair-minded man—I hope I would not undertake to establish it to anybody else, and I take it every member of this committee is a perfectly fair-minded man—I can establish beyond a reasonable doubt that the value of the hide is just

as much an integral part of the value of the steer as tallow, odeo, oil, and beef, horns and hoofs, everything that comes from that steer.

Mr. Cockran. Nobody disputes that.

Mr. Cowan. If that is not disputed, then Mr. Jones's contention

goes down.

Mr. Cockran. That is perfectly evident; but what Mr. Jones said was—and this is what I called your attention to—that while the hide was an element of value and of considerable value to the packer, that since the animal was disposed of without reference to the hide at all, and solely with reference to the beef value, as the demand was for beef, not for hide, the farmer was unable to include the hide among the elements of value for which he could collect payment of cattle.

Mr. Cowan. It seems to me that the very acceptance of the argument Mr. Jones made, without a challenge at the time, would seem to indicate that there had not been that degree of investigation made

with respect to the subject—

Mr. CLARK. But it was challenged at the time. Mr. Cowan. I said assuming that it was not.

Mr. Clark. But it was.

Mr. Cowan. All right, then.

Mr. Cockran. You do Mr. Calderhead an injustice, for he did not

overlook that element.

Mr. Gaines. You have some trouble in understanding why 50 pounds' worth of hide is of no value to the original raiser of the steer, but that 3 pounds' worth of leather will make 50 cents difference to the ultimate purchaser of the shoe, have you not?

Mr. Cowan. I seem to be possessed of a poor quality of reason; I

can not understand that.

Mr. Gaines. I am having the same difficulty myself; I do not be-

lieve it.

Mr. Cowan. I want to read something from a man whom I think knows: a man who has a better opportunity to know than Mr. Jones would have. What Mr. Jones says about leather we may accept, but upon what he says about beef and hides we want to first qualify the witness. The contention that the farmer gets no advantage from higher priced hides is absurd—this is from my brief—in view of the fact, and that the hides are bought by the tanners from the local butchers. That the price of the hide is an important factor is so well stated in an article written by J. A. Spoor, president of the Union Stock Yards, of Chicago, appearing in the Live Stock World of January 1, headed "Live stock trade of 1907," that we copy as follows—and I want to direct this particularly for Mr. Cockran's consideration, in view of his questions. This is a quotation from that article.

Mr. Cockran. This is from one of the packers?

Mr. Cowan. No. sir; it is Mr. Spoor, president of the Union Stock Yards, and which the packers have no interest in whatever, at least that is what they tell me; I do not know.

Mr. Cockran. It is also understood—claimed by them—that they

have nothing to do with the tanning or leather industry?

Mr. Cow.ix. I don't know. I did not make any such claim; I don't know. I will read this (reads):

No. 1 packer's heavy native steer hides made a decline from  $16\frac{1}{4}$  to  $16\frac{1}{2}$  cents in January, to  $11\frac{1}{2}$  cents to  $11\frac{3}{4}$  cents in December, 1907, or more than 28 per cent, making a difference in this item alone of nearly \$4 per head in the re-

turns from medium to prime native steers, while packer's prime tallow declined from  $6\frac{\pi}{4}$  cents to 7 cents in January to  $5\frac{\pi}{4}$  to  $5\frac{\pi}{4}$  cents in December, or over 18 per cent, making a further difference in returns of about \$1 per head, with the decline still greater on the poorer classes of hides and cheaper grades of tallow, and there was a similar decrease of values for all other by-products.

Now, if you will take the market reports of cattle of that grade, you will find a decline of cattle during that time, and why? Because, as I said, 44 per cent of the cattle brought to the Chicago market were bought by men who took the cattle and the hide away from there.

The CHAIRMAN. Did not beef in the carcass decline at the same

time?

Mr. Cowan. I have not seen a statement of that, but I assume that it did. The butchers told me that the beef which the packers have in their coolers, and which our butchers go to buy in the carcass, declined somewhat in proportion to the value of the cattle. We have at Fort Worth two packing houses, and we have independent killing establishments. They all buy their cattle from the same pen—from the same men—sell the meat and sell the hides, and to attempt to show that the hide value cuts no figure, to my mind is to dispute an argument—

Mr. Longworth. According to your figures, what was the rise in

hides from 1905 to 1907?

Mr. Cowan. My recollection is, from this table here, that in 1907 there was a big increase, and I suppose there was the world over.

Mr. Longworth. Can you tell what the price of cattle was in those

two years?

Mr. Cowan. I have made no table of that, because I assumed that every gentleman who knows anything about the cattle business knows that it is almost impossible to tell what the real price is upon the market from quotations in newspapers. You get the range of prices. You take two train loads of steers, each weighing an average of 1,000 pounds, and they sell side by side with half a cent difference because of appearance and the place where they came from. A buyer for the packers would buy with respect to killing per cent in that class of cattle—one man comes from Iowa, another from Minnesota, another from Texas, and these packers have found out, as I suppose all killers do, that cattle from different places, under different conditions, have a different killing per cent; and so, while I could not tell the difference, and perhaps none of the committee could, and would be just as apt to buy one 5 cents under as the other, yet expert buyers for packers will make a difference, for they learn something of that by experience. But it is almost impossible for us to take a market report and compare the price of a thousand-pound steer at one time and a thousand-pound steer at another time, and know whether there was really an increase or a decrease in the price of cattle.

Mr. Crumpacker. Do you know, in a general way, of the value of the by-products of the steer and the comparative values of the meat

in the hands of the packer?

Mr. Cowan. I did not try to work that out. I brought along with me the report of the Bureau of Corporations on the beef industry, in which it seems to have been very carefully worked out. While the stockmen did not admit that the packers did not make any more profit than was included in that report, no one that I know of has

ever disputed the accuracy of the figures in that report; and that does set out in detail just what every part of the animal amounts to in dollars and cents. But I thought it would not be necessary to copy much of that, though I have referred to some of it in my brief. But that is a source of information that I think is reliable.

The Chairman. Have you worked out the importing price of hides with the market prices for a series of years? Find out how much of the duty was added in our market to the price of hides, the whole

15 per cent, or 5 per cent, or what?

Mr. Cowan. I have not worked that out. I have not had access to

a reliable report of the prices of imported hides.

The CHAIRMAN. The facts on that would be interesting.

Mr. Cowan. Undoubtedly; and I shall get them if I can. I wish to say this: From my investigation of it I believe, and it is a personal belief, that the advantage of a home market, the insurance of the effect of the tariff, whether it shall always amount to a difference in the price to the amount of the tariff, but the effect of a tariff, however, tends and probably does keep almost all of our hides for sale in this country. It tends to exclude from importations any excepting that which is needed in addition to that we supply. That being so, we sell our hides at home, and in doing that we save ourselves the great length of time that it requires to ship to a foreign country.

The CHAIRMAN. Did we not export the raw hides before the duty

in quantities?

Mr. Cowan. I do not know.

The CHAIRMAN. That would have some bearing on your argument? Mr. Cowan. Now, I am going to make this statement in conclusion: If it be true, as these tanners say, that they would go to the South American countries and to Mexico and wherever else they could and buy hides and get them cheaper and reduce the price of shoes and leather, then our hides have got to be sold to somebody else. There would be established somewhere a world's market for hides, and it would upset the trade and leave a matter of grave uncertainty. would force the farmer to seek the markets of the world for what he makes, and upon the theory that he must patronize the home market for what he buys. The appeals to the farmer throughout this country were very unfair; and only in case of certain great benefits to the public, which unmistakably will flow to the public, ought this committee ever to disturb the tariff on hides. It is not for me to advise the committee what it should do, but we can tell it what we want it to do. But we do not want them to disturb this tariff on hides on any such flimsy, uncertain, contradicted, and sophistical arguments as have been offered by the tanners and shoemakers of this country. And I ask the privilege of going through this evidence and reviewing it according to what I think it proves, and according to what I can gather of the facts, and bring forward my proof at a later date before this committee.

The CHAIRMAN. About when?

Mr. Cowan. Well. it takes time, valuable time, to do that. I had assumed that this committee was not expected to report a bill at this session of Congress, and the officers of our stock association have taken no interest at all. They saw in the papers that the leather men and the shoe men were appearing here—

The Chairman. Well, I think that is rather remarkable in view of the fact that the leather men have been trying to get the duty off of hides for years, and that it has been published all over the United States. Reports have been published during the last ten months that this committee would take this matter up this fall, and I think it is remarkable that you are not prepared now.

Mr. Cowan. Mr. Chairman, have you thought that because a citizen of the country, or any class of citizens, had not come forward to controvert what anybody else says, that there should be judgment by

default?

The CHAIRMAN. I was asking that with a view of incorporating in

our print-

Mr. Cowan. But you said a moment ago that you thought it remarkable we were not prepared. It is not remarkable to me at all, because we took a different view of the subject. You knew what you have just stated; I did not know it. You knew that the shoe and leather men were going to try to take the tariff off of hides, but I did not know that they were coming before this committee.

The CHAIRMAN. As much as any other fact.

Mr. Cowan. I wish to ask the chairman if there was anything published in the papers showing that you were to take up the tariff on hides on any particular date?

The Chairman. It was published day after day that we were tak-

ing up the subject of the general revision of the tariff.

Mr. Cowan. The subject of leather was mentioned in a publication

that came to me, I think, but not hides.

The Chairman. There were published 4,000 or 5,000 items, giving the tariff on them, and it was mentioned that they were to be subject to investigation. It was stated that the whole subject would be subject to investigation; and in addition to that, it is a well-known fact that the shoe men have been endeavoring to get the duty off of hides ever since it was put on.

Mr. Cowan. That, of course, was known; but I do not think we

ought to be subjected to criticism.

The CHAIRMAN. Still, I think it is remarkable that you are not

prepared.

Mr. Randell. I will state that I think there was published in the Fort Worth Record the call of the chairman of this committee for parties to appear before the committee on different days, giving headings of the subjects. That was widely published, although an item of that kind is liable to be overlooked, of course.

Mr. Cowan. Did it say hides?

Mr. Randell. I happened to see it myself——

The Chairman. It was published the next day after election in all of the newspapers of the United States through the press associations.

Mr. Cowan. I looked to see if anything was said about hides in it. If so, I humbly admit my error; otherwise, I would not want to be criticised as being negligent in preparing this case.

Mr. DALZELL. There was nothing said about hides, but the schedule

which puts the duty on hides was published.

Mr. Cowan. There are a very few cases where the items appear in the headings of the tariff law, and it happened that the hides appeared in the schedules of leather.

Mr. GAINES. You want to file a brief, and we all want you to do it; and the chairman's suggestion, I think, is that you get it filed as soon as possible.

Mr. Cowan. But it takes a good deal of time, and the chairman

stated that I ought to have had it prepared before.

The CHAIRMAN. You will have a chance to offer your brief.

Mr. Cowan. I am satisfied of that, but if you gentlemen make statements of that kind to a witness the newspaper men get it, it goes home, and they say, "Why did you not reply to that?" I am not talking back out of any feeling or sense of criticism of the committee or yourself, Mr. Chairman, but if I did not say something back, when I go home they will say, "Why didn't you reply to that old fellow?"

Mr. GRIGGS. But let me say, Mr. Chairman, that neither leather

nor hides are mentioned on this card designating the hearings.

The CHAIRMAN. The schedules mention the subjects to which they apply.

Mr. RANDELL. But the ordinary reader would not understand that

hides or leather or shoes might come up.

Mr. CLARK. But this fact remains, Mr. Randell, that the chairman is entirely correct. I do not care anything about that card one way or the other, but-

Mr. Cowan. I want to excuse myself, if you please.

Mr. Clark. All right.

The CHAIRMAN. Mr. Cowan has a copy of the tariff act, and seems

to have all the literature published on the subject.

Mr. CLARK. What I was going to suggest was this, that the chairman's statement is absolutely correct, that this thing has been agitated, this hide question, around here in one way or another and in the newspapers practically ever since the Dingley bill was passed, and it has been thrashed out in the debate in Congress, in the Lower House, for the last four years; and the identical proposition that those New England shoe men were driven to at last was made four years ago next January on the floor of the House when one man was informed very abruptly that he could not get free hides unless he got free boots, shoes, harness, and so forth.

The CHAIRMAN. Which House do you refer to when you say "the

Lower House?"

Mr. Clark. I do not like that term myself, and I will withdraw that "Lower House," and substitute the remark "the most numerous branch of our National Legislature."

Mr. BOUTELL. You might call it the deliberative branch.

Mr. Cowan. The more popular branch.

Mr. Gaines. That is it.

Mr. Cowan. I wish to read in the record, or have the stenographer copy in the record, the schedule giving the days on which the different subjects were to be taken up, to show why the western stockmen have not made any preparation to come here.

The CHAIRMAN. That has been published time and time again, and

I do not think we will publish it again in the record.

Mr. Cowan. Well. I would like to have it there; it is very short. The CHAIRMAN. There is no objection excepting that it takes up space.

Mr. Cowan. It will not take up much.

(Following is the schedule referred to:)

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

Friday, November 13, 1908, on Schedule F-Tobacco, and manufactures of. Monday, November 16, 1908, on Schedule E-Sugar, molasses, and manufac-

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 glass-

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.

Mr. Chairman, I have attempted to answer in the brief many of the questions that have been asked. If I attempted to answer others at this time I would take up too much time. I do not wish, at this time, to attempt to argue out the various questions which you will find presented in this brief; and if this committee expects to hold sessions from now on until the holiday adjournment, I will undertake to prepare the answer and forward it here for filing before the committee closes its hearings. If it holds hearings, and as I have seen it stated in the papers, this committee will ask the House to pass a resolution to continue the hearings-

The CHAIRMAN. What date did you set?

Mr. Cowan. I was speaking of the holiday adjournment, and that generally takes place about the 19th or 20th. I will attempt to get it before the committee before that.

The CHAIRMAN. I do not think this committee will have a holiday

adjournment.

Mr. Cowan. The Texas members will take a holiday adjournment; I don't know about the other gentlemen. But we will file arguments in specific reply to particular things which Mr. Cockran, Mr. Clark, the Chairman, Mr. Boutell, and others have called to our attention; and such others as we think necessary, in typewritten form. That I will send from Fort Worth because I will have to go back home, but I will undertake to get it here by the 16th or 17th.

Mr. Boutell. I would like to ask one or two questions which I made a memorandum of. Your home is in Fort worth, is it not?

Mr. Cowan. Yes, sir.

Mr. Boutell. And they have some considerable packing industry in that city?

Mr. Cowan. Yes, sir; Armour and Swift each have a modern packing house, and there is a very large business going on there.

Mr. BOUTELL. I understood from your statement that about 13,000,000 of large cattle were slaughtered a year.

Mr. Cowan. I take that from the Bureau of Animal Industry. It was given to me yesterday, and is printed in this brief.

Mr. Boutell. Assuming that figure is correct, then the proportion of this slaughter by the large packers was 5,000,000?

Mr. Cowan. I have stated it at that.

Mr. Boutell. And there were 8,000,000 killed by the smaller packers or the local butchers throughout the country?

Mr. Cowan. That is what the department reports.

Mr. Boutell. Yes. Now, the chairman stated it as a fact, which is assumed to be correct, that where the raisers of cattle sold them for beef they were compelled to sell them at one time—when they were ready. If that is a fact and applies to the raisers of the 5,000,000 cattle who sell to the larger packers, it would apply with equal force, would it not, to those who raise the other 8,000,000?

Mr. Cowan. Yes; it is like selling a watermelon; you have to sell

it when it is ripe.

Mr. Boutell. So that if the larger packers do anything with reference to dictating the price to the farmer they do that to the raisers of 5,000,000 cattle out of the 13,000,000, and if anybody dictates the price to the farmer for the other 8,000,000 cattle it is dictated by the smaller packers or the local butchers, is it not?

Mr. Cowan. That would seem to follow.

Mr. Boutell. Then if the large packers have anything to do with regulating the price of hides by holding them back or by dictating it, that would apply, would it not, to the 5,000,000 hides which they held?

Mr. Cowan. If they could raise the price of the hides, the other

fellow would get the price, too.

Mr. Boutell. Exactly; and the men who held the 8,000,000 hides

could hold theirs back in the same way, could they not?

Mr. Cowan. As far as I can see. I know they do hold hides, and the bankers will tell you so. The bankers all over this country are in the habit of advancing money for stored hides. You will find that going on in every large city all over the country. Everybody stores hides and holds them.

Mr. BOUTELL. And if the men with the large number of hides, making up, in the aggregate, 5,000,000, to-day do that, those who hold 8,000,000 hides, in the aggregate, can do the same, can they not?

Mr. Cowan. They can if they have the money. It is just like trying to hold cotton. The farmers are holding cotton now, but they can not hold it forever; and that is the case, I assume, with the men

in the hide business to a greater or less degree.

Mr. Boutell. In a very interesting article written some years ago by an English traveler after his visit to the Fort Worth, Kansas City, Omaha, and Chicago stockyards, he said that nothing had done so much to increase the value of cattle to the raiser-in the United States as the establishment of these large centers for slaughtering, and then he used this remarkably picturesque description: That from his observation of the killing and packing and selling, if you would drive a steer onto a fair linen cloth, after it had been slaughtered and the material in the steer disposed of, there would not be enough left that was not used for utilitarian purposes to make a spot on that linen. If that very picturesque description is anywhere near true, it is certainly very uncandid, is it not, to say that nothing but the beef in that steer gives it a value to the raiser of the steer?

Mr. Cowan. That would seem to follow, even without accepting the Englishman's premises. The linen-cloth business gets beyond me a little.

Mr. Boutell. I say if anything like that is true, is it not at least uncandid for anyone to argue that there is nothing in the steer that

gives it value to the owner except the beef?

Mr. Cowan. It would be uncandid. Those arguments are offered by men who manifestly do not know a thing about the subject. They know about leather, but do not know anything more about beef-well, they do not know anything about it.

Mr. Boutell. With what seemed to me lawyerlike acumen and judicial candor you have refrained in your entire argument from referring to what is designated in the press as the "beef trust." Do you

know of any such corporation or organization?

Mr. Cowan. Oh, of course we all know that commonly the big packers-Armour, Swift, and Morris, and the concerns which they own under various names—are called the beef trust. Everybody knows that. And the beef trust is like every other trust—the beef trust is a trust when it can be a trust, and it is not a trust when it can not be a trust. Now, that is the whole cheese. If there is a short supply of cattle in the market, the beef trust has got to buy cattle to supply its trade, and it pays for them what it can get them for. If there is too big a supply, it is "We have got plenty," and the seller can not sell, and the cattle will go down, and the price of cattle will fluctuate every hour in the day and every day in the week; it will fluctuate a large per cent up and down every week and every month, largely dependent upon the amount that comes on the market.

Mr. Boutell. But, as a resident of Fort Worth and as a lawyer, and engaged in the cattle business, do you know of any organization

or combination that can be called a beef trust?

Mr. Cowan. I do not; but most of our people believe that there is a combination between the packers to fix the price of beef. Now, of course, whatever sort of combination they need, just like the tanners, they have got; but combination or no combination, you can not control the market. If there is not a big enough supply, or if there is an oversupply, the market controls itself. You do not need a com-

bination. It goes up or down anyway.

Mr. Boutell. What this committee wants is the fact, the accurate There was a broker in here complaining about the price of fact. glue. He was a commission man in glue, and he said that the packers had destroyed his business. I had a letter this morning to insert in the files here, from the president of the Diamond Glue Company, of Chicago, who says he has nothing to do with the packers, and that he manufactures more glue than any packer. And so we have had the man who was engaged in pulling wool off sheep hides tell us that the beef trust had assumed all the wool-pulling business and regulated the price of pulled wool; and then it subsequently developed from the testimony that fleece wool regulated the price of pulled wool, and that they went up and down together, and that the beef trust had nothing to do with it. Now, we come back to the testimony about hides, and the question whether you know of any actual combination which is known as the beef trust. Do you know of any such combination?

Mr. Cowan. I do not. Of course, I know that the cattlemen have

contended that there is. It has been the general opinion among stock-

men, and I dare say the general opinion in the country, that there was a combination of packers, which we have all denominated a beef trust. I do not think that it has anything whatever to do with this case, because the question as to whether they dominate the price of beef is an entirely different proposition from the question as to whether they dominate the price of hides, and the man who makes the argument that because it is a trust in beef, assuming for the sake of the argument that it is, that therefore it is a trust on hides, is like your wool-pulling man; he is trying to pull the wool over your eyes. There is nothing to it, because the hide proposition is an entirely dif-

ferent thing. Just a moment on that point. To take care of beef is a very different thing from taking care of the products of pork. There are a thousand places in the United States where hogs are killed, and probably better bacon and hams are put up, or as good bacon and hams are put up, as the packers put up, but to undertake to take care of the beef of the country, in the first place, involves a very large investment for plant. You have got to kill in large quantities, and you have got to kill where you have a constant supply in the market. You must have an outlet, so that as the cattle flow in the beef flows. out to the consumer. You must be certain you can dispose of the product, and that calls for refrigerator cars and certainty of transportation, large storage houses, agencies scattered all over the world. The ordinary man can not go into the beef-killing business at all. The packer has got that class of men sewed up, except the man who can kill for local consumption in large towns. It is impossible to start a packing business without at the same time starting the means of disposing of your product. But that has nothing in the world to do with hides, because they are packed down in cellars, and salted down, and anybody can do it; and I hope that the committee will draw that distinction.

Mr. BOUTELL. It does not take any large plant to keep the hides. You and I can go out and kill our cattle and salt the hides down and keep them for sale at any time. The man with one hide can keep it as well as the man with a hundred thousand hides can keep them?

Mr. Cowan. Yes; but the reason that the packers can sell the hides so much better is that the packer's skinner does not cut the hide. You go into a packing establishment and they can locate a man who cut a hide at any spot. If he cut it on the leg, or on the rump, or on the side or the shoulder, they will know the man who did it, and as a result they cut no hides, and their hides are taken off and taken care of in the best possible way, and they are worth more money than hides that are not so taken care of. But the subject of handling hides is just as separate from the matter of handling beef as the subject of handling sand rock is from handling mortar. They are two entirely different propositions.

Mr. Crumpacker. Does not the meat-inspection law tend largely toward concentrating the business of slaughtering and packing into

the hands of the great city packers?

Mr. Cowan. Not at all; just the contrary. The total slaughter of the big packers has declined since the meat-inspection law went into effect. When the law went into effect, it gave everybody the same rate on the railroads, and it did not permit any discrimination in rates and when anybody could ship his cattle on the same rate that anybody else could ship on, and presumably had the same rate on beef, could get his cars and handle his business, the business of shipping from these markets or killing places all over the United States very largely increased, so that, as I have shown in my brief, they sell 50 per cent of the total cattle to buyers in two or three hundred places all over the East; and so that the cattlemen have had a price for the most part that has been fairly satisfactory now for two or three years, and sometimes very high.

Mr. CLARK. Whether it is a trust or not, the big four do fix the

price of beef and cattle, do they not?

Mr. Cowan. I think so. I do not mean that they meet and agree about it, but what their buyers bid for the cattle fixes the price right at St. Louis.

Mr. CLARK. If they do not meet and agree about it, it is a very strange accident that they always go into the cattle pens and offer

the same prices, is it not?

Mr. Cowan. Well, I would not want to try to argue that out. It would seem so. But when I see the order buyers do the same thing—

Mr. Cockran. What kind of buyers?

Mr. Cowan. The order buyers. The commission houses at the big markets all have order buyers. They have buyers as well as the salesmen, and they will receive an order from Philadelphia or Pittsburg or any one of a number of places over the country for so many of this or that kind of cattle, and those buyers go in just like the other fellows.

Mr. CLARK. Then they have a combination, too?

Mr. Cowan. I do not know. They say they have not. Mr. Clark. That is as plain as the nose on your face. Mr. Cowan. I do not want to be a witness on that.

Mr. Clark. I asked you that question to lead up to another. Mr. Cowan. I simply do not know whether they have it or not. Mr. Clark. You say, and you state truly, that the prices of beef

cattle and hogs bob up and down from day to day?

Mr. Cowan. Oh, yes.

Mr. Clark. The reason that they bob up and down is that people would quit sending cattle there if they kept the price down to the minimum price?

Mr. Cowan. That does not appear to be the case, if you take the

minimum receipts at the stock yards.

Mr. Clark. Now, I want to ask you about this celebrated Englishman that Brother Boutell quoted, who wrote a gorgeous account of this business. There was another man that went out there and made an examination, and his name was James Rudolph Garfield, before he got to be secretary of anything—I have forgotten what it was.

The CHAIRMAN. Secretary of the Interior.

Mr. Clark. Secretary of the Interior. He came back here and reported that the packers only made 98 cents a head on the beef

slaughtered. Do you believe that?

Mr. Cowan. No, sir; I do not; but I have investigated that, if you will permit me to say so. The cattlemen did not believe that he had arrived at a correct conclusion as to the profit.

Mr. CLARK. Why, no.

Mr. Cowan. We took that report and examined into it—I did, personally—with a great deal of care, it taking me a long time to do it. I came out with the conclusion, and so stated to Mr. Garfield himself, that he had made a mistake in his conclusion, because of the factors used in attempting to make the calculation. I discussed it with him and with his statistician very carefully, disagreeing with them, as they knew, and we went over it in minute detail. I found that so far as his facts were concerned we had no objection to them. He stated how much beef sold at in New York at a certain time, how much it sold at in another city at a certain time, and another one at a certain time, and averages that were obtained by the packers for a certain time, for the beef sold. Then he took the

average of the cattle, as near as he could get it.

The difficulty lay in the fact that it was impossible to get an average value of the cattle on any market which went into the beef which he got the price of. You see, unless you traced up the particular bunch of cattle it would be impossible to do it; and I told him and his statistician then that the only way they could ever get at it accurately-and I so stated to President Roosevelt-would be to take particular classes of cattle and follow those cattle from the pens, from the scales where they were sold and weighed, and you would know just what they brought, to the killing room, to the storage room, and follow that beef to the block, and then you would know just the difference between what that beef sold for and what that steer sold for. But to agglomerate a portion of the cattle for an average price on the market and then take some beef that was sold which they report to be of the same quality of beef, but do not pretend to be the same animal. you can readily see that your two factors are so variant that a mistake can be made. I think Mr. Garfield and his statistician intended to make a perfectly honest report.

Mr. CLARK. I do not doubt that for a minute.

Mr. Cowan. But I believe that he came to the wrong conclusion by applying small factors to large transactions; and multiplication with a very slight difference, as you can readily see, would make an enormous difference in the result.

Mr. Clark. He was really roped in, because those packers had the facts, and they could give such facts as they wanted to give and put their own construction on them; is not that a fair conclusion?

Mr. Cowan. I hardly think that. I am going to tell you just my opinion about it, without regard to whom it hurts or helps, and without regard to any criticism that may be made. I never quailed at criticism one way or the other. When they said in the meat inspection bill controversy the cattlemen stood in with the packers, I said, You can say it if you want to. We do not want the packers to pay it, and we do not want to have to pay it ourselves." We think the Government should pay it. And the law was passed that way, and it has worked very satisfactorily. I believe you can find out from the books of the packer that he does not generally make anything like the amount on the beef itself that we generally suppose he makes; but you must take into consideration that he has the advantage of manufacturing a great many things which the ordinary killer can not use. To that extent, of course, he is entitled to that profit.

Mr. CLARK. Yes; certainly he is.

Mr. Cowan. To the profit on the by-products.

Mr. Clark. And if he sold his beef at actual cost, the by-products

would make him a handsome profit?

Mr. Cowan. Yes; and you can go and buy the beef hanging in the cooler at very little more than the steer sold for per hundredweight, very often.

Mr. CLARK. All that the packer has done is to take the idea illus-

trated by Lord Bacon, and in demonstrating which he lost his life.

Mr. Cowan. I do not know whether Lord Bacon was ever in the packing business.

Mr. CLARK. Lord Bacon originated the idea of refrigerating beef,

and he died in demonstrating his experiment.

Mr. Cowan. I am glad to hear of that historical experiment.

Mr. CLARK. That is the truth.

Mr. Cowan. There are some who think that he wrote Shakespeare,

you know.

Mr. Clark. I think he did, if you want to know my opinion about it. At least, Shakespeare never wrote it. Now, you say that these packers take 5,000,000 hides off, and that leaves 8,000,000 that somebody else takes off. Two or three of these shoe men testified, and I think they testified correctly, that in addition to the 5,000,000 hides that they take off themselves they have their agents roaming around over the country who buy up these hides from the local butchers, and in that way they control probably three-fourths of the hides of the United States. Do you know anything about that?

Mr. Cowan. Not a thing. It would be well to investigate that

before accepting it.

Mr. Clark. I happen to know that some agents do go around and buy them up.

Mr. Cowan. I simply do not know about it.

Mr. CLARK. You do not know?

Mr. Cowan. I do not, absolutely; and I have never heard of a packer having an agent in Texas to buy a hide in my life. I have been there thirty years. I have been on the range a great deal and have been with the cattlemen, and have never heard of it. They may buy two-thirds of them.

Mr. Clark. You know that the agents of somebody go around and

buy up from these local butchers, do you not, or packers?

Mr. Cowan. I do not know anything about that.

Mr. CLARK. I do, if you do not.

Mr. Cowan. Then you are the best witness on the question.

Mr. CLARK. Another thing; you talk about these canner cows. Nobody in the world ever started in to raise a cow for its hide, did he?

Mr. Cowan. Of course not, in recent times.

Mr. Clark. These canner cows you are talking about being raised, that was a performance that took place fifteen or twenty years ago, before the people out west and in Texas had graded their cattle up?

Mr. Cowan. No; a canner is just as likely to be a Hereford cow as not. A canner is any kind of an old cow that is not going to get fat; you can see she is not going to get fat, and will not be any good, and it may be a Hereford bred out of one of your Missouri bulls that we buy in such numbers. Any of these men here will tell you that. It may be that a man has a range that on account of the drought has gotten overstocked.

Mr. CLARK. That is what I was going to ask you.

Mr. Cowan. This was fifteen or twenty years ago.

Mr. CLARK. It does not happen so often as it used to, before you

graded your cattle up, does it?

Mr. Cowan. I do not think it does. It does not, under my view; but here is the report on the number of canners sold on each market. They have got it accurately, and you can get it accurately from that. I would not want to guess about it. I would suppose there are not that many, but there are likely to be four times as many next year.

Mr. CLARK. But that is an accident of the drought?

Mr. Cowan. Yes; an accident of the drought; and an accident of some sort of defect in the animal, so that it will not get fat. You see some men that will not get fat.

Mr. CLARK. But it is a result of the accident that comes from the

drought?

Mr. Cowan. In my country it is.

Mr. CLARK. The truth is, that as soon as you began grading your cattle up with Missouri bulls and from other sources the people of Texas began to take more care of their cattle, did they not, than before?

Mr. Cowan. Undoubtedly. The expense of producing cattle has

enormously increased.

Mr. CLARK. That grows out of the fact that the small farmer has taken up the range?

Mr. Cowan. To an extent.

Mr. Clark. And cattle never will be as cheap again as they have been in the past, tariff or no tariff?

Mr. Cowan. No, sir; it is perfectly impossible. The farmers have

gone to growing potatoes and wheat and corn.

Mr. CLARK. Potatoes and wheat and corn will never be as cheap again either, because there are so many people now living in the cities?

Mr. Cowan. I guess that is a good argument. If the people in

the cities have the money to buy those things.

Mr. Cockran. You told Mr. Clark that the representatives of these four great packing houses—at least I understood you to say so-appeared in the stock yards at these great cities, and always offered the same price for the cattle?

Mr. Cowan. No; I did not say so. Mr. Cockran. I was mistaken about that?

Mr. Cowan. You were mistaken.

Mr. Cockran. Do they bid against each other?

Mr. Cowan. That is what everybody tells me. I have talked to 500 commission men about it. I have talked to a great many cattlemen about it, too. They bid against each other when there are not so many cattle there, and when there are plenty of cattle they do not.

Mr. Cockran. That is it. When the supply of cattle is abundant

they do not bid against each other, but bid the same price?

Mr. Cowan. They bid very close to it.

Mr. Cockran. When there is a scarcity of cattle they go into the market and bid against each other?

Mr. Cowan. They bid more.

Mr. Cockran. What do you mean?

Mr. Cowan. Let me explain it to you. We have got to assume an uctuality—something that has happened.

Mr. Cockran. Very good.

Mr. Cowan. We will go to my own home, Fort Worth.

Mr. Cockran. Excellent.

Mr. Cowan. Cattle are shipped in from Mr. Garner's district, raised on the grass, a train load of cattle, we will say. They do not generally come in in train loads to the Fort Worth market for sale, but we will assume it. Eight or ten cars come also from Mr. Randell's district in northern Texas; and so we can multiply that until there are 4 or 5 train loads of cattle there in the pens covering 25 or 30 acres. Between the pens run lanes. Now, the buyers of the packers, and those who want to ship on to St. Louis and other places, or the men representing Cudahy, or the men buying for Birmingham packing houses, which once in a while we have, or a man buying for New Orleans, all these men have horses, and they ride along in the lanes. You will find the commission salesman on his horse right

along in the same bunch.

The commission man has a salesman who is as shrewd as the packers' salesmen, he thinks. He takes the bid of Jones on his cattle. He says, "Well, I will give you a quarter." He knows what he means by that—three and a quarter, four or five and a quarter; they all know what class the cattle come in. He says, "I will not take that." Another man comes along and gives him 5 cents more. That happens repeatedly every day, whether there is a big or small supply. But when they find out how many there are on the market and they see there is an extraordinary supply, then Mr. Buyer shakes his head and so does Mr. Order-buyer, and so does everybody else, and the salesman is walking the fence, and they will hold those cattle over sometimes until 2 or 3 o'clock in the afternoon, and I have known them to go down to Nelson Morris, at Chicago market, and ask him to come out in person and buy the cattle, because they could not sell them for anything near what they wanted. Of course, that is unusual and nobody but a man like Mr. Morris would do that; and he is dead now. But the buyers bid against each other after you have once started the price.

Mr. Cockran. Who starts the price? That is just what I want to

know.

Mr. Cowan. The buyer, of course, starts the price. The seller can

not sell until the buyer bids.

Mr. Cockran. Let me see if I understand. When you speak of the salesman, do you mean the man who is selling the cattle?

Mr. Cowan. Sure.

Mr. Cockran. When you speak of the salesman?

Mr. Cowan. I mean the expert man that each commission man employs on the market, who takes charge of the cattle and handles them and waters them and gets them to drink all they will and sells them.

Mr. Cockran. That is what you mean by the salesman?

Mr. Cowan. Yes.

Mr. Cockran. He fixes a price?

Mr. Cowan. No, sir; the buyer fixes the price. The salesman can not.

Mr. Cockran. What I want to get at is this: You speak of buyers from the packing houses. Do you mean to say there is more than one buyer from the packing houses, those buyers competing against each other, or is there just one scale of prices for the packing house?

Mr. Cowan. There is no scale of prices. You can stand on the fence and watch it; it is almost impossible to describe it. A buver comes along and he says, "I will give you a quarter." He says, "No; I think I can do better." Then the buyer passes along to the pen where the cattle are that come from Mr. Randell's district, and he concludes he will take those cattle, and behind him is a man that looks at the two bunches of cattle, and he thinks he can pay 5 cents more for one of those bunches of cattle. The way they do that is this: The packing house knows what quality of cattle it wants every day. We will say Swift & Co. have got an order to supply their man at Birmingham, Ala., or Chattanooga, Tenn., or Atlanta, Ga., with a certain number of carcasses of a certain class of beef. Armour may not have that order that day. The buyer goes out to buy that certain class of cattle in many instances, or that is what they tell me, and when they do that it naturally happens that the man who wants the cattle the worst might probably pay a little bit more; but if there are plenty of cattle there they both start away down. while if there are only a few cattle and they have got good orders you will see marked up on the board in the cattleman's exchange, "Cattle 10 to 15 cents higher." Why is that? It is hard to tell, except that the buyer simply offers 10 or 15 cents more, for a multitude of reasons that they perhaps do not discuss.

Mr. Cockran. I understand that, but what I wanted to get at is this: So far as the packers are concerned, do they bid the same

amount or bid against each other?

Mr. Cowan. Oh, they bid against each other in the way I have named.

Mr. Cockran. I understand that, but, generally speaking, I believe you state that these four packers generally bid about the same price.

Mr. Cowan. I think so.

Mr. Cockran. That is what I want to get at.

Mr. Cowan. Yes; and so it is on wheat and so it is on everything else.

Mr. Cockran. I understand also—I understood you to say—that you did not know whether that was by prior concert or by a kind

of spontaneous concurrence.

Mr. Cowan. I would think when they see a large number of cattle coming on for a day that they would concur in it by one of two means, by this spontaneity you speak about or by actual talk about it; and probably they talk about it if they get together. I would think so. I know I would if I was buying cattle, and all of us would, and I assume they do what we would do.

Mr. Cockran. These canner cows of which you spoke, am I correct in my interpretation of your testimony in that regard when I take it as your statement that these cows are not raised deliberately, but they represent the failures in breeding or in raising cows that do

not fatten

Mr. Cowan. You understand me correctly.

Mr. Cockran. You mean the refuse of the flock; is that it?

Mr. Cowan. Yes, sir. It is an animal that we have got to dispose of or let die.

Mr. COCKRAN. And these cows do not represent deliberate industry, but the failure of industry, the disappointment of industry? They

do not represent fruitful industry, but industry that has failed in its object?

Mr. Cowan. Just like the small apples and the big apples.

Mr. Cockran. Exactly. I would like to ask you one more question. Do you know whether the packers as such, the "big four," whether we call them a trust or not, have any interest in the tanning business?

Mr. Cowan. I would suppose that they did. It is generally supposed among cattlemen that the packers control the leather business. I have heard that talked for years. I just want to tell you what I heard about it, and then I want the committee to find out. I was at San Antonio about ten days ago in a matter before the Interstate Commerce Commission, and Mr. J. Ogden Armour and Mr. Meeker. the manager of Armour & Co., came there and came to the hotel. At that time the president of the Cattle Raisers' Association of Texas came to me and told me he wanted me to arrange to appear here before this committee on the hide business. We suggested that the packer did not see that they would have any interest in the matter, probably because he owned the leather and the hides that he bought, of course, and seeing Mr. Armour and Mr. Meeker, we asked that in the way of a suggestive question. We said: "Of course you own the leather and you tan the leather, and you have got no interest much in this subject." Mr. Meeker said that we were very much mistaken. I said "I am surprised at that." He said that Armour & Co. had never owned any interest in, I think it is, the United States Leather Company or the American Leather Company, whatever that big company is. He said that J. Ogden Armour once did own some of the common stock, but that neither one of the big packers had anything to do with it. Now, I do not know a thing about it. I think the committee, though, should find out, because it might be a matter for material consideration as to whether they own the leather production as well as the large business of producing meat or hides. But they said that they had no interest to amount to anything. Now, I do not know whether that is true or not. That is all I know about it.

Mr. Cockran. I understand that notwithstanding this denial on their part, it is generally understood among dealers in cattle that

they do. That is, I so understand your answer.

Mr. Cowan. I say that has been the common talk; but when the man told me that they do not own it, and it can be found out so easily, I should assume that the thing to do is to find it out. I can not do it, but it ought to be done.

Mr. Cockran. Yes; but assuming that they have an interest in that branch of industry, their control over this vast quantity of hides would be an important factor in enabling them to make their domina-

tion complete, would it not?

Mr. Cowan. I have not tried to analyze that.

Mr. Cockran. All right.

Mr. Cowan. I see it stated here that the packers instead of selling the hides as formerly they used to, have been having them tanned by the other tanners. If that is the case, I do not see that it makes any difference whether they get the hides from their own tanyards or some other fellow's tanyard; and if it raises the price of hides we will get the advantage of it if we can, and if we can not we will have to pay for it.

Mr. Cockran. I understood you to say that large quantities of these hides were stored and carried for a long time, waiting for

favorable conditions. You said you understood that from bankers? Mr. Cowan. Yes; I was talking with Mr. Sweeney, of the First National Bank of Kansas City, the other day, and he toldeme that he loaned money on them. I do not personally know these things, but I tell you that the hides are stored and money is advanced on them all over the United States where there are many hides. believe that.

Mr. Cockran. Exactly. Now, Mr. Boutell asked you if it would be fair or candid to exclude from consideration, when estimating the value of an ox, any element of its by-products, and you said that it would not be fair, and I quite agree with that; but the determining element in fixing the price of cattle is their value as beef-the demand

Mr. Cowan. That is the largest factor.

Mr. Cockran. That is all; and that is the dominant factor?

Mr. Cowan. Yes; but just at this point let me say this: If Congress does as it did do by refusing to permit the manufacturers of oleomargarine to color oleomargarine, and yet permitting the manufacturers of butter to color butter, thus reducing the actual intrinsic value of a fat steer a dollar, then if Congress comes along and takes the tariff off of a hide and reduces it to \$3, where do we expect to get off? Where do we expect to sell the meat if we can not sell the hide or the tallow?

Mr. Cockran. I do not suppose there would be any doubt about your selling the hide, because you would still sell the steer. I hope you will acquit this committee, or at least acquit me, of a design to reduce the share of the farmer in our general prosperity, but we are

making these inquiries now with a view to finding out-

Mr. Cowan. Just leave it to him.

Mr. Cockran. What?

Mr. Cowan. I think you had just better leave it to him.

Mr. Cockran. I am not quite so sure.

Mr. Cowan. I think you had better leave it to him than to leave it

Mr. Cockran. I will ask you if you have read the testimony of

these shoe and leather men? I understood you to say you had.

Mr. Cowan. I have read portions of it. I have not read it quite all. Mr. Cockran. You have read, I am sure, the statement of Mr. Jones, which was a statement in which they all concurred, that given free hides they would dispense with any duty upon the leather and upon shoes, and with that advantage they felt they could practically control the markets of the world in the sale of shoes? I think that is what they said; they would have no fear of any competition. Under existing conditions they were not very successful, but with this duty off they felt they could face any competition and absolutely control the markets of the world.

Mr. Cowan. I read that statement.

Mr. Cockran. Assuming that statement to be true, would not the demand for hides be enormously stimulated by any such increase in the manufacture of shoes as must follow such an expansion of the shoe industry?

Mr. Cowan. Not at all.

Mr. Cockran. You mean to say that they could manufacture shoes without using the hides?

Mr. Cowan. No, sir; I do not mean to say that.

Mr. Cockran. Would not an enormous increase in the manufacture and output of shoes lead to a very greatly increased demand for hides?

Mr. Cowan. I do not think so. I think the wearing out of shoe leather depends upon the number of the population that wears shoes and the length of time they wear them. You are not going to manufacture leather unless there is a use for the leather.

Mr. Cockran. Certainly not.

Mr. Cowan. And when this country does what these tanners assume that they can do, manufacture shoes for the balance of the world, what is going to become of the hides they are using over there?

Mr. Cockran. But do you not think if it would cheapen the cost of shoes enormously it must result in increasing the consumption

everywhere?

Mr. Cowan. It may or may not. If you will increase the ability of

people to buy shoes, you will increase the consumption; yes.

Mr. Cockran. If you give people more money you will increase the use of shoes, and if you make more leather available by cheapening the cost of it, you will increase the consumption?

Mr. Cowan. Yes.

Mr. Cockran. Now, very good. If we come back to the manufacturers of shoes, and the consumption of shoes all over the world is greatly increased by reduction in their price and improvement in their quality, do you not think that would lead to an increased demand for hides that would benefit the farmer more than his possible chance of getting this 15 per cent tariff levied upon a restricted product?

Mr. Cowan. Now, I would not attempt to answer that purely hy-

pothetical question.

Mr. Cockran. That is not a hypothetical question.

Mr. Cowan. Because I say it is not going to cheapen the price of shoes, according to their own statement, for every one of them testified that it would not reduce the price of hides.

Mr. Cockran. Certainly.

Mr. Cowan. They said there would be such a market for hides that the price of hides would not go down. I say every one of them so testified. That is not true. Some of them so testified. If the price of hides does not go down, how are they to cheapen the price of shoes?

Mr. Cockran. I understood Mr. Jones to say that the whole 15 per cent would by no means come off the price of hides, but on the contrary the increased demand would increase the price of these, while at the same time the improvement in the quality of shoes would return more than the amount of the tax to the farmer and to every consumer of shoes in the shape of a better article at a cheaper price and capable of longer wear.

Mr. Cowan. I do not think these fellows are looking after these farmers a whit. I do not believe in that. I think they are plainly after getting money for themselves, and I can not see how anybody

else can look at it in any other way.

Mr. Cockran. I agree to that; but their contention is that their interest and the interest of the farmer are identical.

Mr. Cowan. They are until it comes to the point of who is going

to get the money, and then their interests separate right there.

Mr. Cockran. Do you not think it is possible for two partners or the employer and employed to improve the wages of labor and the profits on capital at the same time?

Mr. Cowan. Yes; there is a lot of that conceivable that does not

happen.

Mr. Cockran. Do you not think it does happen every day around

Mr. Cowan. They say it does happen that the farmer is benefited by the tariff on steel and everything else because they employ so much labor and pay them so much money that they in turn buy what the farmer has to sell and make him a better market. Now, I want to say if that is true, and maybe it is, why not give the farmer a better price for his hides so that he can buy more steel; why not keep the tariff on the same principle on which these fellows claim they are entitled to it?

Mr. Cockran. Your answer is that if the steel corporation is entitled to advantages under the tariff the farmer wants equal advan-

tage himself?

Mr. Cowan. Make it anything else. Take the maker of ax handles.

or anything else.

Mr. Cockran. Yes, I understand; but your answer, as I understand it, is that you do not want to go into the question of the effect on hides of the broadening of the market for shoes? That is an ab-

stract question that you do not want to follow?

Mr. Cowan. I will make the general answer to that, that in my opinion the price of shoes to you and me, or those that we will buy for our children, will not be cheapened one whit; that they will say that the cost of labor and the cost of machinery and fuel and everything is increased, and just as the railroads say, should cause an increase in their profits; that their operating expenses have been increased. That is what they will contend, and they will not cheapen the price of shoes one whit, when you take the tariff off of hides.

Mr. Cockran. They have decreased the cost of shoes steadily, at

least until this present tariff went into effect.

Mr. Cowan. Who have?

Mr. Cockran. The manufacturers of shoes.

Mr. Cowan. You mean they have increased it?

Mr. Cockran. Decreased it. You must recall the price you had to

pay for shoes twenty-five years ago.

Mr. Cowan. I do. because thirty years ago, right after the war, I was storekeeper in my father's store, and we sold brogan shoes, and I say as a general proposition the shoemakers of this country have not reduced the general average price of shoes in my lifetime.

Mr. Cockran. Do you mean to say that the general price of shoes,

even to-day, is one-half what it was thirty years ago?

Mr. Cowax. Certainly, to people where I live, in the country, out

on the farm; that is what it is.

Mr. CLARK. I think we have gone over this whole business, except one small phase of it. Out of these 8,000,000 hides that are taken off by somebody else besides the packers, probably half of the cattle are killed by the farmers themselves.

Mr. Cowan. Nothing like that, I think.

Mr. CLARK. You think it would not be half?

Mr Cowan. Oh, no. I tell you I do not believe that the farmers do that. You know about Missouri, yourself.

Mr. CLARK. Yes.

Mr. Cowan. And I know how it is in Texas, and you can hardly think of a farmer that puts up his own beef. There are just a few

Mr. CLARK. They do not put it up. I will tell you how they work it. Six or eight or ten farmers, or as many as is convenient to divide the beef up among, go into a club, and one will furnish the beef this week and he will kill it and divide it up, and the next week another man will furnish veal, and so it goes. What I really wanted to ask you is this: The large, heavy cattle, presumably with the large, heavy hides on them, come to the packer, do they not?

Mr. Cowan. If you mean by the packer the four big packers-

Mr. CLARK. I do not mean them.

Mr. Cowan. They go to those places like Cincinnati, Indianapolis, Philadelphia, Baltimore, and Washington. Cattle are bought for the city trade, and heavy cattle are just as much bought and shipped there as they are killed by the packer.

Mr. Clark. Take these 8,000,000 that are used in the small butcher shops—in towns of two, three, four, or five thousand people—they use, at least in Missouri, and, I suppose, in Texas, a quality of cattle that are called butchers' stock?

Mr. Cowan. Mostly, for those small concerns.

Mr. CLARK. That is, light cattle?

Mr. COWAN. Yes. Mr. CLARK. Young heifers?

Mr. Cowan. Yes.

Mr. Clark. And cows that they want to get rid of?

Mr. Clark. And the big steers and really the high-class heifersthe large ones—are shipped off to these packing institutions?
Mr. Cowan. Yes.

Mr. CLARK. Now, the hides on this smaller quality of cattle—the

lighter quality—are not protected by this tariff at all.

Mr. Cowan. No; that is where the dairyman has lost out. He does not realize it, and if he finds it out he will make the law just the way he wants it. The dairyman is not getting any protection, and if he finds it out he will carry it the way he wants it, just as he did with the oleo business.

Mr. Clark. If the hides that come off of the lighter cattle have been increased at all by these Dingley rates, it is a sympathetic business, like they talk about a sympathetic strike. As a matter of fact,

they get no tariff?

Mr. Cowan. It is awfully hard to speculate on these things. I do not know; I do not understand the hide market, except that my investigation leads me to think this way, as it does about the tariff. I can not see any good reason for hides to fluctuate as they do. Neither can I see any good reason for these different schedules as I find them in the tariff. I do not know whether it is sympathetic or not; it is awfully difficult to tell why there is a figure fixed for the price of a thing. There is such a multitude of things to determine it—such a multitude of motives, such a multitude of things that happen-that I can not tell a thing about why it is that a hide is worth 11 cents to-day and a month from now it will be worth 12 cents. I can not see any reason for it, and I can not find out any. If it went down to 10 cents I could probably find just as many reasons why it should have gone up. So it is that the price of hides taken off of the animals you speak of is affected by the price that the packers get, by the price of heavy hides. I do not believe anybody can tell why. You can just tell what happens, but not why.

Mr. BOUTELL. Is it not likely the electric telegraph and the cable have more to do with the price of staples throughout the world

than any other one factor?

Mr. Cowan. Of course, you gentlemen know more about that than

I do; but I think so.

Mr. Clark. Judge, the dairymen have done more to put up the price of cattle than anybody else by selling their calves off to be killed, have they not? Don't you think that would be a great factor in it?

Mr. Cowan. The dairymen can not raise those calves. They must send them in to be killed. You might as well say that the dairyman has raised the price of cattle by sending them to be killed instead of

eating them himself.

Mr. Clark. But they did not use to send these calves off by wholesale and sell them as they do, but they kept them and raised them.

The Chairman. They did not raise them by wholesale, did they?
Mr. Clark. Yes; they raised more cattle twenty years ago in
Missouri than they do to-day.

Mr. Cowan. You are mistaken about Texas in regard to that.

You may not be as to Missouri.

Mr. Clark. Has not all north Texas gone into the agricultural

business proper?

Mr. Cowan. But let me call your attention to a significant fact. Colorado City, Tex., was the largest cattle-shipping point in the world in 1882. Mitchell County, Tex., was devoted to the cattle business exclusively. To-day, while I do not know that I can name the amount now, last year they shipped 25,000 bales of cotton from Mitchell County, and the tax assessor told me they had more cattle there than they had when I left there in 1892.

Mr. Clark. I know, but that is an exceptional case.

Mr. Cowan. I do not know that it is; but I know that our cattle assessment for the State of Texas, printed on a page of the Houston Post, showed the number of cattle assessed in each county, and it would surprise you if I told you that Harrison County, in which Houston is, had more cattle than many of the counties of western Texas, where they devoted themselves exclusively to cattle.

Mr. Clark. But the county where Houston is is a great deal above

the average county of Texas?

Mr. Cowan. Not for the cattle business.

Mr. Clark. For any business?

Mr. Cowan. No, sir.

Mr. Clark. Is that in the black waxy belt?

Mr. Cowan. Some of it is, but largely piney woods. But this is true and important, and you can take it in counties in Kansas, and I am perfectly certain that it is true. I have no statistics, but I have been all over the State, and I believe you can pick out any county

there and find more cattle than lived on the grass when it was unfenced and open country.

Mr. Clark. All north Texas has gone into the agricultural business

proper, has it not?

Mr. Cowan. That is true, but you will find some cattle on every

Mr. Clark. I know that. We have them up in our country, but

they are not devoted wholly to the cattle business.

Mr. Cowan. Our statistics show we have increased our cattle. We have 9,000,000 cattle in Texas now, but the assessment does not show that much increase. The cattleman says every year, "We are not going to have a big crop of 2-year-olds or 3-year-olds," but the crop turns up, every time.

Mr. Clark. The average farm does not exceed 200 acres in Mr.

Randell's district, does it?

Mr. Cowan. I suppose not.
Mr. Clark. I supposed, too, that in north Texas the average farm was a thousand acres until I noticed the houses pretty thick along there, and I asked a man on the train who seemed to be a pretty good, sensible sort of a citizen, and he said that the average farm in north Texas would not exceed 200 acres.

Mr. Cowan. I guess that is so. I undertake to say that Grayson County, the county in which Mr. Randell lives, has more cattle in it to-day than it had thirty-five or forty years ago when it was a graz-

ing country.

Mr. CLARK. Is the supply of cattle in proportion to the population of the United States as great as it was twenty-five or thirty years

Mr. Cowan. Yes: I have that in my brief. I have lots of information here. That is another thing that made me say the tanner does not know what he is talking about. The tanners said that the tariff had not stimulated the increase of cattle. I do not know how they know it. I read this at the outset:

The total number of cattle reported in the census return for the year 1897 in the United States, including milch cows and other cattle, was 46,450,000.

That was in 1897. The total number of cattle reported for 1908 is 71,267,000. I have a statistical abstract here in which I think I can go back about forty years for you, if you want it. I have referred to these books in my brief. It is hard to find these things offhand.

Mr. CLARK. Put that in your brief. All we want is the informa-

Mr. Cowan. Farm animals in this time have become the most important thing there is in the entire agricultural products, except grain and cotton.

Mr. Cockran. Are you quite sure about those figures? Is it over

46,000,000?

Mr. Cowan. I am absolutely sure what I read is correct, in my brief. They might have made a mistake in copying it. Here it is. You asked me about twenty-five years ago, Mr. Clark?

Mr. CLARK. Yes; twenty-five or thirty years ago.

Mr. Cowan. Twenty-five years ago. Well, I can go back to 1884. Mr. Cockran. 1884? That is twenty-four years ago.

Mr. Cowan. In 1884 there were of milch cows 13,501,000 head. Of other cattle, including beef cattle-all other cattle-there were 29,046,000 head. Now, you can see what the ratio of increase has been, and here it is put down year by year, so that Mr. Tanner did not know what he was talking about when he said the cattle were not increasing in the country.

Mr. Cockran. When you make up that brief and show the comparative increase of cattle during the last number of years, will it be possible for you to show how other elements of production have

increased in the meantime?

Mr. Cowan. The way to do that is to get the bulletins from the Agricultural Department. Now, I did not quote much from that source because some committee here told me once that they did not want to print documents that are printed in public offices; but if you will get the bulletin that is published each year with regard to the meat supply, and so forth, you will find a wonderfully interesting document. I can put that in if you want it.

Mr. Cockran. I think it would probably help the committee a little if you showed in your brief the comparative increases in other

products.

Mr, Cowan. I want also to call attention to the report on leather, boots, and shoes in European markets by Mr. Arthur B. Beckman, special agent of the Department of Commerce and Labor, in support of the statement that they are adopting American methods in machinery and the like in making shoes in Europe, and that the cost of doing it is very much lower than it is in this country; and I offer that suggestion in answer to the confession, if I may call it so, of these shoe men that they would be willing to accept—would be willing to accept—free shoes and free leather. I think that confession was made with the object of getting the clemency of the court in some other directions. I do not believe they will ever stand for it when it comes to the final show down, for the reason that they say, Yes, it costs more to make them.

Mr. Cockran. Against that, the fact is that they do sell them

abroad.

Mr. Cowan. Here are the statistics of the department itself, that I would rather go by. They have made so many mistakes in what they have said here that I do not care to go by it unless it is verified.

Mr. Cockran. I do not suppose that you would claim there was

any importation of shoes or any failure to export them?

Mr. Cowan. No; they can not import them against 25 per cent duties.

Mr. Cockran. And we are exporting them?

Mr. Cowan. Yes.

Mr. Cockran. The author of that pamphlet does not deny that? Mr. Cowan. No: I say I offer this pamphlet for the purpose of showing that they make them cheaper by our machinery over there, to show that these shoemakers will never stand it to have shoes on the free list.

Mr. Underwood. Judge, do you think there is any fact that demonstrates more conclusively that the American manufacturer can compete with his foreign competitor than the fact that he does go into the free markets of the world and does compete with him in large quantities and sell his goods in great quantities?

Mr. Cowan. I know; but he does not want to give up his market here.

Mr. Underwood. Is not that an absolute answer to the argument

that he can not compete?

Mr. Cowan. Of course that is an absolute answer to that; but he does not want the tariff taken off here, because he wants to hold this market and also get the other, which is a laudable desire, but it is just like ours. They want to do that to get the money.

Mr. Griggs. You have made reference to the farmer in this testi-

mony. Do you represent the farmers or the cattlemen?

Mr. Cowan. I represent the farmers and I represent the cattlemen.

Mr. Griggs. Voluntarily in both instances?

Mr. Cowan. Voluntarily?

Mr. Griggs. Yes; voluntarily. Mr. Cowan. I do not know what you mean.

Mr. Griggs. Have you been employed to come here and represent the cattlemen before this committee?

Mr. Cowan. Why, certainly; I am not out for my health.

Mr. Griggs. Have you been employed by the farmers to come here?

Mr. Cowan. Yes, sir. Mr. Griggs. What organization of farmers?

Mr. Cowan. I stated that when I first started out.

Mr. Griggs. I was not here when you began.

Mr. Cowan. I stated that the American National Live Stock Association, for which I am the attorney, for which they pay me and pay my expenses, as much as I can extract from them, are composed of organizations of other stockmen and stock raisers. The largest organization that we have in the American National, in point of numbers, is the Corn-Belt Meat Producers' Association of Iowa. I do not know how many members they have, but a great many, consisting of the farmers and feeders in that State. We also have the organization in Kansas, composed of men who raise cattle in pastures, on the farm, and on the range, and raise the corn to feed them. We also have an organization in Oklahoma somewhat similar. The Texas Cattle Raisers' Association is composed of men engaged in the cattle business, two-thirds of the members being men owning less than 300 cattle, owning cattle clear on out to the Pacific coast and the Canadian line. But the farmer is a stock raiser throughout the West or he is not successful, except in the cotton-growing districts, and a few districts where they raise wheat exclusively. Iowa is dependent upon the stock-raising business. Kansas is dependent upon it. Nebraska is dependent upon it. Texas is dependent upon it, because it is the largest industry outside of cotton in our State.

Mr. Griggs. At the same time, every organization you represent has the term "cattle" or "meat" in it, instead of "farmers'"?

Mr. Cowan. Why, yes; sure. Mr. Griges. That is what I was getting at.

Mr. Cowan. In other words, I am representing the people that produce the hides.

Mr. GRIGGS. That is right.

Mr. Cowan. And we want whatever advantage we can get, and we are not here for benevolence, as was indicated by the tanners and shoemakers.

The CHAIRMAN. Your position is that you want the duty kept on hides whether you are certain that it is any benefit to the farmer or not, or whether the removal of it would enable the committee to take the duty off of leather and shoes?

Mr. Cowan. The first part of your suggestion I do not quite accept; that proposition I do not accept at its full extent.

The CHAIRMAN. How is that?

Mr. Cowan. You said that my position was that we wanted the duty kept on hides whether we are certain that the farmer would get a benefit out of it or not.

The CHAIRMAN. Yes.

Mr. Cowan. I do not answer in the affirmative to that. I say we want the duty kept on because we are perfectly certain that he will get the benefit from it.

The CHAIRMAN. Compare that with the remarks you made some

time ago and see which is correct.

Mr. Cowan. If I made any statement contrary to that a while ago,

I did not mean to.

The CHAIRMAN. If you have read your statement introducing your brief, as I understood you were to do this morning, we will put the brief in the record and go on.

Mr. Cowan. I want to have the brief I have prepared put in the record. I am greatly obliged, Mr. Chairman, for the consideration

that the committee has given me.

The CHAIRMAN. Oh, the committee is here to hear people that

come before them.

Mr. Cowan. I do not believe I would have taken much time if I had not been asked a number of questions which were hard to answer. The CHAIRMAN. I think that is quite obvious.

Mr. Cockran. We are very much obliged for the information you

have given us.

#### BRIEF SUBMITTED BY S. H. COWAN, FORT WORTH, TEX., AGAINST PUTTING HIDES ON THE FREE LIST.

Washington, D. C., December 5, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: The American National Live Stock Association is composed of stockmen and associations of stockmen in cattle raising and feeding business in States west of the Mississippi River.

The Cattle Raisers' Association of Texas is composed of cattle raisers throughout the Southwest, in Texas, and the trans-Missouri

States and Territories.

We oppose placing hides on the free list. We demand equality of

opportunity.

It is singular that so many makers and manufacturers of leather should belabor themselves to get cattle hides on the free list, and in the same breath assert that the consumer will get the benefit.

If the consumer happens to do so, it will be because these gentlemen can't help it. Can anyone fairly doubt their intentions to

pocket the "change?"

They are equally zealous to tell you that the stock raisers and farmers who produce and sell cattle can get no benefit of the tariff on hides, because, they say, the value of the animal is not affected by the value of the hide, at the same time complaining that hides are too high by the amount of the tariff on account of the tariff.

At the outset, these live stock associations, which now appear in behalf of the cattle raisers west of the Mississippi River, against the proposal to put hides on the free list, make no objection to removing the tariff if it be true, as asserted by the tanner and the shoemaker, that the value of cattle on the market or elsewhere is not

affected by the value of the hides on that animal.

Forty-five per cent of the cattle slaughtered are sold on the markets at Chicago, St. Louis, Kansas City, St. Joseph, Sioux City, St. Paul, and Fort Worth. About 5,000,000 per annum are slaughtered by the big packers, and about 320,000 by others at those markets. Total for the past year was about 5,320,000, exclusive of calves. The total slaughter exclusive of calves in the United States is approximately 12,500,000 head. On this basis there are slaughtered elsewhere in the United States 7,180,000 cattle exclusive of calves. Those who slaughter the cattle buy them either at the same markets or at similar but smaller markets and stock yards, to which they are shipped for sale at every important city in the country, or they are bought and driven in by local butchers. Of the 71,267,000 cattle in this country, more than 2,000,000 die of disease or by accident, and from that source comes probably more than 1,000,000 fallen hides.

There are hide dealers at every town and city, being more than a thousand such concerns listed in the yearly directories and yearbooks

on hides and leather, who compete in both buying and selling.

It ought to need no more than a statement of those facts to show the absurdity of the claim that the stock raiser can get no benefit

from the tariff on hides.

Fluctuations in prices of cattle and the wide range of prices of different grades of cattle are due to such a multitude of causes, more important than the 15 per cent of the hide value, that the attempt to draw the conclusion that the hide value is not even present, be it what it may, is mere sophistry. Precisely the same can be said of the fluctuations in prices of hides ranging to a much greater per cent than the amount of the duty. Such fluctuations prove nothing as to who gets the benefit of the 15 per cent duty.

Of course the consumer wouldn't get it if the packer, the tanner, and the shoemaker could get it for themselves. The situation is such

that they can't do it. That is why the tanner wants it off.

The mere amount of the tariff is not the only issue; a home market is, above all, the desirable thing. If you take the tariff off cattle hides, that means that the tanners will stock up on the lowest-priced hides obtainable in the different markets of the world, and bear the price at home accordingly. Hides produced here will have to be sold on basis of the lowest world market, and we will have to ship them to Europe for sale. Thus the taking off of the tariff means a reduction in price much greater than the tariff figures. To satisfy you that such will be, as it was, the case, look at the quotation of hides from time to time. If, in order to market, we must first negotiate a sale and ship to Europe, our own stock raisers and farmers will lose the transportation, all charges, and commissions. The importance of this feature can not be overestimated.

For example, hides consigned to New York from South American points are, as we are reliably informed, being reconsigned from New York to London, because hides are higher in London. Now, the hide dealer in this country can't buy on expectation that such higher price there will continue; hence he must in safety discount enough to account for fluctuations.

The proposals of the tanners means upsetting a market the world

over, of which he alone can take advantage.

Is that not "the milk of the cocoanut?"

We trust the committee will be cautious in its action, lest it most

injure those who most need its consideration.

I. We must assume in submitting these statements and arguments that on part of the committee there is an intention to deal fairly as between those engaged in different lines of business and as between different localities, and that the investigation is held for the purpose of the ascertainment of facts and conditions with a view of making laws for the whole country and not to subserve some special interest. If the judgment of the committee is to be based on facts, there should be no mistake in ascertaining them. The committee, we assume, is not a tribunal which merely affords an opportunity for interested parties to present their case, but owes the paramount duty to the country to itself ascertain the facts, whether those whose interest may be affected appear or not. No judgment by default, or decree pro confesso, can be had, nor should ex parte statements be taken as true merely because no one has come forward to deny them. raisers and farmers can not be expected to appear individually at Washington, like the tanners and manufacturers of leather, is evident from the fact of the comparatively small interest each farmer or stock raiser has in dollars and cents in the 15 per cent tariff on hides. The aggregate is as large to them as to the leather men, but so diffused that they must rest their case with their representatives.

The associations above named, representing the cattle business, beg leave to file this written statement and argument, in answer to the

claims of the tanner and leather manufacturers:

1. We insist that if there is to be a protective tariff the stock raisers and farmers are entitled to equality under the law, be it a good or bad law, as well as others, although it enhances the price of their products, because they are denied free access to the markets of the world for what they buy and are made to pay a higher price on account of the tariff on manufactured articles.

2. If the American stock raisers and farmers must patronize the American market for what they buy, they demand in turn the same benefit of furnishing the home supply with what they raise to sell.

benefit of furnishing the home supply with what they raise to sell.

3. The American stock raiser and farmer does and will furnish enough cattle hides to supply the consumption in this country unless forced to curtail business by low prices to meet foreign competition.

4. The reduction of cattle values from outside competition by free hides or free cattle, or both, will demoralize the cattle-raising business, lessen our home meat supply, and in the end increase the cost of

meat and meat products and hides.

5. Fifty-five per cent of the hides of cattle produced in this country are skinned and sold by others than the big packers and are marketed everywhere. While the level of price has generally been more than in foreign countries from which we import cattle hides, it has

fluctuated between extremes as much as at any of the hide markets of the world.

6. We dispute the claim that cattle raisers do not get any benefit

of the 15 per cent duty on hides.

7. We dispute the claim that the value of cattle on the market is not affected by the value of the hides.

8. We assert that it costs the American stock raisers and farmers materially more to produce cattle and hides than it does in Mexico,

South America, and Africa.

9. We dispute the claim that the public will receive the benefit of taking the duty off hides, but insist that the very motive which prompts the activity of the tanners and manufacturers for free hides is to pocket the profit themselves.

10. We assert that the tanners have now free access to the markets of the world for hides to make into leather for export, and that the shoe manufacturers are from year to year increasing their exports of

shoes.

II. We submit herewith tables showing the commerce in hides, leather, and shoes, and comparative prices and values, covering imports and exports, for the years shown, as follows:

[Tables from "Commerce and Navigation," published by Department of Commerce and Labor, for 1907.]

### Imports of merchandise—Years ending June 30.

## HIDES AND SKINS OTHER THAN FUR SKINS. [Goat skins, free.]

	1903.	1904.	1905.	1906.	1907.
Total	85,114,070 \$24,928,729	86, 338, 547 \$23, 971, 731	97, 803, 571 \$26, 945, 721	111,079,391 \$31,773,909	101, 201, 596 \$31, 375, 298
Europe North America South America Asia Oceania Africa	28, 284, 362 \$7, 650, 659 7, 504, 785 \$2, 576, 738 8, 505, 367 \$3, 423, 705 38, 094, 809 \$10, 676, 005 1, 800 \$358 2, 722, 947 \$601, 264	23, 610, 003 \$6, 045, 880 6, 982, 400 \$2, 457, 220 9, 334, 242 \$3, 833, 199 43, 203, 905 \$10, 952, 013 13, 810 \$3, 154 3, 194, 187 \$680, 265	25, 719, 106 \$7, 070, 847 7, 041, 262 \$2, 536, 391 10, 155, 540 \$4, 086, 004 50, 130, 091 \$12, 169, 113 43 4, 757, 529 \$1, 085, 353	27, 943, 788 \$7, 354, 564 7, 583, 198 \$2, 968, 560 9, 168, 486 83, 748, 425 60, 358, 396 \$16, 267, 308 12, 042 \$3, 047 6, 018, 481 \$1, 422, 008	24, 984, 277 \$7, 230, 054 8, 552, 898 \$3, 272, 323 9, 783, 131 \$4, 110, 449 52, 121, 470 \$15, 548, 087 15, 759 \$2, 878 5, 789, 061 \$1, 551, 507

#### [Hides of cattle, dutiable.] Total ..... 131, 644, 325 \$16, 159, 902 85, 370, 168 \$10, 989, 035 113, 177, 357 \$14, 949, 628 156, 155, 300 \$21, 862, 060 134 671, 020 \$20, 649, 258 RECAPITULATION. 6,013,280 \$645,572 24,189,244 \$2,283,233 43,298,485 \$6,489,459 11,652,428 \$1,539,076 21, 556, 676 \$2, 284, 199 33, 791, 471 \$3, 103, 633 61, 670, 923 \$8, 855, 984 17, 644, 644 \$2, 078, 274 33, 206, 896 \$3, 281, 566 47, 057, 860 \$7, 444, 873 44, 182, 223 \$5, 419, 487 39, 971, 082 \$4, 353, 672 52, 225, 524 \$9, 143, 116 25, 366, 484 \$3, 519, 383 Europe ..... 41, 796, 004 \$4, 741, 513 49, 697, 269 \$9, 574, 598 North America..... South America ..... \$9, 574, 550 16, 409, 285 \$2, 582, 139 418, 233 \$53, 394 983, 745 \$178, 231 \$9,143,110 18,001,733 \$2,733,288 910,393 \$98,292 964,345 \$114,205 14, 076, 278 \$1, 841, 339 113, 917 \$10, 971 14, 326, 162 \$2,021,268 343,899 \$31,503 597,896 Oceania ..... 216, 731 \$31, 695 Africa ..... 431,060 \$63,776 \$92,044

# Imports of merchandise—Years ending June 30—Continued.

### HIDES AND SKINS, OTHER THAN FUR SKINS-Continued.

[All other free.]

	1903.	1904.	1905.	1906.	1907.
Total	102, 340, 300 \$16, 942, 982	103, 024, 752 \$17, 045, 304	126, 893, 934 \$22, 868, 797	158, 045, 419 \$30, 246, 198	135, 111, 199 \$30, 841, 989
Europe	76, 289, 334 \$12, 515, 444 9, 779, 840 \$1, 274, 510 5, 929, 803 \$1, 041, 085 4, 766, 431 \$945, 245 5, 528, 529 \$1, 161, 301 46, 366 \$5, 397	77, 166, 396 \$13, 156, 584 10, 650, 516 \$1, 316, 780 6, 093, 864 \$1, 051, 404 3, 986, 399 \$659, 621 5, 099, 451 \$857, 193 28, 126 \$3, 722	97, 776, 851 \$18, 286, 796 12, 121, 683 \$1, 623, 856 6, 586, 443 \$1, 070, 696 4, 348, 318 \$750, 685 5, 755, 445 \$1, 092, 746 305, 194 \$44, 021	122, 746, 218 \$23, 707, 984 10, 617, 378 \$1, 568, 104 8, 003, 137 \$1, 488, 184 9, 433, 874 \$1, 843, 654 6, 950, 563 \$1, 588, 100 294, 249 \$50, 172	98, 640, 447 23, 549, 037 14, 566, 200 \$2, 286, 243 4, 928, 336 \$1, 131, 150 9, 958, 616 \$2, 073, 151 6, 535, 891 \$1, 713, 477 481, 709 \$88, 931

# Exports of domestic merchandisc—Years ending June 30. HIDES AND SKINS, OTHER THAN FUR SKINS.

	1903.	1904.	1905.	1906.	1907.
Total	12, 859, 549 \$1, 224, 409	32,727,643 \$3,246,887	10, 268, 722 \$1, 051, 641	10, 752, 827 \$1, 223, 255	15, 396, 806 \$1, 760, 032
Europe North America South America Asia	7, 327, 083 \$688, 551 5, 511, 559 \$533, 259 4, 300 \$423 756 \$122	23, 174, 272 \$2, 251, 697 9, 508, 058 \$990, 030 8, 770 \$979 3, 451 \$389	7, 198, 609 \$704, 850 3, 143, 047 \$343, 816 865 \$91 19, 611 \$2, 225	9, 922, 344 \$1, 114, 742 826, 423 \$107, 501 4, 060 \$1, 012	14, 097, 331 \$1, 569, 422 1, 133, 841 \$162, 727 285 \$28 165, 349 \$27, 855
Oceania	15, 896	32, 092 \$3, 792			

### Leather, and manufactures of—Sole leather.

#### SOLE LEATHER.

	1903.	1904.	1905.	1906.	1907.
Total	37, 428, 437 \$6, 920, 467	36, 830, 717 \$6, 978, 497	44, 107, 054 \$9, 444, 873	40, 548, 767 \$8, 186, 279	31,900,868 \$7,024,313
Europe North America South America Asia Oceania Africa	\$6,444,209 614,425 \$125,384 23,681 \$6,989 951,813 \$249,304 163,628	33, 507, 547 \$6, 186, 625 666, 043 \$133, 877 16, 672 \$3, 513 2, 312, 508 \$571, 995 134, 055 \$38, 542 193, 892 \$43, 945	26, 618, 897 \$4, 970, 789 694, 139 \$138, 421 3, 829 \$891 16, 290, 457 \$4, 227, 307 139, 717 \$41, 445 297, 015 \$66, 020	34, 826, 486 \$6, 605, 888 751, 255 \$100, 851 1, 215 \$270 4, 703, 053 \$1, 353, 096 72, 355 \$23, 161 194, 403 \$43, 013	28, 004, 052 \$5, 904, 511 888, 313 \$185, 996 2, 555 \$629 2, 768, 241 \$862, 833 102, 953 \$29, 735 187, 754 \$40, 609

Note .- Average value sole leather, per pound, appears from the foregoing:

	Cents.
190)	18.5
1901.	18. 9
11/1/1/2	21 4
1906	20. 2
1907	

## Leather, and manufactures of—Sole leather—Continued. UPPER LEATHER—PATENT OR ENAMEL.

UFFE	K LEATHER	-FATENI	OR ENAMI	ıLı.					
	1903.	1904.	1905.	1906.	1907.				
Total	\$122,782	\$170,940	<b>\$166,32</b> 0	<b>\$143,590</b>	\$157,088				
RECAPITULATION.									
Europe	94, 267	133, 830	93, 803 39, 048	41, 154 56, 442	40, 916 69, 249				
North America	6,086	133, 830 17, 201 3, 567	39,048 3,868	17 904 1	69, 249 5, 839				
South America	2,827 3,994 14,061	4, 036	3, 110	2,836	905				
Oceania	14,061 1,547	9,402 2,904	18, 686 7, 805	2,836 19,418 6,536	23, 500 16, 679				
UPPER LEATHER—SPLITS, BUFF, GRAIN, AND ALL OTHER.									
Total \$13, 493, 499 \$15, 049, 602 \$15, 057, 791 \$17, 242, 011 \$17, 779, 7									
	010, 100, 100	¥10,010,002	410,001,101	411, 212, 011	W11,110,110				
RECAPITULATION.				-					
Europe	12, 336, 443 389, 079	13, 270, 142 493, 306 392, 395	13,144,145 682,918 493,288	14,509,518 832,117 719,067	15, 509, 144				
North America	1 218, 914	392, 395	493, 288	719, 067	723, 707 603, 688				
Asia	48, 929	95,001	248, 047	548,218	389, 288				
Oceania	450, 340 49, 794	95, 001 764, 697 34, 061	248, 047 467, 443 21, 950	613, 064 20, 027	546, 326 16, 563				
	1			/					
ALL OTHER LEATHER.									
Total	\$982,251	\$1,140,364	\$1,813,154	\$1,822,337	\$2,727,513				
RECAPITULATION.	*,	,,	,,	4-,,	x=, 1=1,010				
Europe	576, 103	- 667, 228	597.399	788, 218	1,243,451				
North America	315, 620	328, 464	412, 913	560, 780	954, 885				
South America	576, 103 315, 620 15, 912 8, 589	667, 228 328, 464 29, 411 13, 510	597, 399 412, 913 23, 038 702, 356	788, 218 560, 780 31, 971 310, 612	120, 338 184, 638				
Asia	40,047	00,082	00,080	108, 262 22, 962	182, 860				
Africa	20,000	36,669	26,762	22, 962	41, 341				
BOOTS AND SHOES.									
Totalpounds	4, 197, 566	4,642,531	5, 315, 699	5, 672, 249	5, 833, 914				
rotarpounds	\$6,665,017	\$7, 238, 940	\$8,057,697	\$9,142,748	\$10,666,949				
RECAPITULATION.									
Europe pounds	1, 273, 485 \$2, 672, 629 1, 985, 768 \$2, 502, 465 175, 122 \$210, 204 23, 151	1,114,439	1,149,899	1, 257, 004	1, 215, 428				
North America	\$2,672,629	89 417 368	SC 477 608	92 591 144 I	\$3,062,988 3,883,856				
	\$2,502,465	2, 673, 082 \$3, 300, 200 207, 240	3, 425, 111 \$4, 238, 642 206, 117	3,774,655 \$5,637,349 197,549	\$6,167,179 229,478				
South America	175, 122 \$210, 204	207, 240 \$282, 903	96375 467	197, 549 \$363, 310	\$158 613				
Asia	23, 151 \$43, 570 537, 949	\$282, 903 22, 178 \$40, 672 503, 809	42, 332 \$77, 277 362, 646	\$363,310 47,074 \$80,868 312,869	35, 766 \$54, 782 460, 469				
Occania	\$43,570 537 949	\$40,672 503 809	\$77,277 362 646	\$80,868 312,869	\$54,782 460 469				
	\$942, 150	#930, 321	\$673,056		\$792,464				
Africa	202, 091 \$293, 999	121,783 \$231,476	129, 594 \$270, 647	83, 098 \$187, 973	58, 917 \$130, 923				
	,,	,							
	HARNESS	S AND SAD	DLES.						
Total	\$373,677	\$560, 346	\$502,660	\$691,575	\$767,418				
Total	φυ/ο, U//	\$000, 040	g-702, 000	4001,010	\$101, <b>110</b>				
RECAPITULATION.									
Europe	30, 887 203, 956	35, 274 261, 835	32, 842 291, 614	47, 540 371, 595	38,002				
North America	203, 956 56, 099	95 898	291, 614	371,595	512, 505 123, 630				
Asia	14, 208	19, 136	86,885 40,611 40,269	121,749 16,597 125,505	31, 158				
Oceania Africa	14, 208 33, 917 34, 610	19, 136 131, 064 17, 139	40, 269 10, 439	125, 505 8, 599	31, 158 56, 348 3, 775				
Allica	34,610	17,109	10, 453	0,000	0, 110				

### Leather, and manufactures of—Sole leather—Continued. ALL OTHER.

	1903.	1904.	1905.	- 1906.	1907.
Total	\$1,064,496	\$1,329,747	\$1,318,046	\$1,491,688	\$1,984,385
RECAPITULATION.					
Europe North America South America	257, 831 608, 050 49 060	340, 218 751, 461 56, 635	394, 206 731, 036 45, 328	387, 146 883, 073 48, 252	757, 052 988, 555 63, 311
Asia	42, 158 79, 671	52, 925 113, 052	54, 552 69, 098	43, 350 115, 691	62, 592 94, 232
Africa	27,727	15, 456	23, 826	14, 176	18,643

Table showing imports of hides of cattle—dutiable—for ten years, their value and amount per pound.

[From Statistical Abstract, Commerce and Labor for 1907, p. 434.]

	Pounds.	Value.	Per pound. s
1898	126, 243, 595	\$13, 624, 989	Cents. 10.8 10.4 11.8 11.3 11.8 12.2 12.8 13.2 13.9 15.3
1899	130, 396, 020	13, 621, 946	
1900	163, 865, 165	19, 408, 217	
1901	129, 174, 624	14, 647, 413	
1901	148, 627, 907	17, 474, 039	
1902	131, 640, 325	16, 159, 902	
1903	95, 370, 168	10, 989, 035	
1904	113, 177, 357	14, 949, 628	
1905	156, 155, 300	21, 862, 360	
1906	134, 671, 020	20, 649, 258	

a Estimate ours (only approximate).

Table showing imports of hides, other than goats and cattle, not dutiable for ten years, and their average value.

[Taken from Table 161, Statistical Abstract, Commerce and Labor.]

	Pounds.	Value.	Per pound.
1898. 1899. 1900. 1901. 1902. 1903. 1904. 1905. 1906. 1906.	54, 607, 534 66, 965, 785 100, 070, 795 77, 989, 617 89, 457, 680 102, 340, 303 108, 024, 752 126, 893, 934 158, 045, 419 135, 111, 199	\$7,667,342 9,877,771 16,539,807 12,995,567 15,054,400 16,942,982 17,045,304 22,865,797 30,246,198 30,841,989	Cents, 14 14.7 16.5 16.6 16.8 16.5 18 19 22.8

Tuble showing for ten years exports of boots and shoes.
[From Statistical Abstract, Commerce and Labor, 1907.]

	Pairs.	Value.	Per pair.a
1898. 1899. 1990. 1901. 1902. 11476. 1904. 1905. 1906. 1907.	1, 307, 031 1, 934, 277 3, 016, 720 3, 492, 041 3, 966, 766 4, 197, 566 4, 642, 531 5, 315, 699 5, 672, 249 5, 833, 914	\$1, 816, 538 2, 711, 385 4, 276, 656 5, 526, 190 6, 182, 098 6, 665, 017 7, 238, 940 9, 142, 748 10, 667, 949	\$1.39 1.40 1.41 1.58 1.56 1.59 1.56 1.51 1.61

Comparative prices of leather and hides for ten years.

Sole	e leather,	Sole leather, per pound,				Upper	Upper leather, per foot.	foot.					
-		Oak.	7.	Satin.	in.	Kangaroo.	roo.		Calfskins.		Hides, per pound.	r pound.	Buenos
Hemlock B. A. & Mont. Mid.	Union No. 1 Mid.	Scoured backs Mid.	Texas sides.	Eastern M.	Western M.	Eastern M.	Western M.	Boarded chrome fin.	Wax, 30 to 35 lbs. av.	Heavy native steers.	No. 1 buffs (Chicago).	Calfskins, Chicago and country.	and costs paid).
88888888888888888888888888888888888888	### ##################################	88884488488888888888888888888888888888	\$42282822222222222222222222222222222222	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	11 22 22 22 22 22 22 22 22 22 22 22 22 2	11111111111111111111111111111111111111	14 @ 9   14   15   16   17   17   18   18   18   18   18   18		8 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 -	20000000000000000000000000000000000000	82405524082550588222228889888988885555555441	11	156   18   18   18   18   18   18   18   1

Comparative prices of leather and hides for ten years-Continued.

	0	Ayres.	and costs paid.)	170   18   18   18   18   18   18   18   1
		r pound.	Calfskins, Chicago and country.	11110121222222222222222222222222222222
	1111	maes, per pound	No. 1 Buffs (Chicago)	######################################
			Heavy native steers.	8880001211111122221112002222212222222222
		Calfskins.	Wax, 30 to 35 lbs. av.	197743434343454545666666666666666666666666
outrined	er foot.		Boarded chrome fin.	23
	Upper leather, per foot	aroo.	Western M.	14 0015 14 0015 17 0019 17 001
s for ten	Upper	Kangaroo.	Eastern M.	11100000000000000000000000000000000000
ana mae		in. Western M.	Western M.	23112322222222222222222222222222222222
y wather		Satin.	Eastern M.	21-021-23272020-25-11-11-11-12-12-12-12-12-12-12-12-12-12-
omparance prices of warner and waes for ten years		200	Texas sides.	######################################
mparaur	Sole leather, per pound	Oak.	Scoured backs mid.	######################################
200	le leather,		Union No. 1 Mid.	8 4 4 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8
	So	Touris	B. A. & Mont.	
				1897 January  A ril  July  October  1899 January  April  July  October  1900 January  April  July  October  1902 January  April  July  October  1903 January  April  July  October  1904 January  April  July  October  1905 January  April  July  October  1905 January  April  July  October  July  October  July  October  July  April  July  April  July  October  July  October  July  October  July  October  July  April  April  April  July  October  July  October  July  April  Apri

Table showing average price of hides in Chicago market, 1892 to 1904.

[Taken from p. 218 of Report of Department of Commerce and Labor on the Beef Industry.]

1892		6.32
1893		5.50
1894		5.16
1895		8.47
1896		6.98
1897		8. 81
1898		10.04
1899		11.02
1900		10.61
1901		
	888888888888888888888888888888888888888	11.55
1903		10.58
1904		10, 63

Comparative prices of 1903 of different classes of hides.

[Taken from Report of Department of Commerce and Labor, p. 216.]

Heavy native steers	11.69 cts.
Butt-branded steers	10. 57 cts.
Heavy Texas steers	12.64 cts.
Light Texas steers	
Colorado steers	10. 54 cts.
Heavy native cows	
Light native cows	
Branded cows	
Native bulls	
Branded bulls	
· ·	
A nonego	10 28 ota

III. In its report on the beef industry the Department of Commerce and Labor (1904) estimated our annual beef supply at 13,000,000 head, of which approximately 500,000 are annually exported, leaving 12,500,000 (see pp. 53 to 57); of this number it was estimated that the six large packers slaughter 45 per cent. If this be approximately correct, then of the total butcher hides produced by packers is 5,425,000. Since 1904 there has been an increase in cattle, other than milch cows, of 15 per cent (see 1907 Statistical Abstract). Assuming butcher hides to have had a similar increase, the total would be 14,375,000, of which the six large packers, however, have not increased their slaughter.

The Bureau of Animal Industry estimated about 2,324,773 cattle that die by disease and accident for 1904. To what extent the hides are taken we know of no figures to show. That it is a large per cent there can be no doubt, probably at least 50 per cent, or 1,162,386, total animal hide production of fallen hides that go into the open market. Hides undeniably are as extensively produced and marketed as the distribution of cattle, which stock raisers, farmers, and small butchers

produce and market everywhere.

The value of cattle hides imported for nine months, 1908, shown by Summary of Commerce and Finance of United States for Septem-

ber, 1908, was the average 11.5 cents per pound.

The importation of hides of cattle decreased in 1907 compared with 1906, and for the nine months ending September, 1906, 1907, and 1908, show a decrease in importation of hides of cattle; 1908 shows 6.4 per cent under 1907, and 18.4 per cent under 1906.

During the same nine months, importations of leather and leather articles declined as follows: 1908 under 1907, 45.8 per cent, and under 1906, 35.3 per cent.

During the same period (nine months' comparison), there was an increase in exports of shoes; 10.9 per cent over 1906, and almost as

great export as for same period, 1907.

In the case of sole leather there was an increase 1908 over 1907 of approximately 7 per cent, though a large falling off as compared to 1906, which was an unusual year for importation of hides, which, no doubt, were made into leather and exported.

Sole leather is chiefly exported from imported hides, with a draw-

back equal to the tariff.

It may be fairly gathered, from the total cattle slaughter of around 12,500,000 to 13,000,000 head, and probably 1,000,000 fallen hides, that we produce cattle hides near 14,000,000, and at 60 pounds average, which is under the average green, and 15 per cent shrinkage in curing leaves 51 pounds per head, total weight cured hides, 714,000,000 pounds, as compared to about 134,000,000 pounds of cattle

hides imported.

If we deduct the 31,000,000 pounds of sole leather exported, and the leather manufactured articles shown in the foregoing tables, it seems certain that so far as cattle hides are used for articles consumed in this country, our production is sufficient for our home consumption. Furthermore, that there is an open market for 55 per cent of butcher hides and all fallen hides, making in all about 40 per cent in hands of the big packers at time skinned, and 60 per cent widely distributed.

IV. The Union Stock Yards, Chicago, have just issued for distribution among the stockmen attending the International Live Stock Exposition, now holding its annual meeting at Chicago, the following

statement:

To stockmen and farmers:

Do you know that 44.7 per cent of the 2,154,690 cattle received at Chicago so far this year have been sold and shipped alive, mainly for eastern slaughter and export? Also, that last year the number was 43.9 per cent and the year before 40.6 per cent, while during several months this year over 50 per cent were sold and shipped alive?

The significance of this increasing percentage of live shipments lies in the

fact of growing competition among buyers on the Chicago market.

Eastern buyers and exporters are constantly on the market, and they look to Chicago as headquarters for supplies, thus furnishing at all times full competition. From 40 to 50 per cent of the total cattle receipts at Chicago are sold on the market for shipment alive, mainly to eastern slaughtering points and to the seaboard for export.

On January 15, 1908, the same company issued and distributed the following card, showing the sale and disposition for a week and the wide range of slaughter:

Just think of it! Outside buyers in a single day buy on the Chicago market and ship out 681 carloads of live stock to 195 different consignees at 150 different points in 9 different States.

As showing the increasing outside competition in buying and wide range of distribution of live stock sold on the Chicago market, the following reports of

the past week's shipments are quoted:

Monday, out of 2.515 carloads received, outside buyers bought and shipped out 681 carloads of live stock to 195 different consignees at 150 different points in 9 different States. Fourteen consignees shipped 322 cars, while 181 consignees shipped 359 cars, and there were more than 100 different shipments of

1 carload each. Monday's cattle shipments totaled 10,475 head, breaking the record for one day. Of these, only 383 head were stockers and feeders.

Wednesday, out of 1,744 cars received, 499 cars were sold and shipped alive to 198 different consignees at 167 different points in 10 different States.

Thursday, 1,100 cars were received, while 420 cars were shipped to 132 different consignees at 78 different points in 16 different States.

During the week there were shipped out 2,306 carloads, or 113,910 head of live stock, of which 1,655 carloads, or 34,839 head (averaging 21 head per

car) were cattle, constituting 48.6 per cent of the receipts.

This week, starting out with active markets, a strong demand from every source, and prospects for good prices, notwithstanding Monday's run of 3,050 cars, or about 136,000 animals, bids fair to exceed the above records.

These figures prove that the outside demand and competition for beef cattle

and all other live stock at Chicago is greater than ever.

Later and in February the same company issued a card containing similar information for one day's business, Monday, February 10, 1908, as follows:

Chicago's enormous live-stock receipts and shipments create new records.

Run promptly absorbed.

Monday, February 10, 1908, the Chicago Union Stock Yards received 33,501 cattle, 1,303 calves, 87,716 hogs, 26,999 sheep, and 838 horses, or a total of 150,357 animals, in 2,933 cars, breaking the previous record of hog receipts and total number of animals received.

Of the receipts, there were sold and shipped alive mainly to eastern slaughtering points and for export, 10,063 cattle, 28 calves, 21,138 hogs, 6,469 sheep, and 109 horses, or a total of 37,807 animals in 787 cars, breaking all previous records of hog shipments, total number of carloads shipped, and total number

of animals shipped.

The grand total handled by the railroads and the Union Stock Yards and Transit Company on that day was 188,164 animals and 3,720 cars, which is equal to a solid train over 28 miles long, or if ranged in single file would make a solid procession of animals over 200 miles long and require ten days to pass a given point marching constantly at the rate of 20 miles per day. This is something never before equaled. Moreover, all were quickly and easily handled.

Monday's enormous receipts were promptly absorbed at only a slight reduction from the prices of the previous week, practically all being sold on day of Packers got upward of 51,000 hogs, shippers bought close to 25,000, and the remainder were mixed hogs, mostly sold to speculators. Of the 11,000 left over 4,000 were carried over by shippers and 7,000 by speculators, almost

everything being sold.

No other live-stock market in the world could have withstood such an enormous run in proportion without a disastrons break in prices. Yet so great is the demand for meats and live stock of all kinds at Chicago that Tuesday, with full ordinary receipts, hogs sold 5 to 10 cents higher and cattle and sheep about steady, while Wednesday's markets show further advances of 5 to 10 cents in every department.

The above facts demonstrate the value to shippers of Chicago's splendid market facilities, her practically unlimited capacity for handling live stock, and the constant tremendous demand at Chicago for live stock of all kinds at the high-

est average prices.

These statements of figures we have no reason to doubt, and they point to the fact that the stock raiser and farmer get the benefit of whatever competition there is for the entire animal and all parts going to make up its value. eastern buyer gets the hide as well as the animal, and undoubtedly for both when he buys the one, relying upon his expectations to sell the hide as well as

the meat in proportion to its value.

The total cattle marketed at Chicago for 1907 was 3,305,314 head; calves, 421,934 head. Of the cattle thus marketed, there were 377,000 of western range cattle, or 11.4 per cent; the balance came mainly from corn-belt States. committee will find, if it cares to investigate it, that Iowa leads in the total, and that the best cattle are marketed in one, two, and three carload shipments by the farmers from all the corn-belt States, and these furnish a large part of the shipments to eastern slaughtering points.

The contention that the farmer gets no advantage from higher priced hides is absurd in view of these facts, and that the hides are

bought by the tanners from the local butchers. That the price of the hide is an important factor is so well stated in an article written by J. A. Spoor, president of the Union Stock Yards, of Chicago, appearing in the Live Stock World of January 1, headed "Live Stock Trade of 1907," that we copy as follows:

No. 1 packer's heavy native steer hides made a decline from  $16\frac{1}{4}$  to  $16\frac{1}{2}$  cents in January, to  $11\frac{1}{2}$  to  $11\frac{3}{4}$  cents in December, or more than 28 per cent, making a difference in this item alone of nearly \$4 per head in the returns from medium to prime native steers, while packer's prime tallow declined from  $6\frac{3}{4}$  to 7 cents in January to  $5\frac{1}{2}$  to  $5\frac{3}{4}$  cents in December, or over 18 per cent, making a further difference in returns of about \$1 per head, with the decline still greater on the poorer classes of hides and cheaper grades of tallow, and there was a similar decrease of values for all other by-products.

It is a matter of common knowledge among stockmen that there was a serious decline in prices of cattle during 1907, concurrent with the decline in hides. This decline was substantially similar at all markets. Of course there are a multitude of conditions which affect the price, and always present the effort of buyers to purchase at as low a figure as they can secure. When the supply is great the buyer dominates the market, and when the supply is less that power is less. That applies to the animal as a whole, and necessarily to every part of it which competitive buyers can use; certainly to the hide, because there is no special expensive equipment essential to taking care of the hide and a ready market for them to the tanners. Aside from calves, the claim that the packers handle, on the average, the heavy hides and other slaughters, the lighter hides has little, if any, foundation, when it is remembered that they furnish the only market for canners on which the hide weight is much below the average.

V. The controversy mainly arises on the demand of manufacturers of shoes, and tanners, that hides be placed on the free list, which is one of the plans advocated looking to a reduction in cost of leather. If the stock raiser and farmer must suffer for this reason, just let it go round, then the protective system will go down altogether.

Under the present law the tariff on cattle, hides (dry, salted, or pickled), is 15 per cent ad valorem, provided that upon all leather exported made from imported hides there should be allowed a draw-back equal to the amount of the duty paid on said hides, etc. (See item 437, effective July 24, 1897.) On leather there is an ad valorem duty of 20 per cent, with the exception of certain sorts of leather not necessary to specify. On shoes and boots there is an ad valorem duty of 25 per cent. (See item 438.)

The proposition which is made by the above-named associations is that the duty on hides be not reduced, because the duty is very small, and they are as much entitled to it as anybody also.

and they are as much entitled to it as anybody else.

The contention on the part of the manufacturers is that the tariff should be taken off hides on the theory that they want "free raw material." Hides are as much the product of labor and skill as anything else, hence can not be called raw material. The "free raw material" argument has for its major premise the denial of the right of protection to the producer of such articles as some one else wishes to prepare for market or manufacture in some other form, and to have and demand a protective tariff on what in turn he produces for sale sufficient to put the outside competitors practically out of business. The manufacturer in such a case asserts with great vehemence the correctness of the principles of protection that he desires to apply in

such matters as to best subserve his own purpose, regardless of the effect it may have on others, indeed denying the same sort of rights to the farmer and stock raiser. As part of the plan he insists not only for the protective tariff on what he produces, but for the articles which he wishes to use in his business; he wants to buy in the markets of the world without having to pay any import duty, and to force the farmer and stock raiser to meet that competition. That is, that he be accorded the protection in order that he may increase his business, or the price, and that others equally meritorious as citizens of the country shall be denied the same privilege in order that he may profit.

He says it costs him more for labor and materials than his foreign competitor, overlooking the fact that the farmer and stock raiser is

in the same boat.

The claim that no labor or investment is required to produce a hide is quite as applicable to tallow and meat. It takes three years to mature a 3-year-old steer, and where land is exclusively devoted to grazing an investment of an average of \$50 in land, and constant care and attention. The investment in the property on which to raise cattle and feed them is enormous, and the investment in farm value of cattle alone is many times greater than all the leather and

shoe business of the country.

As applied to commodities of prime necessity which are not produced in this country, and as to which the stimulation of reasonable protection will not induce any considerable production, it may be, and as a rule probably is, best where the protective system is adopted as a policy of government to admit such articles free of duty in order that they may be manufactured and the finished product supplied to the trade without being burdened with the import duty. such an instance we are concerned only in the use, manufacture, or trade of the article so imported free of duty, and we are not concerned in the producers of the article, and hence under no obligation to protect his interest as a producer. The case is entirely different when an article of commerce is a matter of extensive and general production in this country, where great numbers of people must suffer loss by being compelled to meet the price at which it might be imported free, when the cost of production in this country is greater than it is in countries from which such products would be drawn if imported free of duty.

In the case of hides, it is perfectly plain that if they are to be put upon the free list, then we must undertake to sell hides in all of the markets of the world in competition with those produced everywhere else, and that regardless of the circumstances of the cost of production. We must be robbed of our home market to seek one elsewhere so long, at least, as the markets in other portions of the country are better. The absurdity of the proposition as applied to hides of cattle so extensively produced in every State in the Union needs no argument to support it if the principle of protection is to be applied at all, and if when applied it is to be done fairly to all interests and not as mere favoritism, and by protective system we do not mean merely

on leather products, but on all the farmer buys.

Perhaps the strongest objection to the protective system is that in its practical application it builds up an individual or a business or a class of individuals and their business by giving them an advantage over producers in foreign countries or the importers from foreign countries, which advantage must be paid for to the extent to which it may exist by the public of this country as consumers of the articles thus protected, and in this way the localities where the business which is protected exists is favored to that extent as may be business incidentally or directly connected with such protected industries, to the detriment of the other part of the country. The principles of government recognized in this country are that no special interests shall be subserved by law, and it ought not to be the intention, therefore, of the protective tariff to subserve a special interest. The object is to subserve the best interest of the entire country, and we may assume that the people of this country have decided correctly that that can be best done by a protective tariff, but at the same time they have not meant to decide that a protective tariff shall be applied with partiality and one large and meritorious class of people be deprived of it in order that some others may reap a greater profit in their business; and this is the very use to which the manufacturer here seeks to make

by his demand for free hides and free wool.

The point at which the people suffer in such a case is that they pay a higher price for the protected article because there is a duty upon This may not be the case in all instances, but as a general proposition it can scarcely be denied. We may assume that the public has decided that it is best for the people as a whole that they should pay a higher price, if by doing so great industries are built up in this country, by protection from outside competition, laborers employed, and the manufacturer and laborer in turn becoming the customer for that which is produced in other spheres of industry. The theory is that if a factory can run, pay good wages, and supply the trade by furnishing a market for the farmer, and that although the farmer may have to pay a higher price for the manufactured article, he is thereby furnished a market for what he grows and gets a better market for it, and in the end is more benefited than damaged. That is to say, the great home market is built up. The ability of the people in this country as consumers to afford a market for the production of this country is wonderfully enhanced by the fact that we manufacture at home what we need and that we can better afford to pay more for it.

This is the backbone of the argument in support of the protective system, which means higher price on manufactured articles than would exist could we go into the markets of the world and import

them free of duty.

Now, let us apply this argument to the cost of the production of hides. If the principle is good in the one case, it is good in the other, and it is plain to be seen that the producer of hides is as much entitled to a protective tariff on hides in order to enable him to get a higher price for the hides than otherwise he would get, and thus stimulate the production and make him better able to buy manufactured articles, as is the manufacturer. The right to equal protection of the law entitles the stock raiser and farmer to the benefit of a protective tariff on hides or wool, so long as it exists on the things which he buys, and the opportunity at least to benefit by it, precisely in the same manner and for the same purpose that the manufacturer is entitled to it can not be fairly denied.

Much has been said about benefit that the farmer derives from protection, but the instances are very rare where he derives a direct benefit from the duty on the articles which he produces. The benefit is said to arise from the general application of the protective tariff in that it affords him a better market wherever he can be protected, in order to enable him to get a better market and a better price. But on what principle can he be denied the same protection on his products, so that he in turn may become a better customer of the producer or manufacturer, and thus make a better market for the latter?

On what principle can it be asserted that the producer of sugar is entitled to a protective tariff which will not equally apply to the production of hides or the manufacture of leather? The tanner wants free hides; the shoe manufacturer free leather and free hides; both

from selfishness.

The contention that some one between the producer of hides and consumer of leather takes advantage of his ability to monopolize the market on hides and deprive the stock raiser and farmer of the benefit of protection has no place in the argument upon the question as to whether or not the producer of hides is entitled to a protective tariff. If this is a monopoly against the hide producers, it is the duty of the Government to destroy it and not to destroy the producer of hides. If there is to be established the principle that wherever the producer of an article protected is deprived of the benefit of the protection by monopoly, and on that ground the product is admitted free of duty, the law will have placed a premium on monopoly, which it should destroy. It simply enables the monopoly to buy cheaper. Suppose, for example, the duty should be taken off the hides, and they should be bought in foreign countries and laid down in this country 15 per cent less than the present value of hides, who would get the benefit of it, if such monopoly exists as is asserted? The place at which to begin in point of law to meet conditions that may be thus produced by monopoly is not by taking the tariffs off so-called raw materials produced by the farmers and stock raisers of this country, who do not create monopolies, but to take the tariff off the manufactured articles, so that the consumer will get the benefit in the end. If the producers of leather in this country have sufficient control of the hide market that they can name the price at which the producer must sell the hides, they can equally be as powerful to name the price of leather made from imported hides.

Now, suppose the tariff were taken off the hides and they are permitted to go into the markets of the world and buy them as cheap or cheaper than they do in this country. Can anyone give any assurance that the price of leather will decline on that account? And suppose the price of leather does decline—who can vouchsafe that the manufacturers of shoes will sell them cheaper because of the lower price of leather? The fact is that neither the price of leather nor

shoes has fluctuated with the price of hides.

It will be interesting to compare the price of hides, leather, and shoes at stated periods during each year for several years past. It will doubtless be found that the relative price of shoes was in the main not apparently affected by the price of leather or the price of hides.

From two-thirds to three-fourths of all the beef cattle produced in the United States come from west of the Mississippi River, and necessarily the hides are produced in that section. To say that the value of the animal is not affected by the value of the hide is equivalent to saying that it was not affected by the value of the wool nor the quality, character, or value of the meat. We might admit that under some circumstances the owner of the animal may not be able to get as much as it is worth compared with what the consumer finally pays for the finished and prepared product, but that does not mean that the value of the animal is not affected by an absolute higher or lower price of some material part of it. The question is, Shall the law declare that the producer of these great articles of trade shall be deprived of the benefit of protection for the same purpose which the manufacturer has it, upon the mere assertion of some one who perhaps knows nothing about it, that the value of the animal is not to be affected by the tariff on hides or on wool? A false assertion made for profit.

Equality of opportunity is a maxim of the law, and it lies in no man's mouth to say that a certain class shall not have it because of the assertion that it can not make use of it. It certainly can not if

the law denies the right.

Undeniably the prosperity of the live-stock business in cattle, sheep, and hogs in the country west of the Mississippi River has made the upbuilding of that vast area possible, and has added commercially to the prosperity of the whole country. It is to that source which the manufacturers of the East must look to sell their products, and if the people of that great section are to be impoverished in order that profits may be still greater for the manufacturer in the East, or for any other reason, it will be a perversion of the professed principles underlying the protective tariff system. In only a few articles can they possibly directly benefit by protection. Shall it be denied on those?

It may be said that the motive on the part of the stock raisers and producers of hides and wool is for a protective tariff in order to profit by it; that is true. Why not? Surely no less can be said of the motive of those who seek to put hides and wool on the free list. If these articles should be put on the free list in order that the manufacturers may prosper to a greater extent than now by being able to seek a cheaper source of supply, why should not the farmer likewise be entitled to go abroad to buy his supplies, because to do so he may

prosper more than now?

Millions of people are engaged in producing animals, hides, and wool. Shall they be sacrificed, and the manufacturers of those products, far less in number, be given a special privilege, on the mere assertion that to do so will reduce the price of shoes or clothes to the consumer? Cast up and see who is making the most profit. The manufacturer has no notion of reducing the price; his motive lies in getting the more profit from the man who toils to make the so-called raw material, and to buy the manufacturer's goods. He is not in business for benevolence. He haunts the halls of Congress and the hotel lobbies at Washington, while the farmer herds and feeds his stock, and tills the land and supports his family, for whom he buys the clothes and shoes from which the manufacturer profits. The manufacturer looks after making the laws in person, the farmer and stock raiser must leave it to his representative. What will be the result?

### VI.

The live stock interests which are represented desire to call specific attention of the Ways and Means Committee to the importance of this industry to the prosperity of the nation, and that its trade should be fostered in every way to the end of the best market at home and abroad, and we here copy an extract from the pamphlet issued by the Agricultural Department Bureau of Statistics, Bulletin No. 55, as follows:

### IMPORTANCE OF THE MEAT INDUSTRY.

With a meat export in 1900 amounting to one-eighth of the production, the growing of meat animals and the manufacture of the products derived from their slaughter are largely dependent upon the export trade, and the foreign marketing is essential to the maintenance of the present magnitude of the meat industry and of prices

profitable to the farmer.

Although this is a country of meat eaters, with a total population estimated by the Bureau of the Census at \$4,000,000 in 1906, the surplus of meat produced in 1900, as estimated in the preparation of this bulletin, was large enough to feed either the United Kingdom or the German Empire for nearly half a year, or both for nearly three months; the population of those two countries in 1901 was 98,000,000, as compared with a population of 76,000,000 in this country the year before.

If such an immense quantity of surplus meat food were to be confined within this country by the refusal of foreign countries to buy it, there would follow consequences to farmer, rangeman, slaughterer,

and packer which would be financially disastrous.

In the valuation of all domestic animals in the census of 1900 the kind of meat animals having the highest value in the aggregate was cattle. The value of all cattle on farms and ranges and off farms and ranges in cities, villages, and elsewhere, was \$1,500,000,000, about one-third of which is the value given to dairy cows and two-thirds to other cattle. Swine occupy second place in order of value, but much below the total for cattle, the figures given being \$239,000,000. Sheep have third place with \$171,000,000, and goats have the small place indicated by \$3,400,000. A grand total value of all meat animals on and off farms and ranges, according to the census, was \$1,929,000,000.

The latest annual estimate of the value of meat animals on farms and ranges made by the Bureau of Statistics of the Department of Agriculture, January 1, 1907, gives to dairy cows the value of \$645,500,000, or an increase of \$137,000,000 over 1900. The decreased total value given to other cattle, although the value is larger per head, somewhat offsets the increase for dairy cows, since the loss in other cattle is \$85,000,000 from the value of 1900. The estimate for sheep for 1907 indicates an increase of \$34,000,000 in value above the census statement, and for swine an increase of \$186,000,000; there is no estimate for goats, which, for present purposes, may be regarded as having the 1900 census value.

Meat animals on farms and ranges January 1, 1907, increased in value in the aggregate \$272,000,000 above the census amount of June 1, 1900, and rose to a total value of \$2,152,000,000. The estimates of this department are for January 1, a time of the year when the num-

ber of swine and sheep is about one-fifth less than that on June 1, which is the census date, and the number of cattle is less in midwinter than on June 1. Hence, if the department's statements for January 1 were raised to a basis of June 1, the foregoing values for 1907 would be increased.

### OTHER ITEMS OF CAPITAL.

Not only are the prices of meat animals directly affected by the marketing of the national surplus of meat, but likewise the value of the farms and ranges on which they are raised. While nearly all farms maintain at least one meat animal, the farms and ranges devoted especially to the production of live stock are the ones more directly affected.

The value of live-stock farms and ranges was estimated by the Bureau of Statistics of the Department of Agriculture in 1905 to be \$7,951,000,000, by adding to the census valuation the increase of the succeeding five years. Some horse and mule farms are unavoidably

included.

To the value of meat animals and of live-stock farms and ranges should be added the value of implements and machinery on such farms

and ranges, or \$235,500,000.

Then there is a large amount of capital invested in wholesale slaughtering, meat packing, lard refining, and oleomargarine establishments which was determined by the Bureau of the Census to be \$238,000,000 in 1904.

The sum of the foregoing items of capital directly affected by the export of the national surplus of meat is \$10,625,000,000 and this capital is directly dependent upon such disposal for its profitable use and,

indeed, for the integrity of the investment.

In addition to the capital concerned there are annual productions that should be noted. Upon the basis of census values the farm value of the cattle, sheep, and swine slaughtered and exported alive in 1900 was \$649,417,340. This is a computed value and may be above or below the fact for 1900; but whatever the true value was for that year, it was much larger for 1906, with its high values and large exports as well as perhaps increased home consumption.

The great annual corn crop of the country, having a value of \$1.167,000,000 in 1906, is very largely converted into meat, fats, and oils, and a large fraction of this crop is exported in the form of the

commodities mentioned.

Table 2.—Capital directly affected by exports of surplus meat.

Item,	Value.
Value of domestic meat animals on farms and ranges, January 1, 1907. Value of domestic meat animals not on farms and ranges, June 1, 1900 Value of live-stock farms and ranges, 1905, autumn Value of implements and machinery on live-stock farms and ranges, June 1, 1900 Capital of wholesale slaughtering, meat-packing, lard-refining, and oleomargarine establishments, 1904.	7, 950, 919, 310
Total	10, 625, 059, 283

### COMPARISON WITH OTHER INVESTMENTS.

Better to understand the magnitude of the interests involved in the maintenance of meat exports, comparisons may be made with other aggregates of capital and classes of wealth. The capital directly related to meat production for export, \$10,625,000,000, is five-sixths as large as all capital invested in manufacturing in 1904. It is barely under the figures representing the capitalization of the net earnings of steam railroads, estimated by the Bureau of the Census, June 1, 1904; it is a little greater than the estimated true value of all property situated in the South Central division of States in 1904, as also of all property situated in the Rocky Mountain and Pacific regions. It is more than one billion dollars above the value of the real estate and of the implements and machinery of farms devoted chiefly to producing cotton, hay, and grain; or the estimated true value of all property situated in New England in 1904; or the estimated true value of the entire real estate of the South in 1904. It is nearly twice the value of the real estate and of the implements and machinery of farms devoted chiefly to producing cotton, fruit, rice, sugar, tobacco, vegetables, and to general farming; or more than twice the estimated true value of street railways, shipping, waterworks, telegraph and telephone systems, electric light and power stations, Pullman and private cars, and canals in 1904.

Table 3.—Meat capital compared with other capital and classes of wealth.

Item.	Value,
Capital directly related to meat production for export Capital invested in manufacturing, 1904.	\$10, 625, 059, 283 12 686, 265, 673
Capitalization of net earnings of steam railroads, June 1, 1904.	11, 244, 752, 000
Value of real estate (1905, autumn) and of implements and machinery (1900) of furms devoted chiefly to producing cotton, hay, and grain	9, 074, 168, 745
Value of real estate (1905. autumn) and of implements and machinery (1900) of farms devoted chiefly to producing cotton, fruit, rice, sugar, tobacco, vegetables, and to	
general farming (including small specialties)	5, 792, 314, 927
phone systems, electric-light and power stations, Pullman and private cars, and	
canals (1904)	4, 480, 546, 909
sions, 1904	9, 505, 995, 304
Estimated true value of all property situated in New England, 1904	8, 823, 325, 592 10, 052, 467, 528
Estimated true value of all property situated in the Western division (Rocky Moun-	
tain and Pacific regions), 1904	9, 992, 581, 271

Under the heading "Stock of Meat Animals"—" Number in the

World," same Bulletin, it is stated:

It appears that contiguous United States has 74,200,000 cattle of the 424,500,000 cattle known to be in the world, or 17.5 per cent. British India has a larger fraction, or 20.9 per cent, but the fraction is smaller than that of the United States in every other country—one-half or less.

This country does not figure so largely in comparison with the total sheep, since the number in contiguous United States is but 53,500,000 of the 609,800,000 sheep, or 8.8 per cent. This fraction is exceeded by that of three countries. Argentina has 19.7 per cent of the world's sheep as far as known; Australia has 12.2 per cent; and European Russia 9.7 per cent.

The greatest prominence of this country in the possession of a meat animal is found in the number of swine. Of the world's 141,-300,000 known swine, the United States has 56,600,000, or 40.1 per

cent; Germany is the second country in order of importance, with 13.4 per cent; Austria-Hungary follows with 9 per cent; and European Russia with 8.4 per cent.

In the possession of goats this country occupies a small place, since the number on and off farms and ranges is only 2.2 per cent of

the world's goats as far as known.

The ages of cattle slaughtered is shown in Table 20, of same Bulletin (1900).

Table 20.—Computation of slaughtered cattle, except calves, 1900.

. Item.	Per cent.	Number.
Total slaughtered (see Table 19)	100	12, 978, 000
Steers, 1 and under 2 years. Steers, 2 and under 3 years. Steers, 3 years and over.	13 18 17	1,687,000 2,336,000 2,206,000
Total steers	48	6, 229, 000
Bulls, 1 year and over Heifers, 1 and under 2 year. Cows	13	649,000 1,687,000 4,413,000

As to slaughter of cattle and calves this bulletin shows as follows:

### CALVES AND CATTLE.

On referring to Table 23 it will be observed that the computations previously explained in detail indicate an available slaughter of 5,831,000 calves in 1900, of 6,229,000 steers, of 649,000 bulls over 1 year old, of 1,687,000 heifers, and of 4,413,000 cows. The number of cattle available for slaughter, not including calves, was 12,978,000, of which 240,000 were exported alive, so that the cattle, except calves, slaughtered in this country was 12,738,000. If to this number the slaughtered calves be added, the total slaughter of cattle was 18,569,000; and, if to this number we add the number exported alive, we have a grand total of 18,809,000.

The total cattle received at stock yards at 54 points in the United States where packing plants are located was 13,777,196; shipments out, 6,187,004; calves, receipts, 1,826,552; shipments out, 421,570.

(See 22d Annual Rept., Bureau of Animal Industry, p. 292.)
(For range in prices of cattle from 1894 to 1905, see pp. 286, 287.)
Upon request for the information the Bureau of Animal Industry has furnished us a statement of the hide supply of the United States as follows:

The estimated total slaughter of cattle in the United States in 1900 was about 11.500,000 head, besides 5,000,000 calves, and presumably those respective numbers of cattle hides and calfskins were produced in that year. As the foregoing figures are based upon the estimate of the total number of cattle on hand in the United States January 1, 1900, of 63,500,000 cattle, including calves, and as the estimated number January 1, 1908, was 71,267,000, it is roughly estimated that the hide production in 1907 was about 13,000,000 cattle hides and 5,500,000 calfskins. The total number of animals slaughtered under federal meat inspection during the fiscal year ending June 30, 1908, was 53,973,337, consisting of 7,116,275 cattle, 1,995,487 calves, 9,702,545 sheep, 35,113,077 swine, and 45,953 goats.

Thus there appears slaughtered approximately 1 cattle hide to each 6 persons, and 1 calf hide to each 15 persons.

### VII.

### STATISTICAL REPORT.

CENSUS OF MANUFACTURERS, 1905—DEPARTMENT OF COMMERCE AND LABOR.

### LEATHER AND MANUFACTURES OF LEATHER.

Table 7 shows for 1905 the number of establishments reporting the different kinds of materials, with the quantity and cost of each kind of material used; the cost of linings and trimmings and findings, and the amount paid for fuel, rent of power and heat, mill supplies,

freight, and all other materials.

The number of establishments given in this table is not the number of distinct establishments, but the number reporting the different classes of materials. Consequently some establishments are counted several times. The number using purchased cut soles, counter, taps, heels, etc., was the largest, 908; of these establishments, 419 used these materials to the exclusion of uncut sole leather. The number using sole leather in the side was 678; of these, 162 did not use cut soles, etc., or heads, bellies, and shoulders. The latter class of materials was used by 425 establishments, but in only 26 exclusively.

Table 7.—Materials used, by kind, quantity, and cost, and number of establishments reporting each kind, 1905.

Kind.	Number of establish- ments reporting.	Unit of measure.	Quantity.	Cost of ma- terials used.
Materials used, total cost				\$197, 363, 495
Sole leather in the side Sole leather (heads, bellies, shoulders, etc.). Split leather, finished. Rolled splits Calf and kip skins Grain and other side leather. Calfskins (russet, ooze, kangaroo, dongola calf, etc.). Patent and enamel leather Goatskins Sheep leather used for uppers All other upper leather. Material other than leather used for uppers. Linings and trimmings, all kinds. Cut soles, counters, taps, heels, etc., purchased. Findings, purchased. Findings, purchased. Fuel, rent and power and heat, mill supplies, freight, and all other materials.	425 157 89 232 399 592 692 759 453 459 210	dododododododododododo	42, 510, 899 10, 749, 526 3, 890, 791 4, 240, 190 89, 610, 877 91, 290, 110 47, 720, 221 197, 044, 004 36, 473, 154 73, 012, 064	24, 143, 824 13, 080, 280

Calfskins (russet, ooze, kangaroo, dongola calf, etc.), were used by 592 establishments, of which 313 did not use calf and kip skins. Calf and kip skins were used by 232 establishments, but only 38 used them exclusively. Of 157 establishments using split leather, finished, 86 did not use rolled splits; and of 89 using rolled splits, only 6 did not use split leather, finished.

There are two principal classes of leather used in the manufacture of boots and shoes: leather from which soles, counters, taps, heels, etc., are made, known as sole leather, and leather from which vamps,

quarters, etc., are made, known as upper leather.

The cost of sole leather in the side, heads, bellies, shoulders, etc., as reported at the census of 1905 was \$44,235.050. This amount, added to the \$24,143,824 paid for cut soles counters, taps, heels, etc., purchased, makes the expenditure for sole leather \$68,378,874, or 34.6 per cent, of the total cost of materials.

Upper leather cost \$91,552,459, or 46.4 per cent of the total cost of materials, and all upper material, including material other than leather, \$93,508,605, or 47.4 per cent; linings, trimmings, and findings, \$23,641,647, or 12 per cent; and fuel, rent of power and heat, mill supplies, freight, and all other materials, \$11,834,369, or 6 per

·cent.

Of upper leather, goatskin was the most largely reported in 1905. As a result of the success attending the tanning of such skins by the "chrome" process there has been put on the market a glazed kid that gives the greatest satisfaction to manufacturers. Its cost was 32.2 per cent of the cost of all upper leather. Calfskin, patent and enamel and grain leather were also used to a considerable extent, but sheep and split leather were used in comparatively small quantities. A large amount is included under "all upper leather," mainly because of the inability of some manufacturers to segregate the kinds and quantities of leather purchased. "Materials other than leather used for uppers" was separately considered at this census for the first time, and 210 establishments reported an expenditure of \$1,956,146 for such materials.

Table 8 shows the number of establishments reporting the different kinds of products and the quantity and value of each kind for 1900 and 1905. The number of establishments is the number reporting the various kinds of products and not the number of distinct establishments. Therefore some establishments are included several times.

Table 8.—Products, by kind, quantity, and value, with number of establishments reporting each kind, and per eent of increase: 1905 and 1900.

Kind.		ber of hments rting.	Va	Per cent of in-	
	1905.	1900.	1905.	1900.	crease.
Products, total value boots, shoes, and slippers. Total number of pairs. Total value.  Men's boots and shoes. Number of pairs. Value Boys' and youths' boots and shoes. Number of pairs. Value. Women's boots and shoes Number of pairs. Value Misses' and children's boots and shoes. Number of pairs Value Men's, boys', and youths' slippers. Number of pairs Value Women's misses', and children's slippers. Number of pairs Value Women's, misses', and children's slippers. Number of pairs	483 299 464 377 103	560 388 588 551 135	\$320, 107, 458 242, 110, 085 \$315, 987, 387 83, 434, 322 \$142, 038, 632 21, 717, 236 \$24, 301, 298 69, 470, 876 \$98, 262, 016 41, 416, 967 \$34, 056, 919 4, 403, 097 \$3, 464, 561 13, 115, 194 \$10, 532, 271	\$258, 969, 580 217, 965, 419 \$255, 720, 266 67, 742, 839 \$108, 105, 938 21, 030, 479 \$20, 739, 297 64, 972, 653 \$81, 804, 303 41, 843, 202 \$30, 094, 611 4, 446, 965 \$2, 800, 213 12, 645, 876 \$10, 134, 393	23.6 11.1 23.6 23.2 31.4 3.3 17.2 6.9 20.1 11.0 23.7 3.7 3.7
All other kinds.  Number of pairs. Value All other products. Amount received for work done for others.	157	126	8, 552, 343 \$3, 331, 690 \$3, 327, 955	5, 283, 405 \$2, 041, 511 \$2, 175, 738	61.9 63.2 53.0
	89	J48	\$792,116	\$1,073,576	126.2

The reports in 1905 showed that 24,144,616 more pairs of boots, shoes, and slippers were made in the United States than in 1900, a gain of 11.1 per cent; the value increased \$60,267,121, or 23.6 per cent. The greatest increase was in the manufacture of men's boots and shoes, the increase being 15,691,483 pairs, or 23.2 per cent, and \$33.932,694 in value, or 31.4 per cent. Boys' and youths' shoes increased but 686,757 pairs, or 3.3 per cent, while the value increased \$3,562,001, or 17.2 per cent. The number of pairs of women's shoes manufactured increased 4,498,223, or 6.9 per cent, and the value \$16,457,713, or 20.1 per cent. There was a decrease in number of misses' and children's shoes manufactured of 426,235 pairs, or 1 per cent, but an increase in value of \$3,962,308, or 13.2 per cent. manufacture of slippers was increased to the extent of 425,450 pairs, or 2.5 per cent, and \$1,062.226 in value, or 8.2 per cent. For "all other kinds," which includes infants' shoes, moccasins, athletic, and bathing shoes, etc., an increase of 3,268,938 pairs, or 61.9 per cent, and \$1,290,179 in value, or 63.2 per cent, is shown. Instances of decreases and small increases in quantity which appear in the table are attributed to slight changes in classification, which resulted in swelling the total of "all other kinds" in 1905, thus causing the large increase in that item.

It is plain from the foregoing that the amount of cattle leather in shoes is so small per pair that the difference in cost of shoes per pair on the average is so small that the consumer will not get any of it.

If we take the total leather, a pair of heavy shoes at 3 pounds, which is above the average, and assume that cured hides make an average of 63 per cent leather and is worth 11 cents per pound for the hide, the weight of hide would be 4.8 pounds at 11 cents, equal 52.8 cents, duty 15 per cent, equal 7.9 cents, or 2.64 cents per pound of cattle hide in a pair of shoes.

Now, the per cent of heavy shoes to the total is very small, and considering the per cent of sole leather used, and the fact that it will probably run as low as one-half pound, and average for all shoes probably 13 pounds, it will be seen that the average difference in

the cost of shoes per pair will not be more than 3 or 4 cents.

This seems to be borne out by the evidence before the committee. Now, look at the fluctuations in the price of hides and leather for ten years of the tariff, and observe that every year, for the entire period, cattle hides fluctuated in price between the high and low levels, 15 per cent or more, and leather from 6 to 10 per cent or more, not apparently with the price of hides, and it will at once be seen that it would be impossible for the shoe manufacturer of shoes and leather to take care of this 3 or 4 cents per pair of shoes. What those fluctuations would have been with free hides there would be no way of telling.

The price of leather to the shoe manufacturer must be high enough to take care of the fluctuations in hides and leather, and the shoe manufacturer must put his price high enough to take care of the fluctuations in leather, which would swallow up the 3 or 4 cents. And this, assuming an active competition in both shoe and leather manufactures, which is doubtless more imaginary than real, so far as price to the consumer is concerned. Then comes the fluctuation in shoes sold to the retailer, which he takes care of in his retail selling price, even where not a dictated price fixed by the manufacturer.

Puzzle: Find the 3 or 4 cents.

Key to the puzzle: Don't look for it in the pocket of the consumer. Hence the sophistry of the argument that the 15 per cent on hides

affects the price of shoes to the consumer.

Stock raisers and farmers think it worth an average of about \$1 per head in the intrinsic value of their cattle, and that when the stock raiser of South America brings his hides here for sale this tax of 15 per cent is reasonable, and that it doesn't cost the consumer of shoes a cent. They want equality before the law, and pray this committee to leave the duty on cattle hides in order that the product of our farms have the benefit of the home market.

[Taken from statistical abstract, Commerce and Labor, for 1907.]

77	Milel	h cows.	Other	r cattle.	Total	m 1	
Year.	Number.	Value.	Number. Value.		number.	Total value.	
1897	15, 941, 727 16, 833, 657 19, 793, 866 21, 194, 000	\$369, 239, 993 505, 093, 077 582, 788, 592 650, 057, 000	30, 508, 408 45, 500, 213 47, 067, 656 50, 073, 000	\$507, 929, 421 906, 644, 003 746, 171, 709 845, 938, 000	46, 450, 135 62, 333, 870 66, 861, 522 71, 267, 000	\$8,771,691,414 1,411,737,080 1,328,960,301 1,495,995,000	

Does not this show that we can produce very nearly, if not quite, all the cattle hides needed for home consumption?

Respectfully submitted.

THE AMERICAN NATIONAL LIVE STOCK ASSOCIATION,
Office, Denver. Colo.

H. A. Jastro, President, Bakersfield, Cal.

THE CATTLE RAISERS' ASSOCIATION OF TEXAS,

Office, Fort Worth, Tex.

IKE T. PRYOR, President.

S. H. COWAN,

Attorney for the Association, Fort Worth, Tex.

### HON. ROBERT L. TAYLOR, SENATOR, SUBMITS LETTER OF THE GRAY & DUDLEY HARDWARE COMPANY ON HIDES.

Nashville, U. S. A., December 5, 1908.

Hon. Robert L. Taylor, Nashville, Tenn.

DEAR SENATOR: We wish to call your attention to the fact that an effort is now being made to have the tariff of 15 per cent on hides removed.

The Wholesale Saddlery Association of America, of which we are members, and of which the writer is vice-president for Tennessee, is very much in favor of having this tariff taken off on hides, and have passed resolutions in their convention to that effect.

HIDES. 6979

We believe it is to the interest of the leather dealers, harness and saddlery manufacturers in this country to have this done, and we trust you will use your influence to bring it about.

Thanking you in advance, and with kindest regards, we remain,

Yours, sincerely,

Gray & Dudley Hardware Company, J. M. Gray, Jr., Vice-President.

(Communications similar in purport to the above, asking for the removal of the duty from hides, were received from the following: Jamestown Lounge Company, Jamestown, N. Y.; The American Oak Leather Company, Cincinnati, Ohio; Thomas Madden, Sons & Co., Indianapolis, Ind.)

### MILTON S. FLORSHEIM, CHICAGO, ILL., WRITES RELATIVE TO THE DUTIES ON HIDES AND SHOES.

CHICAGO, ILL., December 7, 1908.

Hon. HENRY S. BOUTELL,

Member of Congress, Washington, D. C.

DEAR SIR: I inclose clipping taken from the Chicago Daily News

of Saturday, December 5.

Should you or the Ways and Means Committee desire any further information at any time regarding the effect of the duty on hides, on leather or shoes, the writer will be pleased to obtain same for you and place it before you, either in person or by correspondence, as you may prefer.

Should you conclude to take the duty entirely off of shoes it might be well to investigate the advisability of lowering the schedule on those articles which must be used in making a pair of shoes; i. e., thread, shellac, et al., but by leaving the duty on shoes at a nominal figure, 5 to 10 per cent, it would be unnecessary to touch the present schedules on those articles unless your committee should deem it advisable for the general welfare of the public.

I want my position in politics understood. I am a lifelong Republican, have uniformly voted the Republican ticket, and am a staunch believer in the principles of protection, particularly where the ele-

ment of labor enters largely into the cost of an article.

In considering the shoe and leather schedule it must be remembered aside from the manufacturer of shoes, the item of labor is of no par-

ticular consequence.

The discontinuance of the duty on hides would not affect labor, nor would the reduction in the schedule by putting leather on the free list affect the price of labor. The gross cost of labor in a pound of sole leather is about five-eighths of 1 cent to the pound and the average selling price of the leather is about 28 cents per pound.

On upper leather the element of labor is somewhat larger but not

materially so.

Shoe labor is about 27½ per cent of the cost of the entire shoe. Only skilled labor is used in shoe factories; it is well remunerated and as far as my knowledge of wages goes it is the best paid labor employed in manufacturing, and producing a staple product.

The shoe factory capacity of the United States is in excess of the demand; i. e., the average shoe factory runs between eight and nine months per year. Through increased exports our shoe factories would be enabled to run eleven to twelve months per year.

There are 140,000 operatives employed in shoe factories in this country. What a boon to this number of employees if they could be

employed continuously at good wages.

Increased production by the shoe factories would require increased production by the tanners, thereby employing more labor in that industry.

Very respectfully, yours,

THE FLORSHEIM SHOE COMPANY, By MILTON S. FLORSHEIM, President.

Chicago Daily News, December 5, 1908.1

LONDON, December 5.

Fearful lest the United States Congress accede to the demands of the American shoe manufacturers and abolish the duty on leather imported from England, the British bootmakers have decided to hold a meeting for the discussion of measures which it will be necessary for them to take in consequence. It is frankly admitted by several of the most important men in the trade that if the proposed abolition of the duty take place and no defensive protective step be taken the entire market here will be at the mercy of the Americans.

#### ENGLISH ARE APPREHENSIVE.

These exact words were used in conversation with the Daily News correspondent by one of the leading manufacturers, who continued:

We may as well be frank and say that the shock which the Americans gave us seven or eight years ago was as nothing compared with what they will be able to do if they get free of duty our English leather, which is the best in the world. American workmanship plus our leather means the perfection of boot manufacture. Against such a combine we shall be able to do nothing. Still, the Americans have taught us so much in regard to boot manufacture that we may be able to devise some effective fighting tactics by which to save our trade.

According to another manufacturer the Americans, if they gain their object, will be able to put on the British market for 12 shillings and sixpence (\$3) an excellent quality of boots (the American word for the same things is "shoes") which is now selling for 16 shillings and sixpence (\$3.98). At the old price it has sold to such an extent that it has made serious inroads upon every competitor. At the new price it will "sweep them all before it."

#### AMERICAN SOLE LEATHER INFERIOR.

Thus far the only trouble with American boots has been the inferior quality of the sole leather, but, with English leather for the soles, the American boot will become better and cheaper than the best British grade. Wilkins & Co., government contractors, who own factories all over the United Kingdom, assert that American manufac-

turers already have created an artificial scarcity of leather in England by buying up all they could find, and that, as a consequence, prices have increased 10 per cent. Thus the British makers are being hit all around, and, according to Wilkins & Co., there is not a single boot manufacturer in England who would not gladly welcome protection, no matter what effect it might have upon the country at large. A member of this firm said to the Daily News correspondent:

We are now working with American machines and use them nearly as well as the Americans themselves, but with the continued high price of leather it is a case of "We who are about to die salute you."

### DEMAND PROTECTIVE MEASURES.

It will be the object of the manufacturers' meeting to make a strong demand for protective measures against the American product, whether the American duty on leather is taken off or not. The makers here say they have learned from special emissaries that there is hardly any doubt Congress will grant the petition of the American manufacturers.

CHICAGO, ILL., December 7, 1908.

Hon. HENRY S. BOUTELL, M. C.,

Washington. D. C.

DEAR SIR: The statement of Judge Cowan, of Texas, before the Ways and Means Committee, if newspaper comments are correct, shows that he is misinformed as to the effect of the duty on cattle-hides on the price of shoes.

There is no doubt that the elimination of the duty on cattle hides will make the price of all shoes which retail at \$2, \$2.50, \$3, \$3.50, and \$4 cost about 25 cents per pair less than what they now cost.

Answering your question regarding \$8 shoes, I would say it would make but very little difference, as the element of profit of the retailer

enters very largely into the selling price of this shoe.

The packer, not being a philanthropist, would and is doing precisely what others would do in his position, being on a strictly non-competitive basis, does not pay any higher price for his cattle than will induce sufficient shipments to the market to obtain the necessary supplies of beef.

The continuation of this duty on hides is building and fostering an absolute monopoly of the sole-leather business, and will eventually

give the packers absolute control of the shoe business.

This is foreign, I am quite confident, to the purposes of Congress when the statute was enacted putting hides on the tariff list, but this is precisely what it has and will eventually accomplish for the packer.

Very respectfully, yours.

THE FLORSHEIM SHOE COMPANY, By MILTON S. FLORSHEIM, President.

# H. N. HILL, OF THE CLEVELAND (OHIO) TANNING COMPANY, SUBMITS SUPPLEMENTAL STATEMENT RELATIVE TO HIDES AND COSTS OF TANNING.

CLEVELAND, OHIO, December 7, 1908.

WAYS AND MEANS COMMITTEE.

Gentlemen: In addition to my testimony given before your committee, and in answer to the request of your chairman, I beg to submit the following:

In going over my cost records for the period of nine years, commencing July 1, 1899, and ending July 1, 1908, I find as follows:

	Per co	ent.
The average cost of hides is		51
The average cost of all other material		12
Average cost of productive labor and nonproductive labor and expens	e	37
		_
Total		100

Taking the item of productive and nonproductive labor and expense as 37 per cent, 18 per cent, or practically one half, is productive labor and the balance of 19 per cent is nonproductive labor and expense.

Had the cost of hides been 15 per cent less for the period, the proportion of productive labor of the whole amount would have been

increased to 20 per cent of the cost of production.

As wages in this country average at least 25 per cent higher than in other countries, a duty of 5 per cent where we are allowed free trade with other countries would be ample.

In the case of a country like Canada, that had a duty of 25 per cent against us, we believe we are entitled to the same amount of pro-

tection.

Respectfully submitted.

H. N. HILL, Cleveland Tanning Co.

### COL. ALBERT CLARKE, OF BOSTON, FILES STATEMENT AND STATISTICS RELATIVE TO IMPORTATIONS OF HIDES.

DECEMBER 7, 1908.

Hon. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

Washington, D. C.

Sir: In reply to questions by Mr. Calderhead, I submit the following information:

[From Bureau of Statistics, Department of Commerce and Labor.]

Imports during fiscal year 1908:	Pounds.
Hides of cattle	88, 807, 751
Same from Cuba	1, 479, 229
Hides of buffalo	5, 658, 907
Imports during fiscal year 1904	300, 825, 242
Domestic product (929 establishments)	456, 443, 857

HIDES. 6983

This latter is from the 1905 census, and covers only the product of packing and slaughter houses. There is, of course, a considerable product from small establishments and from farms, in addition to this.

Bulletin 55 of the United States Department of Agriculture for the year 1907, page 99, gives the domestic production of the hides of cattle (not including the live cattle exported) at 12,738,000. It gives the imports as 3,130,000, making a total of hides 15,868,000. There was a reexport of 130,000 hides and skins, but the proportions of each are not stated. Deducting the whole, however, there was left for domestic consumption 15,738,000.

The percentage of the import to the domestic consumption (the quantity tanned) was 19.72, or, for ease in stating, practically 20 per

cent.

Inclosed is page 2198 from the Foreign Commerce of the United States for the fiscal year 1908, showing the quantities of hides of cattle imported the last three years and from what countries.

Very truly, yours,

ALBERT CLARKE.

### EXHIBIT A.

	1906.	1907.	1908.
Hides of cattle imported from—	Pounds.	Pounds.	Pounds.
United Kingdom	9,361,161	6,315,581	1,488,144
Belgium	2,273,402	1,372,401	1,446,662
France		10,913,599	7,053,911
Germany	5,171,417	2,861,302	1,330,171
Other Europe	11,708,432	3,753,673	1,763,564
British North America	23,009,013	21,053,456	26,469,885
Mexico	12,467,929	14,709,027	10,821,566
Cuba	1,508,354	3,340,173	1,808,203
Brazil	1,585,821	1,336,364	483,253
Other South America	50,639,703	48,360,905	33,985,197
Chinese Empire	1,851,619	1,713,616	986,135
East Indies	10,140,210	14,681,763	6,860,495
Other eountries	4,764,420	4,259,160	3,856,063
Total	156,155,300	134,671,020	98,353,249

HON. E. B. VREELAND, M. C., SUBMITS RESOLUTION OF THE MANU-FACTURERS' ASSOCIATION OF JAMESTOWN, N. Y., RELATIVE TO REMOVAL OF DUTY FROM HIDES.

Jamestown, N. Y., December 7, 1908.

Hon. E. B. VREELAND,

Salamanca, N. Y.

Dear Sir: At our annual meeting, held December 1, the following resolutions, introduced by F. E. Shearman, were adopted:

Whereas the furniture manufacturers use a great quantity of

Whereas the furniture manufacturers use a great quantity of leather in the manufacture of furniture, all of which leather is manufactured of cattle hides; and

Whereas the duty of 15 per cent imposed upon cattle hides by the Dingley tariff law of 1897 increases materially the price of tanned cattle hides; and Whereas we believe the removal of said tariff on hides will result in the lowering of prices on all articles of furniture on which leather manufactured of cattle hides is used, and thus be of benefit to the

masses of people of the country: Therefore be it

Resolved, That the Manufacturers' Association of Jamestown, N. Y., and its members respectfully ask our Representative in Congress, Hon. E. B. Vreeland, to use his best endeavors to have said duty of 15 per cent on hides abolished.

THE MANUFACTURERS' ASSOCIATION OF JAMESTOWN, N. Y., R. J. BOOTEY, Secretary.

SUPPLEMENTAL BRIEF OF S. H. COWAN FOR AMERICAN NATIONAL LIVE STOCK ASSOCIATION AND CATTLE RAISERS' ASSOCIATION RELATIVE TO HIDES.

Washington, D. C., December 7, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: Mr. Jones, in his brief for the National Boot and Shoe Manufacturers' Association, submitted a table, showing the top prices of top steers, steer hides, and sole leather, and this was for the purpose of proving his contention and that of other witnesses, that the price paid for cattle was not greater nor less, as dependent upon the price of hides in the market, and from this, he and other witnesses drew the conclusion that the man who buys the steer does not take into consideration the relative worth of the hide, and that on account of the conclusion thus reached, the man who owns the steer and sells it, gets no benefit from the tariff on hides in the price paid for the steer, as affected by the value of the hide, although the buyer of the steer does get the benefit of the tariff. That argument was for a purpose and not founded on reason.

The table is wholly misleading, first, because it is not the steer which makes the best beef, and which, therefore, brings the top price,

which has the best hide.

Mr. Hill stated that the hides of "Spready" steers command the highest price. The table of market prices of hides, taken from the report of the Department of Commerce and Labor in the investigation of the beef industry, shows that the heavy Texas steers have the most valuable hides, and that the light Texas steers have as valuable hides practically as the heavy steers, and that butt-branded steers, Colorado steers, and heavy native cows have hides of approximately the same value.

We insert here a table, showing the ranges of the prices of cattle at Chicago, taken from the annual report of the Union Stock Yards and Transit Company, for the year 1907, giving the prices of the different classes of cattle, for each of the months of the year and the range in prices of the same classes of the average for each of the years 1896 to 1907, inclusive, from which it will be observed that the range in prices was very great on the same class as between classes.

. Range of prices for cattle, monthly, for year 1907.

	Native steers 1,500 to 1,800 pounds.	Native steers 1,200 to 1,500 pounds. Poor to best cows and heifers.		Native stockers and feeders.	Texas and western steers.	
1907:  January_ February_ March_ April_ May_ June_ July_ August_ September_ October_ November December_ 1907_ 1906_ 1905_ 1904_ 1903_ 1902_ 1901_ 1900_ 1899_ 1888_ 1887_ 1890_	\$5.50 to \$7.30 \$5.40 to 7.25 5.70 to 6.85 5.35 to 6.70 4.45 to 6.50 6.40 to 7.60 6.40 to 7.60 6.25 to 7.40 5.50 to 7.15 5.30 to 8.00 4.75 to 10.50 4.40 to 8.65 4.10 to 7.55 4.10 to 7.55 4.25 to 10.50 4.10 to 8.50 4.10 to 8.50 4.10 to 8.50 4.10 to 8.50 4.10 to 6.05	\$4.40 to \$7.20 4.25 to 7.00 4.35 to 6.90 4.75 to 6.75 4.80 to 6.50 5.10 to 7.05 5.20 to 7.40 5.05 to 7.50 4.80 to 7.25 3.95 to 7.30 3.95 to 7.50 3.90 to 17.00 3.00 to 8.45 3.35 to 12.25 3.35 to 8.35 3.60 to 9.00 4.00 to 8.25 3.80 to 615 3.35 to 6.00 4.00 to 8.25 3.80 to 6.15 3.35 to 6.05	\$2.60 to \$5.85 2.50 to 5.30 2.75 to 5.60 2.85 to 5.75 2.75 to 5.65 2.60 to 5.75 2.65 to 6.15 2.50 to 6.25 2.50 to 6.20 2.35 to 5.75 2.35 to 5.90 2.35 to 6.25 2.40 to 6.60 2.25 to 6.80 2.25 to 6.80 2.35 to 6.25 2.40 to 6.60 2.25 to 6.80 2.00 to 7.50 2.35 to 5.75 2.35 to 6.25 2.40 to 6.60 2.25 to 6.80 2.00 to 5.60 3.35 to 8.25 2.00 to 5.60 3.75 to 6.85 2.00 to 5.40 1.75 to 6.40 1.75 to 4.40	\$2.00 to \$5.00 2.00 to \$5.00 2.00 to 5.25 2.50 to 5.25 2.25 to 5.30 2.00 to 5.25 2.25 to 5.30 2.00 to 5.20 1.75 to 5.40 1.50 to 5.45 1.50 to 5.50 1.50 to 5.50 1.50 to 5.50 1.50 to 5.50 1.50 to 5.55 1.50 to 5.50 1.50 to 5.55 2.10 to 5.25 2.50 to 5.40 2.40 to 4.75 2.40 to 4.75 2.40 to 4.75 2.40 to 4.75	\$3.75 to \$5.00 4.00 to 4.80 4.50 to 5.30 3.50 to 5.25 4.00 to 5.10 3.75 to 5.25 3.45 to 5.80 3.50 to 6.75 3.10 to 6.40 3.00 to 5.40 3.00 to 5.40 3.00 to 6.75 2.90 to 6.35 2.60 to 5.25 2.40 to 5.65 2.55 to 5.10 2.55 to 7.65 2.75 to 5.75 3.00 to 5.90 3.10 to 6.75 3.10 to 6.75 3.15 to 5.75 3.00 to 5.50 3.15 to 5.75 3.00 to 5.50 3.15 to 5.75 3.00 to 5.95 3.15 to 5.75 3.15 to 5.40 2.75 to 4.90 2.10 to 5.50	
	0.10 00 0.00		1	1	30 0.00	

Valuation, cattle, 1907\_\_\_\_\_\_\_\$173, 326, 738 Valuation, calves, 1907\_\_\_\_\_\_\_\_\_4, 424, 700

Thursday, December 5, 1907, 90 loads of fat cattle, exhibited in the International Live Stock Exposition, sold in the auction for an average of \$6.48, with the grand championship load at \$8. Top on open market that week was \$6.35.

It is common knowledge that the price at which cattle are sold is regulated more by the quality and finish than by the size and quality of the hide. Take a 5-year-old Texas steer half fat, which will sell from 3 cents to 4 cents, and take a steer from the same herd when he is 2 years old, put him on the range in Montana and keep him two years, ship him to Chicago market, and he will sell for a cent a pound more and will weigh at 4 years old probably 150 to 200 pounds more than the other steer mentioned. Then take either one of them and put them on feed for four months and the value will increase, both because of the additional weight and the quality, another cent per 100 pounds. These comparisons can be made all down the line, and it therefore must appear at once to any sensible man that the attempt to draw the conclusion that the owner of the steer gets no benefit from the market value of the hide, whether that value have the 15 per cent in it or not, is absurd. We insert this table of prices with these suggestions to show how utterly erroneous are the conclusions thus placed before this committee by these gentlemen, the tanners and shoemakers, who, whether intending it or not, will mislead the committee into the belief that the owner of the animal sold on the market does not profit by the fact of a higher range of prices for hides, made so by the tariff, but that the purchaser of the animal gets

Undoubtedly this contention has for its foundation wholly the thought that if these gentlemen can lead this committee to believe that the raiser of the live stock does not get a benefit from the tariff that it will be all the easier to get hides put on the free list. It is quite

inconceivable that the tanner and shoemaker care in point of fact whether the farmer gets it or not; they are afraid to run counter to him. What they want is that the tariff be taken off, in order that these manufacturers of leather and shoes may increase their own profits. If they can make you think the packers get it they hope for

easy sailing.

The plea is made all the way through for the laboring man and for the ultimate consumer of shoes and leather, and these gentlemen say that it is only on that account and not for their own profit that they wish the tariff removed. Now, if this is the true object, what difference does it make to them whether the man who slaughters the steer gets the benefit of the tariff or whether the farmer gets it? He asserts that his object is to transfer the benefit to the laborer and the consumer.

Mr. Hanan seems to have based his argument upon the proposition to extend the market for American-made shoes in foreign countries, and he complains that the English manufacturer exports four times the amount of shoes into France to what the American manufacturer does, and he states that the American shoe is handicapped by a maximum tariff, with all signs pointing to a greater increase in the future, and then states that some relief must be had if the American

manufacturers' market is to be extended.

He states that some relief would be had if the tariff on hides would be removed, and "to that extent will lessen the original cost to meet the burden of the foreign import tax upon the American shoes." He says: "Give us free hides and the American shoes will be improved in quality or lowered in price to the American consumer, placed within the reach of a larger body of consumers abroad, and a great benefit will be visited upon a much larger per cent of the population of this country by a substantial addition to our annual wage distribution." These are pretty phrases, but utterly inapplicable to the facts; besides, it is a strange doctrine—indeed, novel—that the stock raiser shall suffer in order that the manufacturer shall be able to pay the foreign tariff.

As was shown in our brief and in the examination of various witnesses by the committee, the difference in price of the shoe can not amount to more than 3 cents or 4 cents per pair, and Mr. Hanan's assertion that the wage-earners will get it is not supported by any

proof.

It appears that what he thinks would happen is a large increase in exports by taking off the tariff on hides; he apparently overlooks the complete answer to this contention that there is no tariff in such case; besides, he points out that the duty imposed by France is the only

obstacle there—that is, 48 cents per pair.

What is the use of Mr. Hanan talking about this tariff on hides as related to the export business of shoes when, in the first place, the tariff does not exist if the shoes are made from the imported leather, when his effort is to get imported hides and leather, which he can now do, and, in the second place, he now has a large and rapidly growing foreign trade.

It has been so repeatedly affirmed, as is stated by the quotation from an address of Governor Douglas, that hides began to advance in 1897 and continued thereafter to advance, etc.; that this committee may have been misled to believe that it was in fact true; but

such is not the case. Furthermore, this statement has been made for the purpose of having the committee draw the conclusion that it was because of the tariff on hides that such advance in price of hides has taken place.

In the review of the Chicago hide market, in the issue of the Leather Reporter Annual for 1908, is shown the fluctuations of each

month for seven years, 1901 to 1907, inclusive.

Average prices of Chicago packer and country hides for 1907, with comparisons.

[From Hide and Leather Reporter, December 28, 1907.]

	Native steers, heavy.	Butt-branded steers.	Texas steers, heavy.	Texas steers, light.	Colorado steers.	Native cows, heavy.	Native cows, light,	Branded cows.	Native bulls.	Branded bulls.
Chicago packer hides, 1907: January February March April May June July August September October November December 4verage: 1907 1906 1905 1904 1903 1902 1901 1900	15. 45 14. 25 14. 45 14. 95 14. 10 14. 12 14. 68 13. 60 11. 95	\$14.50 14.50 14.25 13.96 13.90 13.95 13.56 12.55 12.00 11.15 9.58 12.20 13.99 13.26 10.93 10.62 12.33 11.46 11.08	\$15. 25 15. 25 15. 25 15. 00 15. 05 15. 25 15. 00 12. 21 13. 00 12. 20 11. 25 14. 09 14. 88 14. 45 12. 67 12. 71 12. 43 12. 93 12. 99	\$15. 25 15. 25 15. 25 14. 90 14. 93 14. 90 14. 25 12. 70 10. 87 11. 00 10. 06 9. 50 13. 23 14. 85 13. 91 11. 71 11. 14 12. 46 11. 52 11. 16	\$14.25 14.25 14.05 13.87 13.75 13.75 13.56 11.00 11.06 10.25 9.00 11.82 13.66 13.13 10.84 10.47 12.09 11.23	\$15. 44 15. 06 14. 40 13. 31 13. 25 13. 65 12. 80 12. 60 9. 50 13. 12 14. 96 13. 18 10, 62 9. 92 11. 21 10. 68	\$15. 19 14. 85 13. 95 13. 00 13. 37 13. 65 13. 10 12. 00 11. 87 12. 06 10. 85 8. 83 12. 72 14. 88 13. 10 10. 14 10. 12 10. 59	\$14.25 14.25 14.20 13.70 13.25 13.00 12.95 11.30 9.70 9.75 8.65 7.58 11.88 14.11 12.90 10.27 9.19 10.02	\$13. 25 13. 25 12. 80 12. 06 11. 65 11. 25 11. 81 12. 65 12. 35 12. 10 11. 55 10. 50 11. 85 12. 20 10. 80 9. 12 9. 61 10. 62 10. 67 9. 93	\$10.50 10.50 10.50 10.25 10.30 10.25 10.05 9.56 9.56 9.85 9.78 8.13 7.68 9.15 8.13 8.13 8.13 8.14

#### Chicago country hides.

January		Heavy steers.	Heavy cows.	Buffs.	Ex- tremes.	No. 2 buffs.	Bulls.	Calf- skins.	Kips.
2000-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1	January February March April May June July August September October November December Average: 1907 1906 1905 1904 1903 1902	\$14.12 14.25 13.65 12.19 12.06 12.25 12.06 11.15 10.94 10.75 9.75 8.16 11.77 13.76 12.42 9.91 9.72 10.35	\$13.25 13.15 13.81 11.31 11.06 11.05 11.00 10.70 10.18 10.25 9.00 7.16 10.99 13.44 11.90 9.41 8.62 9.22	12.85 12.20 10.75 10.87 10.90 11.00 10.45 10.03 10.25 10.87 7.00 10.83 13.41 11.83 9.39 8.51 8.79	\$12.87 12.81 12.20 10.75 10.50 10.75 10.95 10.95 9.75 7.50 10.96 13.44 12.04 9.59 8.77 7.74 8.77	\$11.87 11.85 11.20 9.75 9.87 9.90 10.00 9.45 9.25 9.87 6.00 9.83 12.45 10.84 8.41 7.56 7.74	11.44 11.20 10.31 10.00 9.90 10.06 9.75 9.25 9.25 9.25 9.25 9.25 9.25 9.88 6.00	\$16.00 16.10 16.25 15.56 14.62 15.00 14.95 15.00 15.25 14.25 11.83 15.76 14.94 13.43 12.03 11.82 11.85	13.10 11.29 11.25 10.18 11.05 11.25 11.50 11.25 11.35 8.13 11.41 13.73 12.56 10.81 9.99 9.48

The heavy native steer hides in 1901 were 11.94 cents, and January, 1907, to 16.27 cents. December, 1901, the same hides sold at 13.89 cents, whereas in December, 1907, they sold for 11.85 cents.

January 1, 1901, butt-branded steer hides sold for 11 cents, and in December of the same year, 12.45 cents; in 1907 the same hides sold

in December at 9.73 cents.

Heavy Texas steer hides. January, 1901, sold for 11.98 cents, and in December, 1907, they sold for 11.20 cents. Colorado steer hides sold in January, 1901, at 10.50 cents, and in December, 1907, at 9.39 cents.

Such comparisons are fairly illustrative.

Now, it has been said that it is the heavy hides which the packers control, and on which they have advanced the price, and the claim is that it is because of the tariff, but it also appears that the light native cowhides sold in January, 1901, at 9.97 cents, and increased to 15.10 cents in January, 1907, and decreased during that year so that in December, 1907, the same hides sold for 9.06 cents. So the fluctuation was equally great in the case of the light cowhides, which, it was not seriously claimed, the packers control.

No. 1 calfskins sold for 12.05 cents in January, 1901, and at 16.03 cents in January, 1907, and declined during that year to 12.03 cents in

December, 1907.

In the case of No. 1 kips, in January, 1901, the price was 9.80 cents, whereas in January, 1907, increased to 13.45 cents, and declined dur-

ing the year to 8.93 cents, at which they sold in December.

Now, these two last classes of hides are not subject to the tariff, and it was freely stated that light cowhides were often, indeed, generally not subject to the tariff, yet we find the fluctuations in the market substantially the same from 1901 to 1907 in the hides not subject to the tariff and those which were subject to the tariff. The oft-repeated contentions of the witnesses apparently holding the tariff on hides responsible for the increase on their values, and that thereby the packers fixed the price and could not otherwise do it seems, therefore, to be utterly without foundation. Is that the sort of evidence on which this committee will act? Surely not, for if so, its judgment is worthless.

Mr. Jones stated that this tariff compels the manufacturers of leather to sell their leather 15 per cent less abroad than they sold it in this country, but as 3 pounds of hide make 2 of leather, and the hide averages 13 cents, leather 33 cents, the tariff on the hide could not amount to over 10 per cent of the leather value. Why do these men "fudge?" Mr. Jones also says, "I will leave it to you if the man who has his material laid down in his factory at the lowest price is not the man who receives the benefit of the protection. If there is any answer to that proposition, I should like to know it."

Thus he confesses what is perfectly apparent, viz, that it is the object of these manufacturers who have appeared before the committee to thus take the benefit, instead of indulging that Damon and Pythias benevolence, which they have so beautifully expressed, of

turning it over to the laboring man and to the consumer.

Mr. Jones said that all classes of upper and sole leather were sold abroad regularly and every day at far less than they are sold for here. Shall the farmer and stock raisers, therefore, sell their hides cheap enough to make up the difference? What becomes of their charity when we come in?

Mr. Jones further said: "The protection of the workingman abroad seems to me to be quite a point. It does not protect us, but it does protect the foreigner." Yet Mr. Hannon wants to sell shoes cheaper to the foreigner, hence to take off the tariff on hides.

There can be nothing to this, in view of the fact that the draw-backs are now allowed on manufactured articles and leather made

from foreign hides when sent to a foreign country.

Then Mr. Jones makes the remarkable statement, probably in obedience to the suggestion of the chairman to "devote himself to the main proposition," viz, that "It is a fact, which everyone knows who is familiar with the subject at all, that hides are getting more scarce year by year." I say it is amazing if he intended that to apply to this country, for they have increased in production about 50 per cent since 1897, according to the report of the total number of cattle, shown on page 31 of our brief, taken from the statistical report of the Department of Commerce and Labor for the year 1907.

Mr. Jones then states that "Every hide that is taken off in the whole world has a ready market; it is immediately used up." Now, if this be true, how can he possibly expect that the taking off of the tariff will reduce the price of the hides? What becomes of the contention that the increase in price of hides in this country is caused by the tariff? Can the tariff do more than insure us a home market

at the world's price, less cost of carriage?

Mr. Jones then states that if the hides from South America, Africa, and India should come here, they would be manufactured into shoes and thus shoes would be exported to all countries of the world. Does the present tariff on hides interfere with that? Undoubtedly, no. Is the price of hides here above the London market? Little, if any.

He asserted as part of his argument that there has been a falling off in the hides imported into this country since the duty was imposed, and he states that we imported 29,000,000 less, and that it means so many less workingmen employed and so much less leather gets manufactured in this country, etc. Where do his figures come

from

We can not know what years Mr. Jones used for comparison, but we refer to pages 8 and 9 of our brief, to show the imports of hides of cattle for ten years (1898–1907), from which it appears that the amount of imports fluctuated enormously, regardless of the tariff and increased materially, being 126,000,000 pounds in 1898, compared to 156,000,000 pounds in 1906, 113,800,000 in 1905, 163,000,000 pounds in 1900.

The increase in exportation in shoes was from 1,307,000 pairs in 1898 to 5,833,000 in 1907, and 6,552,412 pairs in 1908. This was a continual increase as it now is. Thus in ten years exports of shoes

increased 400 per cent.

Here is a comparison of imports, hides, leather, and shoes, compared to exports:

Our	total imports of hides in value (1908):	
	Goat skins	\$17, 325, 126
	Hides of cattle, dutiable	
	All other hides and skins	25, 400, 575
	Total	54, 770, 136

Imports of leather (exclusive of gloves):  Upper, belting, dressing skins, etcAll other	\$4, 852, 409 1, 448, 720
Total hides and leather (exclusive of gloves)	61, 071, 265
Exports of leather (exclusive of gloves): Sole leather	7, 024, 313
Upper leather glazedPatent	
Upper—splits, etcAll other	17, 779, 716 2, 727, 513
Boots and shoesHarness, etc	10, 666, 949 767, 418
Other	1, 984, 385
Total Total hides and skins (not furs)	45, 476, 969 1, 760, 032
Grand total	47, 237, 001
Balance of imports above exports	13, 834, 264

Goatskins, which make uppers for our shoes, exceeds in value this

difference by \$3,490,462.

When we consider that the total value of boots and shoes produced alone in 1905 (latest figures), produced in this country, was \$320,107,458, an increase over 1900 of 23 per cent, and an increase in export trade since 1897 of 400 per cent, what complaint can there be as to the great progress of the business, or that we are suffering from shortage of hides, or for want of a market?

The leather production in 1905 was	
Against same in 1900	173, 977, 421
Increase, 39 per cent.	
Against same in 1890	98, 088, 698
(See Census Bulletin 72, 1905.)	.,,
(1000)	

Why this clamor about decreasing business?

Why should we export leather from this country and export shoes made from the leather of home-grown hides if we do not produce enough hides to supply the leather used in this country? And why sell those shoes cheaper abroad than at home? Why do they insist on imported free hides for the purpose of manufacturing in order to sell in foreign countries when they do not have to pay a duty on the material going into such exports?

Now, Mr. Jones further states that the packers "control every hide that is produced in this country." Of course, that is not true, and was either made ignorantly or to deceive. Then, again, he says that they become very large tanners; that his friends in the leather business are compelled to buy their raw material from them as competitors; that the packers send their agents throughout the country to

buy up hides.

Why do not Mr. Jones's friends, the tanners, buy hides from the people that the packers buy from? What is to prevent it? Is it not a fact that they do buy from independent butchers, slaughterers, and hide dealers everywhere? We assert it to be a fact, and challenge investigation.

Then he states that the packers name the price of hides; then he states that the hides dropped during 1907, owing to financial conditions, like every other commodity, to a very low price. But as there

was a scarcity of hides, if we believe him, why didn't the packers

keep the price up?

He then inquired what his friends, the leather men, are going to do in competition with leather which the packers have for sale, and that as he claims, is made on the basis of the 9-cent hides; and for this, he says that the condition is absolutely incompatible with the independent tanner.

Why would the independent tanner be hurt in competition with the packer unless the packer was selling the leather cheaper to the consumer? It is amazing that these gentlemen profess so much concern for the consumer and urge that the duty be taken off the hides, with such vehemence, and yet in the same breath make it as a part of their complaint that the packers have tanned hides and sold the leather in competition with their tanners. He says that every independent tanner will be wiped out in three years if the duty is not taken off. If that comes about by consolidation of these concerns engaged in tanning, it is quite independent of the tariff; but rather the tendency will be that the tariff will prevent them reducing the price of what they buy—hides. Must the independent tanners' life depend on lower hides? If so, he is down and out the world over.

Of course, all of these contentions which they make are mere jargon of words. The packers start out with only the control of the 5,000,000 hides they slaughter. If they fix the price of hides by what they have to sell, surely it fixes it for what hides they buy from others, else the tanners would buy from the other hide men, as they

undoubtedly do, and pay the same price.

As we have shown, hides increased enormously in price, and presumably in all parts of the world, up to January, 1907, then declined 40 per cent. But when did this committee conclude that a high price is an evil? Is not the doctrine of high prices for farm products the gospel of prosperity? Why this change when it comes to getting it?

It would seem useless, therefore, to further answer in detail these arguments and false hypotheses, which have been made for the sole purpose of trying to convince this committee that it makes no difference to the farmer and stock raiser who produces the animal that

there be a tariff on hides—that the packers get it.

As we understand it, the contention is made that the big packers control the United States Leather Company, and that by the methods claimed to be used that company and the packers control the business in hides and leather, and that such being the case they get the benefit of the tariff on hides to the detriment of the so-called inde-

pendent tanner.

The most complete proof we can make against that theory is contained in an article published in the May number of The Annals of the American Academy of Political and Social Science, written by Mr. A. Augustus Healy, vice-president of the United States Leather Company, New York City, wherein the same argument for free hide is urged substantially as is presented to this committee. Is it not strange that if they get the tariff on hides, such article should have appeared? We quote from it in order that you may judge. The article is, in part, as follows:

#### THE LEATHER INDUSTRY AND THE TARIFF.

[By A. Augustus Healy, vice-president United States Leather Company, New York City.]

The leather industry is one of the industries of the United States that are victims, not beneficiaries, of the tariff. Shoe manufacturing is another. Agri-

culture, conspicuously, is a third. There are others.

Partly because of the abundance in our country of oak and hemlock bark and other tanning material, partly because of the enterprise and skill of our people, American tanners have been able, not only completely to hold their home market, but to export increasing quantities of leather to Europe. This they have succeeded in doing notwithstanding the handicap imposed upon them

by the tariff—a handicap now more serious than ever.

The leather industry has never asked for governmental favor. It has never demanded that the people of the United States be taxed for its benefit, but itself has been taxed and is now taxed by the tariff for the benefit of other and more favored industries. It has paid higher prices because of the tariff for its steel and copper, for building material, for machinery and tools, for oils, and other minor articles used in manufacture. It has paid these taxes and all engaged in the industry have paid au increased cost of living by reasou of the tariff without getting the slightest benefit in return. Added to this, our market abroad is diminished by the high tariff on foreign imports, which prevents other countries from sending here commodities in return for which they would take increased quantities of our leather and also increased quantities of our boots and shoes.

Notwithstanding the double detriment to our industry worked by the tariff. until a decade ago no protest or complaint had gone up from leather manufac-The protective system in an extreme form had been adopted by the Government and was accepted by them as part of the established order of things. The injustice and injury to their particular business was borne in silence. But when, in 1897, it was proposed in the Dingley tariff to assail us with a duty on hides, the raw material of our industry, the leather people thought that it was time to protest. A delegation went to Washington and appeared before the Ways and Means Committee to remonstrate against the imposition of this duty. They told how not only the manufacture of leather, but cattle raising, had expauded and reached to foreign markets during a quarter of a century of free hides. They showed that the United States produced and could produce only about two-thirds of the number of hides required by our tanners, necessitating large imports of them [Note.—Cattle have increased in the United States over 50 per cent since 1897; see our brief, p. 31]; that we should be at a great disadvantage in the hide markets of the world in competing with Canada and European nations, none of which imposed a duty on hides; that our growing export trade in shoes would be handicapped by the enhanced cost of leather. They pointed out that hides, in relation to cattle, were a by-product, and farmers would get little or no benefit from the duty; that there had been no request for such a duty from cattle raisers, or, indeed, from any source, so far as had been heard [Note,-But the cattle raisers do protest against putting hides on the free list. That has been their interest all the time]; and, finally, that it would be most unjust to the leather and shoe industries of the country, which then were receiving only injury from the tariff, to impose this additional burden upon them. The argument at the hearing was one-sided, no one appearing in favor of the duty, but the committee turued a deaf ear to the appeal of the leather men and the odious tax was imposed. At that time Senator Hanna was in control. He had promised that "everybody should be protected," and no person in opposition to a duty had any standing at Wash-

During the decade since the imposition of the duty on hides it has been a constant and serious detriment to the great leather and shoe industries of the country, which employ so many thousands of men and so many millions of capital. The injustice and injury of this duty is deeply felt by all connected with the shoe and leather trades and is voiced at every meeting of their associations. A large delegation of prominent leather and shoe manufacturers appeared before President Roosevelt more than a year ago to invoke his influence with Congress in favor of its repeal, but without result.

By dint of great effort and with a minimum of profit on their exported products, the leather and shoe manufacturers have been able thus far to retain

their hold on foreign markets. [Note.—Not only that, but a growing trade—400 per cent increase in ten years.] Their trade, however, with European nations Is not increasing, and there is danger of its diminution. Through the operation of the maximum and minimum tariff our exports of shoes to Germany and France are likely soon materially to fall off unless our Government responds to the overtures of those nations for some form of reciprocity. [Note.—Mr. Hannan says the French tariff is in the way.] We can produce here a better quality of both sole leather and upper leather at a given price than can be produced in Europe. We are far more skillful in the manufacture of shoes. But, as President McKinley said, "If we will not buy, we can not sell." We need reciprocity with the countries of continental Europe, with Canada, and the South American republics. A more liberal policy on the part of our Government in the establishment of trade relations with other countries, which should result in increased interchange of commodities upon a fair and friendly basis of reciprocity, would tend greatly to augment our exports of leather and shoes, to the great advantage of those industries and to the benefit of the country at large. [Note.—How can trade relations be established with free trade on hides, leather, boots, and shoes?]

Now, can anyone read this and doubt that the tanners, great and small, ride in the same boat—no tariff on hides?

We are on the other side.

Now, let us assume, for the sake of the argument, that it is a fact that the packers send their agents throughout the country buying the hides, so that they get control of the 55 per cent or 60 per cent which they do not skin; and let us assume that they are thus procuring hides to be tanned by contract, when not salable at a satisfactory price, and that they do in fact control some of the largest leatherproducing concerns. What would their agents pay the farmer and stock raiser and independent butcher and other producers of hides if there is no tariff on hides? Had you thought of that? Suppose the independent tanners of this country, instead of supplying themselves from the other hide producers and packers, independent butchers, and should in fact go to South America for their hides. Will that not leave the farmer and stock raiser in a worse condition by having an ultimately poorer demand and lower price for hides? Can any sane and honest man deny that it would cost the farmers and stock raisers all the tanners gain? Would not the packers, as hide men and tanners, gain just as much as the tanner?

It was stated by Mr. Cobb that during the years 1880 to 1895 hides were low. "In other words, as a by-product they brought low prices. In 1889 we bought buff hides at 4 cents per pound. In 1893 we bought them as low as 3 cents per pound. At the present time, they are 13 cents. It is possible in foreign trade to do a large increasing business, if prices are not excessively high; when over 9 cents or 10 cents per pound for buff hides, our trade is entirely gone, as they use India skins for substitutes. For the past few years we have not been able to sell abroad upper leather in any quantity except

under panic conditions, owing to the high values prevailing."

This statement follows his statement that before the advent of the American Hide and Leather Company in 1889, the tanners of upper leather were doing well, but he says that "This trust corralled practically two-thirds of the upper-leather tanners, leaving not more than a baker's dozen of what were called independent tanners in the upper-leather business. From the date of their starting (1889) to the present time, this trust appeared to be out for quantity of business rather than profit."

Now, if the 14,000,000 hides produced in this country were increased from 3 cents or 4 cents per pound to 13 cents per pound—and he is speaking of buff hides which are wholly produced outside of the packers—surely those who produced them got the added price. If the American Hide and Leather Company, be it a trust or not, has increased the price of hides from 3 cents or 4 cents to 13 cents, and has enabled the farmer, raiser, and small butcher to sell his buff hides and get something for them instead of throwing them away, they have certainly been greater philanthropists than these gentlemen who now apparently wish the price to be reduced to enable these manufacturers to enter European markets, as stated by Mr. Cobb. Oh! the unselfishness of the tanner and shoemaker who would deprive the producers of the buff hides of 3 cents or 4 cents per pound, so that he can sell shoes and leather cheaper to foreigners than to his home people.

We challenge the correctness of the whole of the statements of these gentlemen with respect to the seller of the animals not getting consideration for the value of the hides, and that as affected by the tariff, no matter whether sold on the animal or sold after it is skinned; and we claim that the tanners can buy the hides, other than those skinned by the big packers, at the same price the packers pay for them, if the tanners will arrange the proper methods of buying; if the American tanners can compete with the world making leather surely they can buy the hides that are for sale, if they can pay the price. If the price is high, the seller gets it. We ask the committee to summon salesmen of cattle on the markets and salesmen of hides for independent slaughterers for the purpose of ascertaining the truth of these matters. Our information is that tanners buy freely from independent slaughterers, including both large and small tanners. We say, get

at the truth.

Much has been said about the quantity of hides of cattle imported free of duty weighing under 25 pounds, salt or pickled, and under 12 pounds dry, but an examination of the statistics shows this to be of small importance. Statistics do not separate the kinds of hides except goatskins (free), cattle hides (dutiable), and all others than fur skins (free). The hides of bovine species must be found under that head, and as cattle hides come most largely from South America the ratio can be best ascertained by that comparison. The result is that we imported from South American countries (1907) 49,697,269 pounds of cattle hides, dutiable, and all other hides and skins (except goatskins) free, but 4,928,336 pounds, or about 10 per cent as much of the latter as the former, or about 9 per cent of the total. Included in these, however, is a large per cent of other than cattle hides. but the statistics are not shown. Probably if worked out it will be shown that not over 6 per cent of the total cattle hides come in free from South America.

What part of these are made into leather which is exported can not be shown, but since we export in sole leather alone equal in weight to about 40 per cent of the dutiable cattle hides, and the exports are mainly made from imported hides, and since we export approximately \$25,000,000 of upper and other leather, of which split, buff grain, and upper leather is \$17,779,716, it is clear that our exports of leather from cattle hides of all ages, both dutiable hides and free.

is almost if not quite equal to the imports of cattle hides; and that if there be an excess of importation of cattle hides, dutiable and free, it must be looked for in European imports (free) of hides and skins (other than goatskins, free, and cattle hides dutiable), the total of which from Europe was (1907) 98,640,447 pounds, or from North America, 14,566,200 pounds.

These latter are practically all from countries having tariff systems, except the United Kingdom, from which we imported of the

above total hides and skins, free (1907), 28,823,287 pounds.

The total value of such imports from all of Europe was \$23,549,037. In so far as they are hides of cattle, it is of the utmost importance that a maximum and minimum tariff be provided for as a trading margin, as well as to make secure our home market for our own hides, when we come to make agreements to get an outlet for our surplus products of all sorts in these countries. Indeed, it is by no means certain that for purposes of revenue and for trading purposes we should not impose a minimum and maximum on the goatskins which come in free, but let it be upon a basis so small as not to increase materially the price of shoes to the consumer.

Most of the continental countries of Europe have a tariff system framed for trade and adjustable to that use, and we must bear that in mind, and put ourselves in a position to utilize our wonderful market as a temptation to their trade to some degree if we gain access to theirs to a still greater degree, upon which ground alone can a maxi-

mum and minimum system be defended.

OUR POSITION FOR TARIFF ON HIDES, LEATHER, AND MANUFACTURES OF LEATHER, AND BOOTS AND SHOES DEFINED.

First. We challenge the records of the Bureau of Manufactures of the Department of Commerce and Labor to show that we are just on the eve of facing competition of machine-made shoes in England, Germany, France, and Austria, made with our machines and by our methods, in any style demanded by the trade.

Second. They are fast adopting our best tanning and finishing

processes.

Third. We are confronted with a tariff in most European countries on leather and manufactures of leather, boots and shoes, which countries are developing rapidly their trade, training labor of the same sort which we use and increasing their efficiency rapidly at low wages.

Fourth. We produce more cattle than the whole of South America, and far more than double any European country, yet barely enough cattle hides to supply our own home consumption in normal times of trade and probably an insufficient supply for present and future supply.

Fifth. We are vitally interested in increasing our production of

cattle and hides.

Sixth. But above all interested that the producer get good prices. Seventh. We are vitally interested in development of our trade in our manufactured articles and farm products in foreign countries, to increase our own output; hence to preserve our home market, as far as practicable, consistent with the largest production on the whole.

Eighth. We submit that for these reasons neither hides of cattle, leather, manufactures of leather, or boots and shoes should be put on the free list, but a sensible tariff system adopted to subserve our interest, and equalize its burdens or benefits fairly. Supposing a protective system is to be adopted on a basis of maximum and minimum schedules, let the minimum be low enough to enable us to reach the markets of the world on reciprocal trade agreements, yet preserve our home market for our home products to a reasonable degree, and maximum high enough to exclude those who do not deal fairly

Ninth. Let those who send their goods and products here pay some tax for entry to our markets, where we are producing large supplies

of the same sort.

Tenth. It is our opinion that, so long as a protective system is adopted, it would be foolish to put leather and manufactures of leather on the free list, which will surely in time decrease our output, or to put cattle hides on the free list, which is our only hide production to speak of, and thus reduce the value of our cattle, and strongly tend to decrease the number.

Eleventh. We believe, therefore, that a tariff should be placed on

each of these products.

Twelfth. We further urge that it is imperative that in the schedules for manufactured articles and products more extensively made in foreign countries than by us, and which they are anxious to sell us, that as a basis for our more extensive trade with such countries in the way of leather, manufactured articles of leather, boots, and shoes, and every item of extensive farm production, particularly meats, live cattle, and hides, we should make schedules of minimum tariffs on a basis that will admit of beneficial reciprocal trade agreements.

Thirteenth. To leave out of the tariff scheme reciprocal trade agreements as to hides, leather, boots, and shoes would be suicidal.

Fourteenth. To leave it out in case of dressed beef and live cattle

would be a crime, as we shall show this committee later.

We urge, therefore, that all this talk about putting hides and leather, boots and shoes on a free list, yet have a system of protective tariff, is a crime against a great industry, the very suggestion of which surely proceeded from insufficient knowledge or analysis of the facts.

Again, it is said that if leather and the manufactures of leather go

on the free list hides should go on also.

We dispute this; we admit that in such case the price paid could not embrace the tariff, but a tariff would insure a home market for home-grown hides, which is very important for obvious reasons.

But so it is on leather and manufactures of leather, boots and shoes. Hence our prayer that all cattle hides, large and small, and the leather, manufactures of leather, boots and shoes be left in the

scheme of maximum and minimum tariffs.

If, in making a tariff scheme to give us the greatest leverage to get good trade agreements, you leave out such important items as these, and give the world—all alike, every country—free access to our great markets, you enormously weaken our position. Free trade thus given to each and all of them by the law offers no inducement for either of them to take our goods or products on the most favorable HIDES. 6997

basis, while a maximum and minimum holds in our hands these important trade considerations. In this surely the tanners and shoemakers ought to concur.

Respectfully submitted.

S. H. COWAN.

#### DANIEL P. TOHILL, HAILEY, IDAHO, WANTS THE DUTY KEPT ON HIDES AND A DUTY PLACED ON FURS.

Hailey, Idaho, December 8, 1908.

To the CHAIRMAN WAYS AND MEANS COMMITTEE.

Washington, D. C.

MY DEAR SIR: A few days ago agents of the leather trust and the shoe manufacturers appeared before your committee and asked to have hides placed on the free list, claiming that the beef trust controlled 70 per cent of the hides of the United States. This is a clear case of satan rebuking sin. Now, as a matter of fact, the beef trust controls less than 30 per cent of the hides of the country. The great bulk of the hides of the country come from the butcher shops of the country towns and the farms of the country. If an animal dies on the farm or on the western range all the owner has left is the hide. When the Dingley bill was under consideration the leather trust got in its work by having the duty on hides placed as low as 15 per cent, when it ought to be at least three times as much. Now it comes forward and asks for free hides. It is to be hoped that your committee will treble the present duty, as shiploads of hides will still continue to come from Australia, Argentina, Mexico, and Canada. In the countries just mentioned hides are almost valueless and an increased duty will simply mean that the United States will receive more revenue from that source. Since the panic of a year ago hides have fallen nearly a half in price, but the price of leather remains the same. In some instances it has been increased.

There is another way to increase Uncle Sam's revenue and at the same time make the rich pay for it. Furs are on the free list, notwithstanding the fact that they are a luxury of the rich as much so as diamonds and silks. The vast quantity of raw furs entering this country from Canada, Siberia, and Asia ought to be made a source of

revenue by placing a heavy tariff on them.

In revising the present tariff it is to be hoped that you will do justice to the poor producers of our land and place the burden on those best able to bear it.

Most truly, yours,

DANIEL P. TOHILL.

#### COL. ALBERT CLARKE, BOSTON, MASS., FILES COPY OF PROTEST OF WORKINGMEN AGAINST REMOVAL OF SHOE DUTY.

Boston, December 9, 1908.

Hon. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

House of Representatives, Washington, D. C.

Sir: In my examination by the committee late last week, I was asked to furnish to the committee a copy of a protest against the removal of the duty from shoes which had been issued by some workingmen in Lynn, and I promised to send it. It gives me pleasure to comply, and the same is inclosed.

Very truly, yours,

ALBERT CLARKE.

#### WOULD RECIPROCITY HELP AMERICAN SHOE WORKERS.

[From the Lynn Central Labor Union's programme, issued for the Massachusetts State Branch of the American Federation of Labor Convention, 1904.]

The duty on imported shoes is 25 per cent. If it were repealed or reduced, would not some of the low-wage countries, all of which now have American shoe machinery, compete with us and would not our manufacturers make it an excuse for reducing wages? Let us see:

Comparison of daily wages of several classes of shoe workers.

	Canada.	England.	France.	Massa- chusetts.
Cutters	\$1.50 2.00 1.49 1.42 1.67 1.73	\$1.30 1.34 1.05 1.22	\$1.35 1.60 1.25 .77	\$2.40 2.65 2.28 3.72 3.69 3.11

In 1894 the weekly wages of journeymen shoemakers in Germany ranged from \$1.66 in Breslau to \$5.23 in Bremen, and in other places they were from \$2.50 to \$3.50. That is, they were little more for a week than similar workmen in America get for a day. A consular report says that in Berlin the average earnings per year in the different factories are, for men, \$142.80 to \$214.20; for women, \$47.60 to \$119, and for youths of both sexes, from \$47.60 to \$117.10. Doubtless they are somewhat higher now, but they are still very low compared with earnings in America.

It may be said that the American workman turns out a greater product in the same time than any foreign workman. As a rule this is true, but the official reports from which the above table was compiled show that foreign operatives of the same class work more hours per week than those in Massachusetts—for example, 59 in England, 60 in Canada, and 60 to 72 in France, as against 58 in Massachusetts. Probably the longer time abroad nearly makes up for the slower

speed.

If it should be allowed that the weekly product of the American workman is greater by 20 per cent than that of his foreign competitors, the labor cost here would still be more than 50 per cent greater than in Canada, 90 per cent greater than in England, and 95 per cent greater than in France. This would give those countries a dangerous advantage in competition.

We are gaining foreign markets without reciprocity. Our exports of boots and shoes for the year ending June 30, 1904, were valued at \$7.238,940. as against \$1,708,224 seven years ago, when the present

tariff was enacted.

And yet about forty times as many of our boots and shoes are sold at home as abroad, and the home market grows faster than our forHIDES. 6999

eign market. What should we gain by exchanging it for them? Reciprocity might for a time help merchants and shippers, but for working people it would be a delusion and a snare.

CHARLES O. WHIDDEN,
President Joint Council, No. 4, B. and S. W. U., Lynn, Mass.

John R. Ronald,
Secretary-Treasurer Joint Council, No. 4,
B. and S. W. U., Lynn, Mass.

Albert M. Harlow,
Local 32, B. and S. W. U., Lynn, Mass.

## THE CINCINNATI SHOE MEN'S ASSOCIATION ASKS THAT HIDES AND SKINS BE PUT ON THE FREE LIST.

CINCINNATI, OHIO, December 9, 1908.

COMMITTEE ON WAYS AND MEANS.

Washington, D. C.

GENTLEMEN: At our regular monthly meeting held to-day it was decided to appeal to your honorable committee that in the adjustment of the new tariff schedule to place hides and skins on the free list.

The duty on hides and skins, as at present in operation, seems merely to protect only the large packing corporations and the hide speculator, against the interests of the consumer, manufacturer, and

retailer.

We feel that by the continuation of the duty on hides and skins, it in no way benefits the stock raiser, nor does it help to stimulate the leather market, except to the interests of the few against the masses as a whole. The domestic supply of hides and skins is inadequate to the demand, thus the price on the finished leather is controlled by a few combinations, who have advanced prices to such an extent that it is hard to furnish the average wage-earner footwear consistent with his salary. By abolishing the duty on hides and skins, we feel that it will enable us to give the consumer a more staple class of footwear and at the same time help our shoe manufacturers of this country, who at present outclass any foreign market as to style and general appearance, by adding to their product a more substantial quality, which under existing conditions it has been and is hard to obtain.

Trusting your honorable committee will give this their considera-

tion, I remain,

Yours, very truly,

ROBT. BRINKMAN,

President Cincinnati Retail Shoe Men's Association,

J. MacDonald, Secretary.

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### THE MASSACHUSETTS STATE BOARD OF TRADE CHARACTERIZES THE DUTY ON HIDES AS BURDENSOME.

Boston, December 10, 1908.

Hon. SERENO E. PAYNE,

Chairman Committee on Ways and Means.

Dear Sir: At a meeting of the executive council of the Massachusetts State Board of Trade, held November 24, the following resolution was passed:

Resolved, That the executive council of the State Board of Trade reaffirms its previously expressed opinion that the 15 per cent duty on hides is burdensome and unjust to our boot and shoe manufacturers, and should be removed.

Very truly, yours,

RICHARD L. GAY, Secretary.

## REPRINT FROM THE CHICAGO TRIBUNE RELATIVE TO THE SHOE BUSINESS AND THE REMOVAL OF DUTY FROM HIDES.

Washington, D. C., December 14, 1908.

Hon. S. E. PAYNE,

Chairman Committee on Ways and Means,

House of Representatives.

My Dear Mr. Chairman: Milton J. Florsheim, president of the Florsheim Shoe Company, of Chicago, one of the largest manufacturers of shoes in the country, has sent me the inclosed clipping from the Chicago Tribune, December 8, entitled "Boots and shoes," and asks that it be printed in the hearings of the committee.

Very truly, yours,

H. S. BOUTELL.

[From Chicago Tribune, December 8, 1908.]

The United States exported during the last fiscal year over \$11,000,000 worth of boots and shoes. No other country came up to it. The lead which the American manufacturers have would be increased if the tariff revisers would give them free raw materials. The British manufacturers are worried over the outlook. British men and women bought last year nearly \$2,000,000 worth of American footwear, one reason being the better fit and the neater look. The British manufacturers say openly that their business would be ruined if the price of American boots and shoes were lowered, as it would be if the manufacturers in this country got free raw materials.

If Congress were to refuse to put hides on the free list, where all the American manufacturers of boots and shoes and other leather goods wish to have them, it would be fair to infer that Congress sympathized with the perturbed British manufacturers and wished to protect them against an invasion of American shoes. It is the duty of Congress to help the export trade. Chicago representatives should bear in mind the fact that Chicago sends some shoes to foreign markets and would send more but for tariff obstacles which those representatives should remove.

HIDES. 7001

Free hides would mean much more than an opportunity for boot and shoe manufacturers to expand their foreign trade. It would enable them to sell cheaper shoes to American consumers or to offer them at the old price shoes that would wear longer. There is so much competition in the boot and shoe industry that the consumer would get, in one way or another, the benefit of any reduction in the cost of manufacture. Whether he got a \$3.50 shoe for \$3 or a \$3.50 shoe with 15 per cent more wear to it would make no practical difference. The main point is that the millions of Americans who buy the cheap grades of ready-made shoes would be directly and materially benefited if hides were on the free list.

HON. JOHN J. ESCH, M. C., FILES RESOLUTIONS OF THE MILWAU-KEE (WIS.) BOOT AND SHOE MANUFACTURERS FAVORING RE-MOVAL OF DUTY FROM HIDES.

MILWAUKEE, WIS., December 14, 1908.

Hon. JOHN J. ESCH, M. C.,

Washington, D. C.

DEAR SIR: Inclosed you will please find copy of the resolutions adopted by the Milwaukee boot and shoe manufacturers. These resolutions explain themselves.

We would be glad if you would support the movement for free hides when it is brought before your consideration.

Will you not be kind enough to let me hear from you in response to this letter?

Yours, very truly.

W. N. FITZGERALD, Chairman.

MILWAUKEE, November 17, 1908.

Whereas a revision of the tariff is now being considered by the Ways and Means Committee of the National House of Representatives, adapted to present conditions of the industries of the United

States; and

Whereas, the boot and shoe industry of this country, now representing an annual production of about \$400,000,000, has, since the passage of the Dingley bill in 1897, been suffering from an unjust and unnecessary tariff on hides of 15 per cent, which is a discrimination against the American manufacturer and in favor of the European manufacturer; and

Whereas it is an undisputed fact that this tariff works also to the detriment of the consumer of boots and shoes, especially to hose that use boots and shoes made of the heavier leathers, and also deprives labor in our tanning industries of their legitimate amount of work on account of the scarcity of hides, the importation of which is largely

checked through the present tariff: Be it therefore

Resolved, That the undersigned boot and shoe manufacturers of the city of Milwaukee and State of Wisconsin, in meeting assembled this 17th day of November, 1908, respectfully but most earnestly petition the Ways and Means Committee to give this matter due consideration, and recommend the removal of this tariff which is an injury and imposition on one of the leading industries of this country and protects nobody, as hide in their raw state are not as manufactured product, and cattle are sold by the farmer on hoof for beef for which he does not receive any advance in price no matter what the market price of hides may be; be it further

Resolved, That a copy of the above resolutions be submitted to the Wisconsin Representatives in Congress and to our United States

Senators.

Harsh, Smith & Edmonds Shoe Company, per Geo. R. Harsh, president; V. Schoenecker Boot and Shoe Company, per John J. Gasper; Kalt-Zimmers Manufacturing Company, per Mich. Zimmer, secretary and treasurer; Mayer Boot and Shoe Company, per A. J. Mayer; A. H. Weinbrenner Company, per I. H. Gage; Bradley & Metcalf Company, per W. N. Fitzgerald; Beals & Torrey Shoe Company, per F. E. Beals, president; F. Rich Shoe Company, per A. W. Rich; Weyenberg Shoe Company, per F. L. Weyenberg.

# HON. EDWIN DENBY, M. C., FILES LETTER OF PIERSON & HOUGH COMPANY, DETROIT, MICH., RELATIVE TO HIDES.

Detroit, Mich., December 15, 1908.

Hon. Edwin Denby, M. C.,

Washington, D. C.

DEAR SIR: Permit us to call your attention to the duty on hides of cattle, which is of no benefit to anyone but the few people who are engaged in the so-called packing business.

We beg you to use your influence toward the end that the present

duty on hides shall be removed.

Yours, very truly,

Pierson & Hough Co.

# R. H. LONG, SOUTH FRAMINGHAM, MASS., FAVORS REDUCTION IN SHOE DUTY, WITH FREE HIDES.

South Framingham, Mass., December 16, 1908.

Hon. SERENO PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: It is reported that shoe manufacturers generally in this country are willing that the present tariff on imports of shoes to this country should be removed, and that shoes should be admitted free of duty, provided the import duty is removed from hides.

I believe that free hides would be a great help to the shoe-manufacturing industry, and would bring about the production of better shoes at a given price: but I beg to protest against the removal of all the present tariff on shoes. A reduction might safely be made on the

import duty, leaving a duty of about 20 per cent ad valorem.

The labor cost on a medium-priced shoe that retails at about \$3 per pair and wholesales at about \$2 per pair is 50 to 60 cents, and a 20 per cent duty would be ample to cover the difference between the cost of labor abroad and in this country and allow a reasonable profit.

HIDES. 7003

The methods of shoemaking have been changed during the last twenty years, and the different operations have been subdivided so that an unskilled man can in a short time learn one of the operations of shoemaking, with the result that shoes are made to a greater extent

by unskilled labor than in former years.

If we have free trade in shoes, it would be quite possible for any American shoe manufacturer to establish a factory abroad and with a comparatively small number of foremen and skilled workmen use largely unskilled foreign labor in shoemaking and produce shoes cheaper than any manufacturer in this country, if the manufacturer paid the present standard of wages, and with this foreign competition our shoe manufacturers would be compelled to reduce wages or close their factories.

I have been in the shoe-manufacturing business about twentyeight years and own and operate retail shoe stores in many cities of this country. One thousand or more shoe workers are employed in

making shoes for my stores.

If shoes should be put on the free list I think it would be advisable, in order to meet foreign competition, to establish a factory abroad until wages should become the same per pair in this country and abroad.

Yours, truly,

R. H. Long.

# S. H. COWAN, FORT WORTH, TEX., WRITES RELATIVE TO CERTAIN STATEMENTS MADE BY H. E. MILES RELATIVE TO HIDES.

FORT WORTH, TEX., December 16, 1908.

Hon. SERENO E. PAYNE, Chairman,

Washington, D. C.

MY DEAR SIR: I notice that in the examination of Mr. Miles before the committee on December 8, he makes several statements in regard to the matter of tariff on hides, and among others stated:

It is entirely uncertain whether the farmer gets any of this 90 cents or not. He may get some of it, and at times he may get all of it, but there is a strong probability that the packer gets all, for the making of prices, both on live stock and on meat, rests, as a matter of fact, with the packing trust. The packers and the growers are both thoroughly aroused and dissatisfied because of the restriction, unnecessary as they believe, of the foreign market, and many stock raisers and all the packers are willing to give up the tariff on hides if only they may have an enlarged market, developed through governmental negotiations.

The statements above made are approved by Judge Cowan, who appeared before you Saturday in the interest of the live-stock raisers of the United States.

If by his expression that I had approved these statements he meant that I had approved that part of it with respect to the tariff on hides, I very respectfully say that Mr. Miles is very much mistaken, as my statements before the committee show. Neither did I state that the fixing of the price of either hides or live stock or meats rested with the packer. I explained my position thoroughly to the commission on that subject to which I here refer. I suppose, however, that Mr. Miles meant that I approved his statements in regard to the packers and stock growers being dissatisfied by unnecessary restrictions in foreign markets on our dressed beef and live cattle. Mr. Miles asked me whether the raisers of cattle would not be better off to give up the duty on hides if they could get in consid-

eration thereof access to the markets of Europe for dressed beef and cattle, and I answered him in the affirmative, but I did not and do not mean by that to concede that the putting of hides on the free list would have any such result, my own opinion being that in the construction of the tariff on articles manufactured in continental countries of Europe the minimum should be low enough to permit favorable trade agreements and ought to embrace the extension of the trade in dressed beef and live cattle. The importance of it can not be overestimated, and the American-National Live Stock Association and the Cattle Raisers Association of Texas, which organizations I represent, will ask the privilege from this committee to present at a future date the detail of fact respecting our surplus meat production and our foreign trade with a view to laying before your committee the entire facts for its consideration, and with respect to the importance of so adjusting the tariff duties as to probably secure an extension of our foreign trade in meat products and in live cattle on the hoof through reciprocal trade agreements which this Government may make and which have a margin in the tariff sufficient to enable it to do so.

The annual convention of the American National Live Stock Association is to be held at Los Angeles on the 26th, 27th, and 28th of January, and at that time will provide the ways and means and committees to represent it to lay these matters before your honorable committee in case opportunity shall be afforded, and at that time to likewise present to your committee the expression of the combined live-stock interests of the country respecting the tariff on meat animals

and the products of meat animals.

I would thank you for the information as to whether it is probable that during this present session of Congress your committee will be able to afford an opportunity to the stockmen to appear on some day which may be fixed and to present their views in these particulars.

I respectfully request that the correction with reference to Mr. Miles's statements which I have made in the foregoing letter be inserted in the record of your proceedings.

Very respectfully,

S. H. COWAN.

HON. FRANK M. NYE, M. C., SUBMITS LETTER OF LOYE SADDLERY COMPANY, MINNEAPOLIS, MINN., RELATIVE TO DUTIES ON HIDES AND CATTLE.

110-112 SECOND AVENUE NORTH,
Minneapolis, Minn., December 17, 1908.

Hon. Frank M. Nye, M. C.,

Washington, D. C.

DEAR SIR: You are doubtless aware that Congress in 1897 imposed a duty on hides and cattle, and we wish to advise that the harness business is scriously hampered by said duty, as it prohibits the importation of heavy hides which we use in our business, and the heavy-weight hides are becoming very scarce, and will continue much more so each succeeding year, owing to the encroachment of the small farm in place of the large range.

In view of these facts we would urgently request Congress at the next session to remove the present duty of 15 per cent upon hides

HIDES. 7005

and cattle, because its operation, we feel, has worked a hardship in the way of increased raw material, of which our product is a part, and has rendered no appreciable advantage to anyone, and the laboring man and the farmer are obliged to pay the advance.

We hope you will use your influence in legislation to remove this 15 per cent duty, thereby favoring the masses of people as a whole.

We are,

Very sincerely,

LOYE SADDLERY COMPANY, By E. P. LOYE.

## ALFRED R. URION, REPRESENTING ARMOUR & CO., OF CHICAGO, ILL., URGES RETENTION OF DUTY ON HIDES.

Friday, December 18, 1908.

(The witness was duly sworn by the chairman.)

Mr. Urion. My name is Alfred R. Urion. I represent Armour & Co., meat packers, of Chicago. I am here, in response to the request of the committee, to be interrogated concerning the duty on hides.

The CHAIRMAN. You may proceed with your statement.

Mr. Urion. I have prepared no statement for the reason that after reading the proceedings I concluded that only those who asked something at the hands of the committee in the readjustment of the tariff filed briefs or prepared statements. Armour & Co. are asking nothing in the readjustment of this tariff. However, I shall be very glad, and I think it is my duty, to give any information I may be able to give on the subject.

The CHAIRMAN. Mr. Urion, what the committee desires to have information upon is the question of whether the duty on hides raises the price in this country owing to the limited importations compared with the amount produced in this country; and if it does not increase

the price in this country, who gets the benefit of the tariff?

Mr. Urion. Well, every steer has a hide on it, and that hide must have a value on the steer in the hands of the farmer as it has a value in the hands of the packer; and I think every farmer knows that. The average value of a hide, or the average of a hide, is about 6 per cent of the total of an animal. As you know, the edible parts of a steer are only about 57 per cent. The other 43 per cent is made up of the hide, the tallow, and what we classify as offal. Of the 43 per cent, the hide is the most valuable part; and, as I say, about 6 per cent. The average weight of a hide is from 60 to 70 pounds, green. I suppose a fair average is, perhaps, 65 pounds; and that hide is worth to the farmer, approximately, on the present market, \$6.50 to \$7. Of course that varies with the weight and size of the animal.

The Chairman. Packers buy the cattle on the hoof in large quantities and slaughter them and lay aside the hides. They do not put them on the market every day when they buy the cattle, but they

hold them for a better market?

Mr. URION. Well, it takes about thirty days to prepare a hide in the salting and curing of it; and hides, of course, are not perishable, while most of the other part of the animal is perishable. The hides are sold according to the market demand, and it fluctuates, of course. A year ago hides were down as low as 8 cents. To-day they are up as high as 14 or 15 cents. At that time the cellars of the packers were overflowing; there were no buyers, and, of course, as the demand increased the supply has decreased.

The CHAIRMAN. At that time the duty cut no figure whatever in

the price of hides, when the cellars were full?

Mr. Urion. Well, but the duty cuts a figure, if it cuts it at all, at the time of the purchase. The slaughtering of cattle and the handling of the product that comes from a steer is of course fluctuating. It takes a week or ten days to get the edible part of that on the market. We may buy to-day on the Chicago market, as an example, and it will be probably ten days, certainly a week, before that beef, the edible part, gets to the market. The parts manufactured into sausages and other products are more likely to be a month. When the buyer goes on the market to buy these cattle he is in competition with from 150 to 200 buyers in the Chicago yards. He buys them, expecting of course to be able, so far as his judgment goes in judging the markets, to make a profit. It often happens that the beef is sold at a loss, and if the by-products make no profit there is a total loss on the purchase, which often happens.

The CHAIRMAN. Now, these buyers do not buy direct from the

Mr. Urion. They buy through commission merchants, to whom the raisers, the producers, ship their cattle for sale.

The CHAIRMAN. They ship to the commission merchants and the

commission merchants sell to your buyers?

Mr. Urion. Sells to any or all buyers there. The CHAIRMAN. One buyer as well as another?

Mr. Urion. Yes.

The CHAIRMAN. You say that there are 150 and more buyers.

How many different concerns do they represent?

Mr. Urion. Well I can give a concrete example, perhaps, which would be best. The Daily Live Stock Journal of last Tuesday, Tuesday of this week, showed 5.500 cattle received on the Chicago market. The shipments on that day were about 2,100, as near as I can make

Mr. Cockran. Of live cattle?

Mr. Urion. Order buyers, buyers who are on the market and buy to fill orders in the East or elsewhere; and the buyers on that market that day were Armour; Swift; Morris; Anglo-American; Hammond. Boore & Co.: S. & S. (that is, Schwarzchild & Sulzberger); Boyd & Lunham: Roberts & Oak; the Western Packing Company; butchers and shippers. I supposed that this gave the total purchase of each packer of cattle. I find, however, that it is not in this issue, although the hog purchasers are there.

Mr. Cockran. When you say "butchers and shippers" are you

speaking of a single concern, or of butchers and shippers outside of

your own firm?

Mr. Urion. No; they are referred to as packers, outside of such as Armour & Co.

Mr. Cockran. And not as one concern?

Mr. Urion. No.

Mr. Cockran. The miscellaneous butchers and shippers?

Mr. Urion. Yes, sir. The average of these buyers outside of Chicago, what we call "shippers," is about 40 per cent of the total run. The other 60 per cent—these are round figures—are made up of all the buyers on the Chicago market; and there are many slaughterers in Chicago outside of Armour.

The CHAIRMAN. They are all over the country.

Mr. Urion. It may be of interest to this committee to know that in the State of Illinois, outside of Chicago, 360,000 cattle are slaughtered annually.

The CHAIRMAN. It is stated that about 13,000,000 cattle are slaughtered annually, 5,000,000 by the packers. Do you think that

Mr. Urion. No; that was correct according to the last statistics, but those statistics are two years old. It is my understanding and my best information that there are in the neighborhood, or was for the year ending June 30 last, about 17,000,000, of which the packers—and when I say packers I refer to the largest packers of Chicago—killed about a little over 7,000,000.

The CHAIRMAN. You think that the appetite of the people has been increased in the last two years, then, to the extent of 4,000,000 cattle,

in spite of the hard times?

Mr. Urion. The consumption of beef is increasing all the time. We are an extravagant people in our eating; the American people want the finest cuts; and the cheaper cuts, which is the barrel beef, and matters of that sort, are exported, where it can be.

But, as I say, when we buy the cattle we never know when we will be able to sell the beef. It is largely a matter of business judgment.

The CHAIRMAN. When a farmer has an animal ready for slaughter, properly fitted for beef, he must put it on the market or lose money; that is, the longer he keeps it the worse he is off.

Mr. Urion. He is the worse off to the extent of the feed he puts

into it after it is ready for the market. The CHAIRMAN. He is obliged to sell.

Mr. URION. The farmer of the present day, with the telephones and the post-office service of the country, is able to get his daily papers and his stock journals, and he keeps pretty well informed on the market; and you can generally figure that they ship at the time they think they are going to get the best market.

The CHAIRMAN. When the price is up, every farmer gets that back;

every farmer ships what cattle he has, does he not?

Mr. Urion. Every farmer, like every other man, is trying to sell

his product for as much as he can get for it.

The CHAIRMAN. Exactly, and when every farmer does that it overstocks the market, and the price goes down.

Mr. Urion. That sometimes happens.

The CHAIRMAN. Does it not always happen?

Mr. Urion. Not always, because it depends largely on the demand. The CHAIRMAN. You have known instances where it did happen?

Mr. Urion. Certainly.

The CHAIRMAN. Of course the packers are not in the business for

their health; they buy when they can buy the cheapest.

Mr. Urion. Certainly; we expect to make a profit on our business if we can; but as for the profit on any particular part of an animal, I do not believe it is possible to figure it out.

The CHAIRMAN. I do not believe it is either. Now, the packer being in business in that way, if there is any part of the animal, such as the hide, that he can preserve without cost, he holds it for the highest price, does he not?

Mr. Urion. He wants to get as much for the hide as possible.

The CHAIRMAN. And that results in his holding it for the highest price?

Mr. Urion. Hides run into money very fast.

Mr. Cockran. Please state what you mean by that.

Mr. Urion. I mean, when hides are stored in the cellar, you are putting a lot of money into them which it costs to carry them; and hides do not fluctuate very much.

The Chairman. I do not take it that these packers are very much cramped for sufficient money to run their business, even in the keeping

of hides.

Mr. Urion. Well, I can only speak for Armour & Co.—I know nothing about the others, and have no authority to speak for them—but I know we find it necessary to borrow money to run the business with.

The Chairman. I do not doubt that, and the banks are glad to loan

it to you.

Mr. Urion. I think our credit is good.

The Chairman. So that they are able to hold their hides for better markets.

Mr. Gaines. It was stated a year or two ago that Swift & Co.'s notes were all over the country, the country banks were trying to place them; so it seems that they do, if there is any truth in that report, borrow a good deal of money.

The CHAIRMAN. Mr. Urion does not want to go into their affairs.

He is speaking of Armour & Co., as I understand it.

Mr. URION. I know nothing about Swift & Co.'s affairs.

Mr. COCKRAN. I suppose that you get a great deal of paper in the course of your business, or do you deal for cash only in the disposition of the product?

Mr. Urion. Every purchase made on the market is an auction pur-

chase and spot cash.

Mr. Cockran. What is that?

Mr. Urion. Live stock is sold, I might say, at auction, because one

is bidding against the other, and it is cash.

Mr. Cockran. I understand that; but I was asking, however, by way of explanation of Mr. Gaines's question, whether a great deal of your product is not disposed of on time and whether you do not take notes when you sell. Will you kindly explain just the condition?

Mr. Urion. It is true that a large part of the packers' product is sold on time—thirty, sixty, and ninety days. Fertilizers are sold on

the year, sometimes two years.

Mr. Cockran. When you dispose of these products on time, do you simply make a book entry or take a note?

Mr. Urion. As a rule, they are open accounts. Mr. Cockran. By that what do you mean?

Mr. Urion. They are on the books; no notes for them.

Mr. Cockran. Where you give extended credit, of course you take

Mr. Urion. Yes; fertilizer, for instance—upon that we take notes. Mr. Cockran. How do you dispose of it in general; what is the modus by which you get your product on the market? Do you sell direct to the butchers, or is there any agency between the packer and the butcher who sells to such people as the chairman and myself?

Mr. Urion. Well, take our products. Armour & Co. distribute in various parts of the country through their branch houses, and sell

to butchers.

Mr. Cockran. You do not deal directly through your branch houses with the public?

Mr. Urion. No, sir; we do no retailing whatever.

Mr. Cockran. To those butchers to whom you dispose of your product, what terms do you make?

Mr. Urion. It depends upon the kind of product they buy.

Mr. Cockran. I am referring to food supply; meat, for instance,

perishable meat.

Mr. Urion. Fresh meat is sold payable weekly. Provisions are sold payable monthly. And as to other products-lard, I think, is sold on thirty days. The products vary. Only the fresh meats are sold on short time, one week.

Mr. Cockran. So that this capital engaged in packing is largely tied up by the credits you extend, and of course that necessitates bor-

rowing money against those credits through the banks? Mr. Urion. That is a part of the business; yes.

Mr. Cockran. There was a good deal of testimony here concerning the effect of this duty on hides so far as prices are concerned, and it was stated by some that the cost of hides was almost a negligible quantity in determining the cost of the steer; that the packer purchased with reference to the demand for the meat of the steer.

Mr. Urion. That is, the hide was thrown in?

Mr. Cockran. Not exactly thrown in, but nobody bought for the sake of the hide. The hide was simply a resulting incident, and that the packer purchased with reference to the demand for food.

Mr. Urion. I think I explained before you came into the room, Mr. Cockran, that only 57 per cent of an animal is meat-food product.

Mr. Cockran. Meat food, but in various forms?

Mr. Urion. I referred to it in various forms. The 43 per cent is made up of hides, tallow, and offal.

Mr. Cockran. The offal is disposed of. is it not?

Mr. Urion. Certainly; our business has been built up on small economies. The waste which in the old-time way of slaughtering

went into the streams and into the gutters is taken care of.

Mr. Cockran. That is the great contribution of the packer to present conditions, and a very valuable one. But for the enlightenment of the committee, I think it is important, if we can ascertain it, to know what it is that determines the packer in going into the market. Does the necessity for supplying hides cut any figure, in your estimation, for instance, in the purchases made?

Mr. URION. I do not think it is possible to take any one part of the animal and say that the demand is for that particular part, and that the buying of the steer was for that particular thing.

purchased for all there is in it—hide, hoof, horns, and all.

Mr. Cockran. But surely there is some determining factor. If I want to build a house, the necessity for the house would be the main thing that moved me, though I would afterwards be moved by various other matters in the detail of arrangement; so if I go out and buy a steer, there must be some determining factor that moves me. What demand is it?

Mr. Urion. Perhaps you are trying to get at the value of the hide,

or whether it is considered?

Mr. COCKRAN. It is not that. We will have to do that by considering a variety of circumstances. What I want to get from you is whether these gentlemen are correct in stating that when you go out to purchase a steer, or cattle, in the markets, you are moved by a desire to meet the demand for food products mainly, and that the hide is practically a negligible quantity in determining the demand for the steer—not the price, but the demand—on the part of the

packers.

Mr. Urion. The demand for beef primarily is a reason, but when you consider that only 57 per cent of that is meat—in other words, out of a thousand-pound steer you get only approximately 570 pounds of meat—but you buy the other things. I can best illustrate that, perhaps, by saying this: All the cattle purchased at the various centers are purchased under the inspection of the Agricultural Department. They have two examinations; one is the ante-mortem examination, which is made in the yard. A very large percentage, due to tuber-culosis and other things which you are familiar with, tuberculosis particularly, is condemned, and they are killed by a slaughterer, who is authorized by the Agricultural Department to kill under the supervision of that department. Of course none of that meat is edible; it is destroyed. Nobody can buy it. The commission man puts those cattle in the hands of the Government or into the hands of the authorized slaughterer for slaughter, and the farmer who sends in that animal gets his return for the hide and the offal, because that is all there is in it. He knows he is getting value for the things that are only purchasable; and so it is with the hide and offal and with all parts of the animal. The farmer knows that he is selling the entire animal and that only part is used for meat.

Mr. Cockean. I understand all that, but every part of the animal excepting the hide is disposed of in your own establishment; you make everything practically out of the offal into which the offal can be converted. The hide is a different element, however, as I understand it. It is not manufactured by yourselves, but is disposed of subsequently to an entirely independent industry. Am I correct in

Mr. Urion. It is not entirely a raw material any more than the other of the waste—the 43 per cent. The hide is taken off, cured and salted, packed, and so on, and put into shape to go to the leather

manufacturer, who in turn gets it one degree beyond.

Mr. Cockran. All of that I understand, but I want to make a distinction—if it really exists—a distinction between the hide, which you do not develop and which is no part of your own industry at all, and the other elements of the steer (both the meat elements and the other), all of which, as I understand it, are developed, manufactured, and completed in your own establishment and distributed through your agencies to consumers. Am I correct in that?

Mr. Urion. Very largely so.

Mr. COCKRAN. Then the hide is the only element of the steer, so far as you yourselves are concerned, that does not form a part of your product—your finished product?

Mr. Urion. Not a finished product, no; not to the last degree of

finish.

Mr. Cockran. That is what these gentlemen state. All the other elements of the steer are manufactured, completed, made ready for consumption in your own establishment by your own agencies, and distributed through your own houses: but the hide is an independent element, not utilized by yourselves in any manufacture, and kept only until a favorable opportunity comes, when you dispose of it to other manufacturers whose business it is to develop it and turn it into a finished article. That is the distinction made. Is it correct?

Mr. Urion. Very largely true; yes, sir.

Mr. Underwood. You stated a moment ago that the amount of cattle killed was 17,000,000, and that the amount killed by the packers was 7,000,000. I want to know, with respect to all of these cattle that are killed, whether their skins go into hides?

Mr. Urion. Certainly.

Mr. Underwood. They go on the market as hides, and practically

there is no material loss in the number?

Mr. Urion. That is, only a small number. Those are what are known as "packers' hides." There are a large number of hides known as "country hides" in addition to the packers' hides.

Mr. Underwood. The 17,000,000 cattle include the country hides?

Mr. URION. Yes, sir.

Mr. UNDERWOOD. They do include them?

Mr. Urion. Yes, sir.

Mr. Underwood. All the packers kill go into hides. Do all the

country cattle killed go into hides?

Mr. URION. Certainly; if a steer dies on the place, the first thing a farmer does is to skin it, because the hide has a value, and he knows it.

Mr. Underwood. Do you packers purchase those hides?

Mr. Urion. No, sir; and I am glad to have an opportunity to correct a misstatement that has been made to the committee, viz, that the packers are engaged through their agencies in the country in buying hides. I want to say for Armour & Co. that we buy no hides whatever, and we sell no hides excepting our own take-off; the hides which we strip from the cattle which we purchase; and I think that is true as to the other packers.

Mr. Underwood. That covers the same business conditions govern-

ing your competitors as well?

Mr. URION. I think that is so.

Mr. Underwood. Where do the country hides go?

Mr. Urion. They are sold on the market just as the packers' hides. The distinction between the packers' hides and the country hides is that the packer's hide is regarded as a superior hide, and it commands a higher price on the market, the reason for that being the care with which they are removed from the animal, and the care with which they are prepared for the market. In our establishment the skinners of cattle are paid 50 cents an hour—\$5 a day on the ten-hour basis—and the hides are immediately washed off, the manure removed from the skin, put in order, and immediately sorted and taken care of—

dressed; whereas the country hide is taken off by an unskilled man very often, is full of cuts, and every time there is a cut in a hide it depreciates its value. He takes it off, throws it aside to be cured at a more convenient time, or hangs it on the fence to dry. In the summer he puts it away until the cool of the day; and they do not take the salt so well—they are not as good hides.

Mr. Underwood. What is the price of packers' hides now?

Mr. Urion. They run—you understand there are many different kinds of hides even in the packers' hides.

Mr. Underwood. Yes.

Mr. Urion. Packers' hides are now ranging from 12 to 15 cents. A year ago they were selling as low as 8 cents and nobody to buy them, no demand for them.

Mr. Underwood. Is that price uniform with all of the packers? Mr. Urion. Well, the hide market is established by the hide buyers;

I don't know. These are our prices.

Mr. Underwood. That is what I wanted to get at, whether there was any arrangement between the great packing interests in this country as to the sale of hides, or do you go into the market inde-

pendently of your competitors?

Mr. Urion. We go into the market independent of competitors. The buyer of the hide is like the buyer of everything else—he shops around to get something to suit him, and when he finds that, he buys it as cheap as he can, while the seller wants to get as much for it as possible.

Mr. Understand that. There is no arrangement for

fixing the price of hides by the packers?

Mr. Urion. No. sir.

Mr. Underwood. Where do you find your market for these hides; where are they disposed of?

Mr. Urion. They are all disposed of in this country. For hides

there is a home market for the home producer.

Mr. Understand, but what I want to know is, if you can give me the information, whether the Chicago hides, for instance, are shipped east or west.

Mr. URION. I can answer that, I think.

Mr. Underwood. North or south, and proportionately where they

Mr. Urion. I can answer that. To Philadelphia; Milwaukee; Newark. N. J.; Wilmington, Del.; Chicago; Peabody, Mass.; and Camden. N. J., they being the largest tanning centers.

Mr. Underwood. Does a large portion of your hides go to St.

Louis?

Mr. Urion. I do not recall that there are any large tanners in St. Louis. It is possible that some of them do. They go wherever there is a tanner, if we are able to sell him.

Mr. Underwood. Most of your markets are east of you for hides? Mr. Union. Well, there are some large tanneries in Wisconsin. Mr. Underwood. What are the freight rates necessary to deliver

those hides!

Mr. URION. I can not tell you; I don't know. I am not prepared to answer that. That is a shipping proposition which I know nothing about.

Mr. Underwood. What percentage of the packers' hides come from

the western market?

Mr. Urion. Well, I suppose it is the percentage of the packers' kill in the West. I have a list here-I have been unable, from any of the government departments, to ascertain the exact number of packers or slaughterers of cattle and hogs. I called on the National Provisioner, which is an authority on cattle and meat matters, and they furnished me with a list of some 1.400 packers and slaughterers of cattle and hogs in this country, and they are the ones who produce the packers' hides.

Mr. Underwood. I want to get your judgment. If you can not give us the accurate figures, an estimate, as to where these hides are produced, whether in the East or the West; in other words, what is

the percentage in the West?

Mr. Urion. It follows that if the large packers kill 36 or 37 per cent of the cattle killed that they produce 36 or 37 per cent of the hides.

Mr. Underwood. That is in the West, isn't it?

Mr. Urion. Most of the large killers are in the West, although there are large killers in New York, Philadelphia, Buffalo, and at other points.

Mr. Underwood. I suppose the distribution of the country hide is

largely along the lines of population?

Mr. Urion. Farm population; yes, sir.
Mr. Underwood. Now, the competition where you meet the foreign hide is in the New York market, is it not; the place of competition?

Mr. Urion. I understand that all of these points which I have enumerated buy more or less of foreign hides. I do not know how many; I do not know much about the hide or the leather business; in fact, nothing about the leather business.

Mr. Underwood. Have you any information as to the point where the domestic hide comes in competition with the imported hide?

Mr. Urion. I suppose wherever there is a buyer of the imported

hides; at all of these tanning centers, I should say.

Mr. Underwood. Do you know what the advantage is in the domestic freight rate, either way, between the foreign hide and the domestic hide in reaching the point of consumption?

Mr. Urion. I know nothing about that. That is a railroad and a

shipping proposition.

Mr. Underwood. Do you know what the freight rate, the ocean rate, upon foreign hides is, landed in New York and at other ports of entry?

Mr. URION. I do not.

Mr. Underwood. Do you know whether, if hides were placed on the free list, it would in any way affect the price of domestic hides?

Mr. Urion. I think it would open—in the first place, in my judgment, and my judgment is no better than anyone else's-it would de-

stroy the home consumption, the home production.

Mr. Underwood. Have you considered the question as to whether the foreign freight rate and the domestic freight rate to the markets of consumption on the foreign hide would give any advantage in that market to the domestic hide?

Mr. Urion. I do not think it would. I was looking for a table that I had. I cabled London on Monday to get the prices of hides

there.

Mr. Crumpacker. You answered Mr. Underwood that the taking of the small duty, 15 per cent, off hides, would amount, according to your own statement, to only about 90 cents on a hide, or a steer, but that it would destroy the domestic production. What do you mean by that; that they would stop raising cattle?

Mr. Urion. Not at all.

Mr. Crumpacker. Quit skinning cattle?

Mr. Urion. Not at all.

Mr. Crumpacker. Or quit saving the skins?

Mr. Urion. Not at all. But it would destroy the home market: it would open the home market to that extent.

Mr. Crumpacker. If it had any effect, it would reduce the price of hides, say, 90 cents on an average on each green hide?

Mr. Urion. That would mean 90 cents of the farmers.

Mr. CRUMPACKER. Do you think the farmers get all of that? Mr. URION. Yes, sir. He would be the first one to call for it if he

did not get it.

Mr. Crumpacker. Is the foreign price here plus the tariff on hides? Mr. Urion. No, sir; that is what I was looking for. I cabled to London to get the prices of hides there. The prices there are very much lower, even taking into consideration the 15 per cent duty. I will say that for the market here it would open it to the South American hide, and I think it would reduce the price of hides.

Mr. Crumpacker. Do you think the tariff adds anything to the

price of hides here?

Mr. Urion. I do.

Mr. Crumpacker. It can not add more than 90 cents on an average? Mr. Urion. Ninety cents is the low average. It is 90 cents to \$1.20,

taking a thousand-pound steer.

Mr. Crumpacker. That is, for the kind of animals that are slaughtered by the big packers. The hides that are taken from the animals throughout the country-some eleven millions, I believe-average very much below that?

Mr. Urion. No: I think not. I have heard a good deal about 25-pound hides. Perhaps you are thinking that the country hides are smaller than the packers' hides. They average just the same. I do

not know what a 25-pound steer hide is.

Mr. CRUMPACKER. What I wanted to have you make clear is, how the removal of this tariff would destroy the production of hides in

this country when it only amounts to about 90 cents.

Mr. Urion. I do not think it would destroy the production. What I meant to say was that it would open the home market to the South American hides, and the tendency would be—

Mr. CRUMPACKER. But it is open now. We buy large quantities of hides from South America. It would simply reduce somebody's profit about an average of \$1 on a steer, would it not?

Mr. Urion. Certainly; whenever you destroy your home market

you lower the price.

Mr. UNDERWOOD. Will you find that memoranda that you were look-

ing for, and give us the London prices?

Mr. Urion. I am afraid I haven't got that, Mr. Underwood, although I think it is at the hotel, and I will be glad to bring it to the committee.

Mr. Underwood. Do you recall what it was?

Mr. Urion. No; I did not attempt to carry the figures in my head. Mr. Underwood. Foreign hides, of necessity, will be cheaper in London under a free-trade condition than in this country, would they not, on account of the freight conditions? There is a constant passage of vessels between England and South America, while there are very few vessels that are trading between this country and South America. If we bought our hides from England, we would not only have the freight from South America to pay, but the freight across the Atlantic to this country, and therefore is it not true that even under free-trade conditions foreign hides would be cheaper in Great Britain than in this country?

Mr. Urion. You are getting into the realms now that I know nothing about. I have had about twenty-one years' experience in the packing business—more than half my life—and I do not know much

else.

Mr. Underwood. That is one of the questions that we would like—

Mr. URION. I think, however, your statement, that they go from South America to England and then are shipped over here, would be like "going around Robin Hood's barn" to get the South Amer-

can hides to this country.

Mr. Underwood. Of course the passage of the trading vessels would regulate that, and where there are very few vessels moving in commerce between ports of this country and South America there are a great many moving between England and South America. Necessarily it would produce a result in ocean freight rates which would be to the advantage of the English purchaser and enable him to purchase hides very much cheaper than they could be laid down in this country.

Mr. Urion. I haven't any opinion upon that; I do not know any-

thing about it.

Mr. Underwood. You can not express an opinion as to the domestic freight rates or foreign freight rates that enter into this subject?

Mr. Urion. No, sir; that is a shipping matter with which I am

not familiar.

Mr. Cockran. The fact remains that entirely independent of the cost of hides you go on and buy cattle just the same to meet the meat supply?

Mr. Urion. Certainly.

Mr. Cockran. And no matter what might be the condition of the leather market, you would have about the same quantity of hides and you would dispose of them?

Mr. URION. Yes; but I think the price would probably be lower, because the more hides we get from other countries the less the de-

mand and the lower the price.

The CHAIRMAN. You manufacture bristles, do you not; you put them up?

Mr. URION. Only in the rough. We do not sort and pack bristles,

for the reason that the marketable bristles are white bristles.

The Chairman. A man before the committee the other day advocated the reduction of the duty on bristles of the common sort and an increase of duty on the bristles of the finer sort, saying that the duty

now-so much a pound-was not a reasonable one. Do we produce any bristles here in competition with the long bristles that come from

northern Russia?

Mr. Urion. The heavy hogs, I think, produce a stiffer bristle, which comes in a sort of competition, but we do not know much about the bristle trade. We simply take them off the hogs and sell them in the rough. We do not pack and sort and sell them.

The Chairman. Then you do not know anything about the work?

Mr. Urion. No. sir.

The CHAIRMAN. We produce a good enough bristle here to make a paint brush of the fine quality, do we not?

Mr. Urion. I am afraid that I do not know.

Mr. Crumpacker. Do you slaughter any old hogs?

Mr. Urion. When I said "old hogs"—yes; the heavy hogs.

Mr. CRUMPACKER. The bulk of your hogs are less than a year old, are they not?

Mr. Urion. As a rule; yes.

Mr. CRUMPACKER. And hogs of that age do not produce the long and strong bristles?

Mr. URION. I think not; but I don't know.

Mr. FORDNEY. I did not hear all of your statement, Mr. Urion, and I want to ask you what an average hide off a steer will weigh-say. the 3-year-old or more. Have you stated that?

Mr. Urion. From 60 to 70 pounds.

Mr. Fordney. What is it worth in the market generally—that is, in the last ten years?

Mr. Urion. A 70-pound hide would be about \$7 to \$7.50.

Mr. Fordney. So, when you are speaking of 90 cents to \$1.20, that is the duty on hides?

Mr. Gaines. What is the same hide worth dry?

Mr. Urion. It shrinks about 16 per cent.

Mr. Gaines. And its value would be how much more than the green hide?

Mr. Urion. I do not know anything about the dry hide. We handle the green hide. I do not profess to know the hide business, excepting as a part of the packing business.

Mr. Gaines. The packers' hides are tanned without having to get

Mr. Urion. I do not know the process of tanning.

Mr. Gaines. But do you know whether your hides are kept until they are dry and what their value would then be, just as well as you know their value when green, unless they are not kept until dry?

Mr. Urion. That is the case; they are not kept until dry.

Mr. Gaines. I asked you that guestion. Mr. Urion. I did not understand you.

Mr. Gaines. It was stated before this committee, if I recollect aright, that the price of hides and the price of cattle did not correspond; that is to say, that when cattle were highest, generally hides were lowest, and they stated that before the committee as a fact tending to show that the price of the hide was not taken into consideration in the price given to the farmer for the steer. What have you to say about the fact as to the hides' failure to correspond with the high prices and as to the inference drawn from that?

Mr. Urion. I think I can answer that by saying that during 1907 the price of cattle averaged very high, and I have already said to the committee that the price of the hide got down to 8 cents. That is the opposite to what has been stated to the committee. It is true in a measure that the price of, cattle does not follow the price of the hide, or the hide follow the price of the cattle; neither does the sale of fresh beef follow the price of the cattle, excepting in a general way. We buy to-day, and put on the market next week, ten days hence; and weather like this has a great effect upon the beef, and the stuff that is on the market here in Washington to-day was probably bought on the market a week or ten days ago. This is a very sticky day, very little demand for meat, and butchers do not like to handle it. There is less meat sold, it is harder to keep, and the price goes down, because you can not keep fresh beef very long in the coolers. The probabilities are that the beef being sold in Washington to-day is sold for a good deal less than it was figured we would get for the beef at the time we purchased the cattle.

Mr. Gaines. Is there any correspondence between the range of price

of beef compared with the range of price of the hide?

Mr. URION. They could hardly be compared, because beef is a per-

ishable product, and hides are not.

Mr. Gaines. Do you mean by that to say that in your opinion no inference is to be drawn, in considering this inquiry, from the failure of correspondence between beef and hides?

Mr. URION. That is what I mean to say.

Mr. Gaines. It has been stated here as one of the principal reasons for the reduction of duty on hides, that the packers are drawn into the tanning business so extensively that the tanners are compelled to buy their raw material from their competitors.

Mr. Urion. I read that statement.

Mr. Gaines. That is one of the most serious complaints. What have you to say about that? And, it has also been stated that the process referred to has gone on to such an extent that the tanners are largely working now for the packers, tanning for the packers by contract, because they can not get hides to tan on their own account; and that at the present rate of progress the tanners will practically all be, pretty soon, mere servants of packers, working for them, rather

than doing an independent tanning business.

Mr. Urion. I read that statement, and it struck me as somewhat inconsistent, the statement being that the packers not only control the cattle market but they also control the tanning business; that we want a tariff—so it is charged—because we control with our left hand the cattle business, and they say that we control the tanning business, and the tanners want free hides. Now, if we are controlling the tanning business, I should think that we would want free hides. It does not make any difference, I say, to Armour & Co., however, whether the duty on hides is retained, whether it is raised, lowered, or wiped out. Now, to get to your question direct. Last year hides could not be sold at even 8 cents. They had to be moved, for every day's kill added more hides, and the packers did not sit back—Armour & Co. did not sit back, Micawber like, and "wait for something to turn up." They did make some contracts for the tanning of hides. I think there were three of them, one in New England, one in Delaware, and one in Pennsylvania.

Mr. Cockran. Do you say you make contracts to dispose of all

your hides to three different persons?

Mr. Urion. No, sir; with three different tanners, some of the hides which we had in cellars, and which we could not sell at 8 cents a pound. I believe I saw a statement that the prices had advanced in hides some 40 per cent in the last year. They are taking the low price, 8 or 9 cents a pound, when the tanners could have bought the hides and stored them, and they probably would not have been so high to-day.

Mr. Dalzell. You want us to understand that that was an excep-

tional condition of things?

Mr. Urion. It was exceptional; there was no demand. It is a question of demand. But I had not quite finished. In addition to that, Mr. Armour is a stockholder in a tannery at Sheboygan, Wis. He is also a holder of some of the common stock of the United States Leather Company. I want to be perfectly frank and have the committee understand the matter. It is charged that he dominates the control of the United States Leather Company. Such is not the fact. He is not an officer or director, has no business with them other than being a stockholder, and they being purchasers of hides on the market. Mr. Gaines. Having told us of his interest in the United States

Leather Company, will you tell us how great that interest is?

Mr. Urion. I can answer generally by saying that, taken as a whole, his holding of common stock as against the whole is very small, in the minority, and there is no controlling interest, not even a large minority interest.

Mr. Gaines. You have said that Armour & Co. did not care

whether the tariff was raised or lowered or taken off.

Mr. Urion. I mean by that from their own standpoint—their own standpoint, their selfish standpoint, which seems to be largely a governing-

Mr. Gaines. It would not affect him financially?

Mr. Urion. I started to say that I thought it was largely a governing influence in the tariff question. Some people want the duty on one thing, and on the same thing other people do not want the duty, so they are each governed by selfish interests—selfish is not a good word to use, but by self-interest in their own business. Then I say "our" business, it makes no difference whether there is a tariff, the present tariff, a higher tariff, a lower tariff, or no tariff at all.

Mr. GAINES. Why do you reach the conclusion; what is the consideration that, in your opinion, would equalize the situation to you

if the tariff were taken off of hides?

Mr. Urion. It might reduce the price of cattle just 15 per cent. We would pay for them less 15 per cent if we could buy them at that price.

Mr. ('RUMPACKER. Reduce the price of cattle 15 per cent, or 15

per cent on the hides?

Mr. URION. On that part of the cattle which is the hide.

Mr. CRUMPACKER. I wondered if it would reduce the price of the tire cattle 15 per cent. I did not expect that it would be quite that. Mr. Urion. We are talking about hides; not cattle.

The CHAIRMAN. On 7,000,000 cattle that are slaughtered by the packing interests, how many of them produce hides that come in competition with the imported hide?

Mr. URION. It is my information that the South American hides compare very favorably with what are known as "Texans" and "Colorados," that is, grass-fed cattle—and they are cattle that weigh 1,100, 1,200, and 1,300 pounds. My information is that they raise good cattle in South America.

The CHAIRMAN. What proportion of the 7,000,000 product are

hides similar to those that are imported?

Mr. Urion. I am afraid that I haven't the data to answer that question, Mr. Chairman, but a very large proportion of the cattle coming into the western packing centers come from Texas, New Mexico, Colorado, and the grass States; I should say quite a large proportion of them. How much, I am not able to tell you.

The CHAIRMAN. What do you mean by that—a majority of them,

or less than that?

Mr. Urion. I should say a majority of them.

The CHAIRMAN. Now, I want to ask you whether the price of hides, since this tariff, has not gone up and down, and to an observing man, has it not been impossible to trace any 15 per cent of increase in the value of the hides?

Mr. Urion. I think hides have increased, while there have been

fluctuations, of course.

The CHAIRMAN. They have increased 50 per cent; yes.

Mr. Urion. I think they have made some increase; likewise the

price of cattle has increased considerably.

The CHAIRMAN. Exactly; there has been an increase of 50 per cent in these markets and in the markets of the world. But is it not impossible for any man to trace the effect of this tariff on hides in this country by the markets?

Mr. Urion. I do not believe I can answer that question.

The CHAIRMAN. No; I do not believe you can. I do not think you

can say it is possible for a man to trace it.

Now, isn't it a fact that, if they have increased the price of hides, the packers being able to store their hides in stock gives them an opportunity of taking advantage of the market, and of a higher market than they would have without the duty, if the duty increases the price?

Mr. Urion. That might be so if there was no limit to the amount of hides which the packer might store, but the limit is usually reached in a very short time. I have given the reason for having some of the hides tanned last year. We can only store a few, a comparatively

for hides

The Chairman. During that 8-cent period, it was impossible for a farmer or anybody else to get the benefit out of this duty, was it not?

Mr. Urion. The price of cattle during that time was fairly high. The Chairman. Notwithstanding the lowering of the price of hides?

Mr. Urion. Yes, sir; and the chances are that those hides were

taken off of high-priced cattle.

The Chairman. Then the price of cattle was high notwithstanding the low price on hides. The by-product, then, of the hide did not have a great influence on the price of cattle in the market, did it?

Mr. URION. Why, if there was no demand for the by-product, or the by-product was reduced in value, of course it had an influence on the price which we wanted to pay for the cattle. The Chairman. Notwithstanding the price of cattle went up and the hide remained low.

Mr. Urion. Yes; because the demand was greater for the cattle

than the supply.

The Chairman. Now, if it is true, as you stated a moment ago, that if there was an increase in the value of the hide the packers could take advantage of it at the time the hides were high in the market because of being able to hold their product, and the packers should condescend to take an enlightened self-interest in this country, that interest would be in favor of a duty, would it not?

Mr. Urion. No; I do not think so.

The CHAIRMAN. Not even if they could get a little advantage out of it?

Mr. Urion. I do not think it gives us any advantage.

The Chairman. If they can get a higher price, as you said a while ago, by holding their hides until the price should be higher in the market, and the tendency of the tariff was to increase the price and make it higher in the market, it seems to me it would not be a long step to reach the conclusion that the tariff did give them a little higher price on the hides and give them better chances to take advantage of the market. I think you said so.

Mr. URION. If I did, I did not mean to be understood that way.
Mr. FORDNEY. What proportion of the value of the critter is the hide when you purchase live stock?

Mr. Urion. About 6 or 7 per cent.

Mr. FORDNEY. Then, I believe you have stated that that portion of the critter does make some difference to the farmer as to what he receives for the critter.

Mr. Urion. I think the farmer so considers it; I certainly do.

Mr. Fordney. You figure when you buy a critter that there is so much meat there, so much by-product, and you pay so much for the critter in proportion to the market value of those various parts of the critter; is that right?

Mr. Urion. I think so.

Mr. FORDNEY. Then the farmer must receive the benefit of the high price of the hide; on the price of the hide on the critter?

Mr. Urion. I do not see how he can help it.

Mr. Fordner. If it was not worth anything at all, you would not

pay as much for the critter?

Mr. Urion. No, sir. We buy the animal—hide, hoof, and all. We buy it and get a value out of everything in it. If the value is not there, it makes a difference in the price paid.

Mr. Ceckran. Do you want this committee to understand that when you purchase a critter you constitute yourself a kind of tribunal to divide up and distribute the benefits of the tariff among

the various elements?

Mr. Urion. We do not consider the tariff. We buy the animal, as I stated to the gentleman on the other side, for all there is in it, and make a profit on every part of it if we can.

Mr. Cockran. And you buy the main elements that constitute it-

that is, the meat, the tallow, and these other things?

Mr. Urion. The tallow stands very much as the hide; but, of course, primarily cattle are bought for food.

Mr. Cockran. That is all, and that is what determines your going into the market?

Mr. URION. Not entirely.

Mr. Cockran. Were you ever induced to buy a single steer by reason of the demand for hides?

Mr. Urion. No; I can not say that we were. Mr. Underwood. What is the value of the average steer?

Mr. Urion. At 8 cents a pound, weighing 1,200 pounds, it would be \$96.

Mr. Underwood. If the price of the hide dropped the entire amount of the duty on hides, it would be a drop of 15 per cent, and the hide, being worth 7 per cent, that would be a total loss on the steer of 1 per cent.

Mr. Urion. Those figures are too much for me to follow. I can't

carry them in my head. I assume that your figures are correct.

Mr. Underwood. If these figures are correct, then the total loss on the steer, if this reduction was made on hides, would not exceed 1 per cent.

Mr. Urion. Well, that would be 96 cents, would it not? I said

that the value of the hide was from 90 cents to \$1.20.

Mr. Fordney. What is the average value of all the by-products of the critter in proportion to the cost that you pay for the critter? For instance, suppose you paid \$100 for the beef critter; how much byproduct for the entire critter—the hide, tallow, hoof, and horns, and all the other?

Mr. Urion. I can give you the percentage, but I can not give you

the value, because that fluctuates.

Mr. Fordney. I meant to say the percentage of value.

Mr. URION. I can give you that; 43 per cent as the whole.

thought you wanted the particular percentages.

Mr. Fordney. No. Then you certainly do take into consideration the value of the product when you buy the critter, for 43 per cent of it is by-product.

Mr. URION. Could not help it; no.

Mr. Longworth. Is "critter" a technical term used in your busi-

Mr. Urion. That is the western vernacular. Mr. FORDNEY. But all critters are not steers.

Mr. Clark. Are you paying 8 cents for cattle now.

Mr. Urion. We are paying 7.65 cents. Sales were made at 7.65 cents on Tuesday.

Mr. CLARK. When did you pay 8 cents?

Mr. URION. We have paid 8 cents for top steers. Mr. Clark. When?

Mr. Urion. Within-I do not know that I can tell you exactly. Mr. Clark. Did you ever pay 8 cents for a steer in your life?

Mr. Urion. I should think we had, but I could not tell you offhand. Mr. CLARK. As a matter of fact, did you do it? What is the use of talking of steers at 8 cents when you never paid 8 cents for a steer?

Mr. Urion. I do not know. I can not follow the market, and I do not pretend to. But I know that cattle have been higher than they were on Tuesday.

Mr. CLARK. I wanted to congratulate everybody if they were sell-

ing for 8 cents.

Mr. Urion. They are not selling for 8 cents at the present time.

Mr. Clark. I understood you to say that the weight of the hide from cattle taken off by the packers, the big packers-the "big four "-was just about the same as that of the hide taken by the rest of mankind. Do you stick by that statement?

Mr. Urion. I think that is a correct statement.

Mr. Clark. The bigger the animal, the heavier the hide, as a rule; is not that it?

Mr. URION. I should think that was so.

Mr. Clark. Now, don't you know that you get the very cream of the cattle, the big ones, and that nine-tenths of all of these cattle that are butchered, outside of those killed by the big packers—I am not confining it to the "big four" now-the other fellows use the refuse cattle, the small cattle, the milch cows, the heifers, and small steers, and the chances are that the hides that you take off will run a third heavier than the hides taken off by the small cattle butchers,

and by the foreigners themselves when they kill cattle?

Mr. Urion. Well, I do not accept the premises. Armour & Co. kill a large number of canners, light cattle. They kill a lot of cows. The percentage of heavy cattle is small compared to the general kill of the canners—the cows, the light-weight animals. representative of that, the Tuesday market, the sales in Chicago, ran 14 averaging 804 pounds, 16 averaging 735 pounds, 10 averaging 1,010 pounds, 5 averaging 920 pounds, and so on down, and the heavy cattle are in the minority.

Mr. CLARK. The big cattle are in the minority, are they?

Mr. Urion. They happened to be on that day.

Mr. Clark. A canner is not necessarily a small animal? Mr. Urion. It is light in weight, yes, and thin probably.

Mr. Clark. It is possible, because he is simply lean, but the hide is not lean along with the animal?

Mr. URION. No; I do not think so.

Mr. Clark. A big canner would have just as good a hide on him as the best steer that we could raise in Missouri, would be not?

Mr. URION. I expect he would.

Mr. Clark. What does the average big steer in Iowa, Missouri, and Illinois, and that country through there, weigh? They will run above a thousand pounds, will they not?

Mr. Urion. Yes; 1,200, 1,300, and sometimes as high as 1,400.

Mr. Clark. Sometimes as high as 1,800?

Mr. Urion. They are pretty heavy.
Mr. Clark. I know that; it takes a cracking good steer to weigh that, and Missouri, Illinois, and Iowa about exhausts the subject. It is true that these hides taken off by the farmers, and some of the butchers in places of 2,000 and 3,000 population, as a rule are lighter than the average; you concede that, do you not?

Mr. Urion. No; I will not concede that; I do not think it is a fact.

Mr. Clark. Have you always lived in Chicago?

Mr. Urion. No; I was born and raised on a farm, but I never threw a plow very much.

Mr. Clark. Then, taking your statement that they do not run

lighter, although I am reasonably sure that they do-

Mr. Urion. I think, Mr. Clark, you will find there are more light cattle killed by the large packers than are killed by anybody else. the

reason for that being that the lighter cattle are canners, and the cows are canners, and the canning is done by the large packers and sold very largely in foreign markets.

Mr. CLARK. What do they do with the canners' stuff-make braised

beef out of it?

Mr. Urion. It is canned in different ways, and sold very largely,

as I say, abroad.

Mr. CLARK. Taking into consideration the fact that these hides taken off by the small butchers and the farmers themselves are liable to be cut or damaged in all this stuff and one thing and another, their class of hides does not go into that class that has the tariff on it. does it?

Mr. Urion. Certainly.

Mr. CLARK. All the benefit they get out of it, if they get any at all, is a sympathetic rise on account of the rise of the heavy hides by reason of the tariff? They go up a little just because the others go up by reason of that, just as they talk about a sympathetic strike?

Mr. Urion. No, sir.

The CHAIRMAN. It is owing to the natural tendency?

Mr. Urion. My understanding is that all the hides over 25 pounds in weight carry a tariff, and, as I said awhile ago, I never saw a 25-pound cattle hide, and I do not think I ever will.

Mr. Clark. I do not know whether you will or not.

The CHAIRMAN. You spoke a few minutes ago about the time hides got down to 8 cents a pound and your people went in a limited way into the tanning business. You said the price of beef was high. What was the highest you paid for steers at that time?

Mr. Urion. I have not the figures before me. I do not know whether I have the average for that year or not. Perhaps I have.

Yes; the average for the year 1907 was \$6.50 a hundred.

The CHAIRMAN. You have not any figures any more in detail here?

Mr. Urion. No; I have not.
The Chairman. You can, I suppose, obtain the figures for each month or each week during the period that the price of hides was down to 8 cents?

Mr. Urion. I beg your pardon. I have it here, the price of cattle from there down, for the months of 1907. January, \$5.80; Febru-

ary, \$5.80.

The CHAIRMAN. That means what?

Mr. Urion, \$5.80 a hundred.

The CHAIRMAN. All right. I did not understand you

Mr. Urion. \$5.80 for January; \$5.80 for February; \$5.75, March; \$5.85, April; \$5.80, May; \$6.40, June; \$6.70, July; \$6.55, August; \$6.50, September; \$6.30, October; \$5.80, November; \$5.30, December.

The CHAIRMAN. Now, give us the price of hides during these

months.

Mr. Cockran. That was last year?

The CHAIRMAN. 1907.

Mr. Urion. January, \$10.50. I am taking the average, as I understand it, both in the beef and the hides.

The CHAIRMAN. The average hides?

Mr. Urion. Yes; I so understand these figures. These are not of my own compilation, but from the compilation of the Drovers' Journal.

The CHAIRMAN. In the Chicago market?

Mr. Urion. Yes, sir; in the Chicago market, compiled from the Drovers' Journal, as I understand. They are the averages that are given.

The CHAIRMAN. The average in the Chicago market?

Mr. Urion. I assume that is so.

The CHAIRMAN. Very well. Give us the price by months.

Mr. Urion. January, \$10.50; \$10.50, February; \$10.50, March; \$10.25, April; \$10.30, May; \$10.25, June; \$10.25, July; \$10.05, August; \$9.56, September; \$9.85, October; \$9.50, November; \$8.50, December.

The CHAIRMAN. In December they got down to \$8.50?

Mr. URION. Yes, sir.

The CHAIRMAN. Did that continue into the new year, 1908?

Mr. Urion. I think it did, although I haven't it in this compilation. This is simply for 1907.

The CHAIRMAN. Can you give me a copy of that compilation?

Mr. Urion. Yes, sir.

Mr. Crumpacker. Mr. Chairman, I think the witness has the average price of country hides in that same book. I think he gives the average price of country hides, too.

Mr. Urion. I think I have them in here.

Mr. CLARK. When you make up the brief I wish you would put the tables in. You are going to file a brief, are you not?

Mr. URION. No; I do not think so. When the committee gets

through with me there will be nothing left to write about.

Mr. Clark. I wish you would put both tables in—the same thing that Mr. Crumpacker is asking for—in your evidence.

Mr. Urion. There are a good many terms here in country hides——Mr. Gaines. I understand he will file a good deal of additional information that the committee desires.

Mr. Urion. I think when you get through with me I will not have

any information left to give. [Laughter.] The Chairman. I trust that will be so.

Mr. Crumpacker. Let him give the tables of the country hides.

Mr. Urion. There are terms here that I do not know. There are kips and calfskins and bulls, No. 2 buffs, extremes, and No. 2 buffs and heavies. I do not know what those terms are, and I do not know the comparison.

Mr. Crumpacker. There is no column of averages there?

Mr. Urion. No.

Mr. Longworth. No monthly quotations?

Mr. Urion. Yes; but they are the particular things I have just read.

Mr. Longworth. Just read them and see if they average.

Mr. URION. They do not compare at all.

Mr. Longworth. Take the heavies, for example.

The Chairman. Mr. Urion, will you leave that book with the committee?

Mr. URION. Yes; but I would like to make an extract from it first.

Mr. CLARK. Mr. Urion, do you live in Chicago?

Mr. Urion. Yes, sir.

Mr. Clark. I want everything we can to move West, in the way of factories, and I have endeavored a good deal, first and last, to find out

why the tanning is not done in Chicago, Kansas City, Omaha, and St. Louis and those places where the hides are taken off the cattle. I understand that three-fourths of all the hides taken off in the United States are taken off west of Indianapolis.

Mr. Urion. Yes; by the large packers.

Mr. Clark. Yes; by the packers and by everybody else. Mr. Urion. Perhaps not so large a proportion as that.

Mr. CLARK. How does it happen that while we take off all the hides there, or three-fourths of them at least, these big tanneries are nearly all established in the East?

Mr. Gaines. It is a question of intelligence, sir. [Laughter.] Mr. Clark. No; I do not think so.

Mr. Urion. I do not know anything about that.

The CHAIRMAN. Were they not established when the tanner took the tan bark to use in his tannery, and the tan bark was found or produced in the East, and the hides were largely in the East then, and the East in that way got possession of the business?

Mr. URION. You have answered the question better than I could, Mr. Chairman. I intended to say that the tanneries were established long before the large packers, and the tanneries were established in

the East.

Mr. Clark. They do establish new tanneries in the East still, and it seems to me as a matter of common sense that they should establish them out there. The boot and shoe industry has all moved West.

The CHAIRMAN. The boot and shoe industry has all moved West,

do vou sav?

Mr. Clark. Yes; just as the cotton industry is headed for the

South.

Mr. Fordney. You are hardly getting the increase. Is it not true that the hides can more readily be moved to the East, to where the tan bark is, more easily than the tan bark could be moved from Pennsylvania, for example, to the West?

Mr. Urion. That is a question on which I have no knowledge.

Mr. Fordney. Undoubtedly it is too expensive to ship the bark. It is too expensive on account of the high freight rates.

Mr. Urion. I have no guess on that.

#### SUPPLEMENTAL STATEMENT OF CHARLES H. JONES, OF BOSTON, MASS., RELATIVE TO FREE HIDES AND FREE SHOES.

Friday, December 18, 1908.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. I suppose, Mr. Jones, you have read the statement of Colonel Clark about his conversation with you.

Mr. Jones. Yes, sir; I have it here.

The CHAIRMAN. You may proceed, then, Mr. Jones.

Mr. Jones. Perhaps I can get the impression before you in fewer words if I explain about the conditions existing in the shoe trade at the time Colonel Clark speaks of in his statement.

In 1902 and 1903 there was a considerable agitation in the East and to some extent in the West for a repeal of this duty on hides. We were informed by Congressman Roberts especially, who addressed

us on one or two occasions, that we had small chance of getting this duty repealed unless we would agree to a reduction at least of the duty on shoes. We undertook therefore to find out the feeling in the trade in regard to such a reduction. Colonel Clark in his statement refers to the remarks of Mr. William B. Rice, a prominent manufacturer and a Democrat, who he said at that time was unwilling that this duty should be taken off, thereby showing that the duty was protective. Mr. Rice corrected at that time a statement made by Colonel Clark to the same effect, and in correcting it Mr. Rice said this:

Now, you gentlemen who were present at the meeting know this is only half true. What I did say in the very beginning was that if you would take the tariff off every material out of which boots and shoes are made, I have no objection to taking the tariff off boots and shoes, but I added, and I still think and still add, that if every other manufactured article is to be highly protected, and if a large portion of the materials out of which boots and shoes are made are to remain protected, then I would say it would be unwise to entirely remove the tatiff on shoes.

After that remark of Mr. Rice was published, a meeting of the whole trade was called at the United States Hotel in Boston, and a dinner was given at which over 200 members of the trade were present, and the subject was up for discussion. It was to be in the nature of a debate.

Congressman Roberts addressed the meeting, and then the subject was proposed, "Will you consent to admit boots and shoes into this country free of duty if by doing so the removal of the duty on hides can be secured?" Mr. Rice took the position we could not afford to do it, and I took the position that we could. Mr. Rice claimed that other materials entering into boots and shoes paid a duty, and consequently, even with free hides, we could not compete with foreign and especially Canadian manufacturers. That is what the idea seemed to be at that time, that Canada was the principal menace. I took the opportunity to show Mr. Rice and the trade that those materials were not cheaper in Canada than they were in this country. We were doing at that time a considerable business with Canada and I was familiar with their manufacturers, and I had ascertained that they had imported from this country into Canada practically all of that class of material that they used, and they paid the same price that we paid, with the duty added.

The grand result of that discussion was that the trade adopted a resolution to the effect that they would be willing to consent at any time, when free hides could be obtained, to a reduction in the duty, and, if all material entering into the cost of shoes was made free, to

the complete removal of the duty.

At that time—this was early in the spring of 1903—the Commercial Bulletin, of Boston, sent out to all the shoe and leather manufacturers in that section of the country the following inquiry: "If hides are made free, will you consent to have your products free?"

They sent this inquiry to all manufacturers and tanners in that section of the country, and, as far as I know, elsewhere in the country, and they received from 375 shoe manufacturers and 40 tanners an answer. Of the 375 replies received from shoe manufacturers, 311 were in the affirmative without any qualification, 2 added a proviso if all materials used in the manufacture were put on the free list, and 64 answered no. You understand this proposition was. "If

hides are made free, will you consent to have your products free?" That was the result of that polling, and that was probably the most complete attempt ever made to ascertain the feeling of shoe manu-

facturers on this question.

I had been to Europe in 1902, in the late summer and early fall, and had visited many shoe factories in England, and at that time I found those factories equipped with such machinery as we had discarded many years before. I found the labor cost of their shoes was greater than it was in this country, although their shoemakers earned very much less in weekly or daily wages. In fact, I had the same feeling toward them that you occasionally have when you find a man whose business is entirely gone and he has gotten so far behind the times he is not in the running at all. They were not in a position to put up a reasonably decent competitive fight against the class of

goods we were selling in Europe.

I want to explain further just what that class of goods was. This country has never sold in Europe to any extent anything but a fine or welt shoe, as it is called, a shoe made by the Goodyear welt process, which is an imitation or reproduction of the old hand-sewed process. The nailed shoes and pegged shoes have been sold only to a very slight extent in Europe. We get that market for this reason: The Goodyear process, and, in fact, the whole art that is carried on in shoemaking to-day, was the creation of this country. It was not a foreign art. They never had the industry of shoemaking abroad until we taught them the art, and to make shoes by machinery from one end to another in large establishments was something the Europeans never knew until they learned it from America. Consequently, our advantage over them was considerable. Nearly all of the machines that were used were invented in this country. We obtained all those machines and adopted them and worked them into our system of manufacture before they did, as they are not generally quick at seizing new ideas, and by the time they had adopted that machine it had been discarded by us and we had gone forward and made a still further improvement, so that as competitors we held them in a certain sort of contempt.

We got our advent into that market on this class of welt shoes because they did not make them at all. The machinery necessary to make them was invented here and they had only adopted a portion of it. A large amount of hand work was necessary for them to complete their processes. When we went in there with men's shoes that are commonly sold at retail at \$3.50 or \$4 we found them unprepared to meet that competition. They had nothing of that kind. They had the hand-sewed custom shoe, worth \$7 or \$8, and then the cheap coarse shoes, but they had no good welt shoes that imitated the hand-sewed shoes. They also made their shoes in whole sizes, and they were clumsy fitters. The American shoes were made in half sizes and neat fitters, and created an immediate impression and an immediate demand for American goods, which we undertook to satisfy, and we had a growing business there for a number of years. As soon as they felt this competition from America, the English trade papers took the matter up. Some of the smaller factories lost enough business so they were crippled and failed in business, and they placed the blame for their failure upon American invasion, whether it was really due to that or not; but it made considerable talk and attracted

a great deal of attention. Immediately the English manufacturers undertook to copy and imitate the class of goods we were introducing. They were assisted in this by the United Shoe Machinery Company, which manufactures all of the important shoe machinery used in this country, and of course that company is anxious to sell its machinery there as well as here, and they sent the machinery over there, and with the skilled men that they had to instruct the English they gradually taught some of the English factories how to make the American shoe. If you will allow me, I will read to you a few of the remarks I made in my previous statement here that perhaps have been overlooked.

The CHAIRMAN. It is hardly necessary to do that. We have the

record before us.

Mr. Jones. The impression had grown abroad, and I saw it extensively published, that the shoe trade was in favor of free shoes. I simply want to say that I did not say so before. I said the duty might be reduced to 10 per cent without damage, in my opinion, which represented the actual difference in labor cost, and later on Mr. Cockran asked the question again and I said that personally I was in favor of free shoes, but if free shoes were allowed it would create a disturbance here. I wish now to explain what that disturbance would be. I have tried to explain how, under the old-fashioned conditions, with free leather and free competition in shoe machinery, this country did develop and did produce shoes much cheaper and much more desirable than they were sold abroad. Those conditions have changed materially since that time. We no longer have the free leather, we no longer have free machinery, and our conditions in regard to labor and a few other important factors have changed to such an extent that the fact that I pointed out before exists. While we had a lower labor cost in 1902 and 1903, to-day the labor cost abroad is slightly less than it is here. With a labor cost abroad less than it is here, and with the slight advantage they get in some other respects in some of the articles like webbing and those things which are of no great importance and vet do cut some figure after all, they have an advantage in certain ways; for instance, in certain classes of leather. They get finished calfskins to-day in Europe slightly less than we can get them here. Under those conditions, while they could not invade this market immediately if an absolute free trade on shoes were to be allowed, ultimately they would get a foothold in this market undoubtedly, because while there are only one or two factories now equipped to make the American shoe successfully and cheaply, there is nothing to prevent the others equipping themselves in the same way if they have the market.

I have taken as much care as I could to ascertain from all the different classes of manufacturers of men's goods what the difference in labor cost is, and the best information I can get is that a tariff of 10 per cent would probably represent the actual difference in labor cost between the two countries. For instance, on \$3.50 or \$4, the labor cost of production in Brockton is 58 cents to 62 cents per pair. In Great Britain, or rather in Scotland, where the best factory of that class of goods is located, they claim to get the labor cost for half that price. I am not entirely satisfied that that statement is accurate, but it is the best information obtainable, and that is the most favorable

proposition that they have to offer.

In the cheaper classes of goods, men's heavy shoes that retail for \$2 a pair, the labor cost ranges from 18 to 22 cents a pair. You can see a 10 per cent tariff would cover all the difference possible if they got their labor for half the cost of ours. If their men are equally as efficient and earn half the wages, they could not send shoes to this country on a lower labor cost in connection with that grade of goods.

The CHAIRMAN. You will remember a number of your associates from all over the country came before the committee and stated if the tariff were taken off entirely, it might be taken off of shoes without harm. You can thus see what you gentlemen accomplish by such statements before the committee. You come and tell the committee voluntarily, representing most of the shoe trade, that there is no question if we take the duty off of hides and take the duty off of shoes and let them in free. By and by, when we come to construct a tariff bill, if the judgment of the committee should happen to differ from that, it gives a chance to everybody in the United States to say, "Here is a committee that would not be guided by the men in the business, who said they could stand a free shoe." That is the position in which you gentlemen leave the committee. You do that in face of the fact that I have advised some of you gentlemen for years that before you said you could take the duty off of shoes you must examine into the question and see what shoes cost, because you might be back here in a year or two asking for a duty again. After all that, you come in here and tell the committee to take the duty off of shoes.

Mr. Jones. Mr. Chairman, there was a telegram you received from

the Sorosis Shoe Company. Do you recall that?

The CHAIRMAN. Yes.

Mr. Jones. They stated they were perfectly willing to have shoes free?

The CHAIRMAN. Yes.

Mr. Jones. I have no doubt they would be able to maintain their hold in the shoe business in this country and to some extent abroad

with free shoes.

The Chairman. You came here as a committee of manufacturers one representing the East, one representing the central portion of the country, and one the western portion of the country, and so on all over the country, and representing associations of various kinds—and told us we might take the duty off of shoes if we took it off of hides, and it would be no detriment to the trade.

Mr. Jones. If I may be permitted, I should like to present to you

in this connection what occurred the other day:

Mr. COCKRAN. If the duty were taken off of hides and you had free leather,

would there be any necessity for continuing the duty on shoes?

Mr. Jones. At the present time, owing to the slight difference in the labor cost in this country and in Europe, there might be some necessity. In 1897 our labor cost was lower than it was abroad. It has changed since that time, it having increased here and decreased abroad.

Mr. Cockban. How much duty would make up the difference in the labor cost?

Mr. Jones. Ten per cent would be enough; 5 per cent, perhaps.

I do not plead guilty to being one of the parties who said he was willing to have absolutely free shoes, because that which I have read is the official report sent to me of the proceedings here.

Mr. Cockran. Did you not state subsequently you would be entirely ready to accept free shoes? It seems to me that is the way the matter

was left. That is my recollection of your final proposition.

Mr. CLARK. Did I not ask the question direct if you could not get a tariff off of hides any other way; that while you would rather keep this 10 per cent or 5 per cent, as the case may be, on shoes, you

would give it all up?

Mr. Jones. I said personally I would be glad to. Personally, I believe myself-and I am not speaking for or representing the trade, because that is not the opinion of the trade-but representing myself personally as a manufacturer, I should be perfectly willing, or rather I should be very glad, to make that exchange.

Mr. COCKRAN. That is from your own testimony?

Mr. Jones. Personally, but that is not the opinion of the trade, and I wish to make that quite clear.

Mr. CLARK. For whom do you stand now?

Mr. Jones. In making the statement that personally I should like to see it taken off, I speak for myself alone, and I would like to give my reasons, so there may be no misunderstanding.

Mr. Cockran. Your own experience, your own trade experience, is that you can get along without a tariff if hides come in free?

Mr. Jones. I can answer that as well by reading what I said before in answer to the same question:

Personally I should be glad to see all the duty taken off. If all the duty were taken off there would sooner or later result a disturbance or else labor would have to produce more, because we would import more shoes, but a smaller duty would protect the manufacturer.

What I mean by disturbance is this: I want to make that very plain, so I may not be misunderstood. I do not want to come down here and mislead you. A disturbance means this: The reason we can not make shoes as cheaply now as we could seven or eight years ago is because changes have taken place in business conditions. Leather to a great extent is controlled by trusts. Our machinery is controlled exclusively by a trust. We have raised the wages of labor and shortened the hours of labor, and a number of changes of that kind have occurred; that is, labor unions have lessened the production of our men in our factories.

Mr. Cockran. Are you speaking from your own experience? Is that your experience in your own factory, or are you speaking from your conception of the experience which awaits others? You say as far as you are personally concerned you are willing to have these articles put on the free list?

Mr. Jones. I say in connection with that, if they were put on the

free list, a disturbance of business conditions would result.

Mr. Cockran. You are willing to face that disturbance?

Mr. Jones. Personally, I should be glad to, because I think it would return us to more healthy conditions.

Mr. Cockran. So when you are testifying here about these apprehensions, they are not your apprehensions, but the apprehensions of somebody else?

Mr. Jones. They are my apprehensions that labor would have to be adjusted to meet the new conditions. If you desire to protect labor in its enjoyment of these present wages and the present system of work, it would not do to take the duty all off.

Mr. Cockran. You could not get labor to work for you at lower prices? The laborers would go into some other business rather than do that, would they not? You have to pay existing rates of wages, and your rates are now higher than any other place in this country, are they not?

Mr. Jones. They are in Massachusetts.

Mr. Cockran. So shoemakers get a higher rate of wages than men engaged in textile work, for instance?

Mr. Jones. Yes, sir; they get the highest wages of any class of

labor in Massachusetts.

Mr. Cockran. How high do they get?

Mr. Jones. I can not state exact figures, but the census report recently issued confirms that statement, which has been the condition of affairs in this country for the last ten years. Shoe workers earn a greater rate of wages than any other class of workers, than any other class of industry classified in the census.

Mr. Cockran. Do you include in that the steel industry?

Mr. Jones. That is not an industry in Massachusetts, and I can not speak knowingly with reference to that.

Mr. Cockran. You pay about the average American wages for similar work in other industries, do you not?

Mr. Jones. We pay rather more.
Mr. Cockran. Do I understand you to say if this tariff were taken off of shoes, thereupon you fear there would be some injury to the rate of wages paid labor?

Mr. Jones. Necessarily; yes, sir.

Mr. Cockran. You want to take a turn at the duty upon hides and knock it off altogether?

Mr. Jones. Yes, sir.

Mr. Cockran. But you want a duty on your own article; that is, you want to sacrifice the protection of another man and hold on to your own share of it, or some share of it. That is your attitude, is it not?

Mr. Jones. Personally, it is immaterial to me, but the industry and the labor people employed in it would suffer somewhat in wages.

Mr. Cockran. Is that your testimony?

Mr. Jones. Yes, sir.

Mr. Cockran. You testify that you want hides placed on the free list, so as to benefit your particular industry, but you do not want your own product placed upon the free list?

Mr. Jones. No, sir.

Mr. Cockran. That is it?

Mr. Jones. Yes, sir.

Mr. Cockran. In other words, you think the alleged protection which the farmer thinks he obtains by reason of the hide duty should be taken away, but the protection which you want should be con-

Mr. Jones. Do you not recognize any difference between a hide, which is a raw product, and a shoe, which is a highly finished prod-

Mr. Cockran. Not the slightest, sir; not the slightest. I think one is as much entitled to protection as the other. If you once go into the business of helping people by taxation, I do not see why you should differentiate. I think everybody should be allowed to help himself.

Mr. Clark. Henry Clay stated in one of the greatest speeches in Congress that free raw materials was one of four ways to accomplish protection, but nobody ever heard of free raw hides as a tenet until about twelve years ago. A hide is just as much a finished product to the fellow who furnishes the hide as is the shoe to the man who furnishes the shoe, and when you left here the other day. I was very much rejoiced that somebody had come here at last and made a proposition to just rake the whole thing off the face of the earth on one schedule. Now we get right back where we started in, the first time you came.

Mr. Jones. From what I have read you, if there was a misunder-

standing, it does not appear as if it was wholly my fault.

Mr. Cockran. Without discussing that, how much would you reduce the rate of wages now, supposing the whole industry were placed on the free list—free hides, free leather, and free shoes? Tell us how much it would affect your scale of wages—your own, and not your neighbor's?

Mr. Jones. That would depend on other factors that I can not

answer for.

Mr. Cockran. What other factors?

Mr. Jones. Free machinery.

Mr. Cockran. We will not speak of that for the present.

Mr. Jones. That is a vital factor.

Mr. Cockran. I will repeat my question. Assuming that you get free hides and free leather and free shoes, how much would that change or involve a reduction in your own-rate of wages or the rate of wages you pay?

Mr. Jones. That is impossible of answer. It is a mere guess.

Mr. Cockran. Very good.

Mr. Jones. Because the industry at the present moment abroad is not developed sufficiently to enable me to base an estimate. There are one or two factories abroad that make goods at a cost very much less than our cost here.

Mr. Cockran. Where are they?

Mr. Jones. In Scotland.

Mr. Cockran. Where are they selling their goods?

Mr. Jones. Great Britain and abroad to some extent. They have a house in Montevideo.

Mr. Cockran. Are you not selling goods in Great Britain?

Mr. Jones. No, sir. They are being sold there by people who have their own retail stores, but the manufacturers who supply the trade in Great Britain have as a class withdrawn. We have withdrawn all our salesmen.

Mr. Cockran. Do you mean to say American shoes are not being sold in Cairo. in Naples, and in other Italian cities and in Constanti-

nople and elsewhere?

Mr. Jones. To a very trifling extent.

Mr. Cockran. Do you think you could buy any other shoes there?

Mr. Jones. I suppose you can.

Mr. Cockran. You suppose? Do you know it? Have you ever tried it?

Mr. Jones. I have never been there.

Mr. Cockran. I have tried it, and you can not get a pair of shoes except American that are fit to wear.

Mr. Jones. Ah, "fit to wear." You did not put that in before. Mr. Cockran. People do not buy shoes that are not fit to wear.

Mr. Jones. I am afraid they do.

Mr. Cockran. Now, Mr. Jones, you say that the sale of American shoes does not amount to much abroad?

Mr. Jones. In Europe.

Mr. Cockran. I say in every city in Europe they are on sale, and they are the chief articles of sale, so far as ready-made shoes are concerned.

Mr. Jones. I am not in position to enter into debate with you, because I do not know how extensively shoes are retailed abroad. There are three or four American shoe men who have built up a business and who hold their clientage on account of having retailed shoes there, and who rely largely on American tourists, but I know merchants and manufacturers of American shoes who sold their goods to the jobbing and the retail trade abroad who have quit the business.

Mr. Cockran. Is not that on account of this duty on hides and

leather?

Mr. Jones. Yes, sir; partly.

Mr. Cockran. If you were able to hold the market to some extent, notwithstanding the existing duty on hides, do you not think you would be able to reconquor any loss you have experienced if hides and leather were made free?

Mr. Jones. Not wholly.

Mr. Cockran. To a great extent you could?

Mr. Jones. As I have said, it would depend on other conditions.
Mr. Cockran. I am speaking of conditions I have defined, free

hides, free leather, and free shoes.

Mr. Jones. No, sir; you would not regain the market on that basis.

Mr. Cockran. You have held the market to a great extent under existing conditions, which you say are very onerous. Why do you say you can not recover ground lost under these more favorable conditions?

Mr. Jones. Because the foreigner has made a vast improvement in

the last few years.

Mr. Cockran. You could recover to some extent?

Mr. Jones. To a slight extent.

Mr. Cockran. The advantage you would get from free raw hides and free leather would be slight?

Mr. Jones. It would be very slight abroad.

Mr. Cockran. Why not equally great abroad if it reduced the cost of your production?

Mr. Jones. Because they have advantages in other material that we

can not get. They get cheaper leather and cheaper labor.

Mr. Cockran. I am afraid I have been very inefficient in making myself understood. Assuming you had free raw hides and free leather, could you not then defy the competition of any foreigner, in this market at least?

Mr. Jones. I think ultimately the very much lower cost of labor

would let them in to some extent.

Mr. Cockran. Ultimately? Speak of to-morrow. Suppose these conditions occurred to-morrow, would you apprehend any importations next week?

Mr. Jones. No, sir.

Mr. Cockran. Then, when you speak, you are back where we found some of these other gentlemen at the beginning of these inquiries, seeking a tariff to quiet apprehensions about the future and not to meet any existing conditions?

Mr. Jones. Not exactly that, Mr. Cockran. It is not apprehension. There is one man in Europe who has developed a process for

making shoes cheaper than we have.

Mr. Cockran. Where is that man?

Mr. Jones. In Scotland—Mr. Clarke, of Scotland, is making American shoes at 15 or 20 cents a pair less than they can be made in America. Mr. Clarke is making the American style of shoe, copying the American shoe, cheaper to-day than it can be made in this country.

Mr. Cockran. As good as the American shoe?

Mr. Jones. Yes, sir.

Mr. Cockran. Then there is nothing to prevent Mr. Clarke taking

the entire market?

Mr. Jones. Nothing except his ability to handle a business of such magnitude and his lack of capital and lack of trained help and a number of other factors of that kind. He has it to a certain extent.

Mr. Cockran. There is no difficulty in expanding there, is there?

Mr. Jones. I do not believe I understand your question.

Mr. Cockran. Let us see if this is your answer: Do you mean that Mr. Clarke, to a limited extent, can produce a better shoe?

Mr. Jones. That is true.

Mr. Cockran. As against that, you want us to establish this protection?

Mr. Jones. It is against all other men and what they would do in

the same situation if they had the market.

Mr. Cockran. It is immaterial whether it is one or five others. You say now the foreigner is able to produce shoes cheaper than we are.

Mr. Jones. That foreigner is.

Mr. Cockran. If one man can, 50 men can.

Mr. Jones. That is the point.

Mr. Cockran. Therefore, according to you, the foreigner has now driven the American shoe out. Now, is that true?

Mr. Jones. Yes, sir.

Mr. COCKRAN. Do you mean to tell me American shoes are not for sale now in every European city?

Mr. Jones. No. sir; I told you they were.

Mr. Cockran. Well, if they have driven them out and they are still on sale, that seems to be a situation I can not reconcile.

Mr. Jones. May I explain?

Mr. Cockran. Yes.

Mr. Jones. The Walkover, the Regal, and such factories as have established their own retail stores abroad are able to hold on to the foreign business that they have built up, because there is a demand for their make of goods. I manufacture shoes and take them to a retail dealer who is an Englishman, and he tells me at once, "I can secure those goods of my home manufacturers at less price and of equal value," and he proves it, and I withdraw my salesmen and give up the market.

Mr. Cockran. Then why do not the others do the same thing?

Mr. Jones. Because they have an outlet to the public through their own retail stores that the manufacturer who has not stores can not get.

Mr. COCKRAN. Do you mean that the manufacturer who establishes his own retail stores can hold the market, and the manufacturer who does not establish a retail store is driven out?

Mr. Jones. That is the answer.

Mr. COCKRAN. Then why is not the remedy to establish these retail stores instead of asking a tax on the community?

Mr. Jones. The demand is fairly well met by the stores already

existing.

Mr. COCKRAN. Do you think the demand has ever been fully met for improvement in the quality of any article that can be included among necessities?

Mr. Jones. We can not. They are offering shoes over there-

Mr. Cockran. How can Hanan hold the market?

Mr. Jones. He has an established trade in those countries. American travelers know his goods and frequent his stores and purchase his goods.

Mr. Cockran. Do you mean to tell me the sale of American shoes

is confined to American travelers?

Mr. Jones. In a large way. I think a large part of his custom is confined to American travelers, but they have also a clientage

among the native people.

Mr. Cockran. I will ask you this, if you are able to answer: Is there a city of any importance in the Far East or on the Continent of Europe where American shoes of different qualities are not for sale at this moment?

Mr. Jones. I fear I do not quite catch the gist of your question.

Mr. COCKRAN. I say, is there a large city in the East or in Europe where American shoes are not for sale at this moment, and in large quantities—larger quantities than the English shoes?

Mr. Jones. I do not think there are anything like as many as the

English shoes.

Mr. COCKRAN. Your testimony is based on the assumption that the sales of shoes, of English-made shoes, ready-made shoes, in the markets of the East and Europe, are larger than the sales of American shoes?

Mr. Jones. Yes, sir; very much larger.

Mr. Fordney. What proportion of the leather consumed in this

country is made from imported hides; do you know that?

Mr. Jones. In 1904 there were \$52,000,000 worth of hides imported of all classes, and of that amount \$11,000,000 in round numbers were dutiable hides.

Mr. Fordney. I mean of the total amount of leather consumed, what proportion consumed for domestic and foreign uses is made from imported hides? Have you any idea about that?

Mr. Jones. Dutiable or nondutiable?

Mr. Fordner. Dutiable hides; hides that pay a duty.
Mr. Jones. I can not tell exactly. I can guess at it only.

Mr. Fordney. What proportion do you say was dutiable of the \$52,000,000 imported?

Mr. Jones. About \$11,000,000. That was in 1904.

Mr. FORDNEY. I have had in mind that about 40 per cent of the hides consumed in the country are imported—40 per cent of all the leather used in this country is made from imported hides.

The CHAIRMAN. There were 120,000,000 pounds of dutiable hide,

costing about \$19,000,000.

Mr. Jones. There is a very large quantity not dutiable, and my impression of all the leather that is used in this country made from imported hides of all classes, dutiable and nondutiable—and this is a mere estimate—60 per cent were native originally—50 to 60 per cent, and the other 40 to 50 per cent was imported.

Mr. FORDNEY. \$11,000,000 out of \$52,000,000 of dutiable hides?

Mr. Jones. Yes, sir; that was in 1904.

Mr. FORDNEY. If the duty were removed absolutely from that, who would get the benefit here in this country?

Mr. Jones. Every man that wears shoes made out of leather.

Mr. Fordney. Would it not be a very small item for shoes, when 40 per cent of the leather is imported and only about one-fifth of it pays duty?

The CHAIRMAN. Where do you get your figures?

Mr. Fordney. From the gentleman himself. He says \$11,000,000

of the \$52,000,000 paid duty only.

The CHAIRMAN. The domestic production of hides is over a billion pounds, according to the statement of some of these gentlemen. We had 17,000,000 cattle producing hides that averaged 65 pounds apiece.

Mr. Fordner. Perhaps I can make myself better understood. The point I am trying to make is this, that out of all the leather consumed in the country there is 40 per cent made from imported hides.

Mr. Jones. I think so; about that.

Mr. FORDNEY. To remove the duty from all dutiable hides, would not that make the price for a buyer of shoes, the average consumer in the United States, so slightly reduced that it would not really be taken into consideration?

Mr. Jones. The operation of the duty raises the value of domestic hides just about as much as it does those that are imported, so that hides raised in this country, as well as those that are imported, are

affected by the duty.

Mr. Fordner. Then the American people should benefit to the extent of 60 per cent of the amount of leather consumed by that duty of 40 per cent raising the price of the other 60 per cent?

Mr. Jones. If I understand you correctly, the men who own hides in this country get more for the hides they sell on account of the duty?

Mr. Fordney. Yes.

Mr. Jones. That is, the hides are a marketable commodity the world over. They have a market value all over the world, and while the immediate and great demand in this or any country will for the moment force the price up, it returns to the level of the world, just as water assumes its level in the sea. If you erect a barrier in this country in the way of a duty of 15 per cent, you raise the price of hides in this country just 15 per cent above the price of the world.

Mr. Fordney. Consequently the producers of 60 per cent of the leather consumed in this country made from hides here are benefited

by that raise in price?

Mr. Jones. The men who own the hides are benefited; yes, sir.

Mr. Fordney. Now, who is that man who gets the benefit? Is it the farmer who raises the steer or is it the packer who kills the steer?

Mr. Jones. I am unable to find any evidence at all that anybody

got any part of it except the packer and the butcher.

Mr. Fordney. A packer here to-day stated his firm did not care whether the hides were dutiable or free; that it would make no difference to them, and that 43 per cent of the total bulk of the animal was by-product.

Mr. Jones. I heard that.

Mr. Fordney. Do you think the farmer sells 43 per cent of the ox

or steer and does not get anything for it?

Mr. Jones. I think that a farmer who sells his cattle to the stock yards and expects those gentlemen to recognize in that animal 1 per cent of its value increased on account of this tariff—and that is what it amounts to—and give that to him in consequence of the tariff, is putting up a proposition that is too stiff for me to believe.

Mr. Fordney. Would it not seem reasonable to you that if a packer made enough profit out of the steer to amount to what he got for the

hide, he would get rich much faster than he does now?

Mr. Jones. He would make a great deal of money.
Mr. Fordney. Then he certainly does pay something for the byproduct?

Mr. Jones. Of course.

Mr. Fordney. Then he must pay something for the hide?

Mr. Jones. Certainly he does.

Mr. Fordney. You figure he gets the benefit of it, do you not?

Mr. Jones. He gets the benefit of the weight of the hide. If he sells a steer for \$6 a hundred, and the hide weighs 60 or 70 pounds, he gets paid that proportion of the total price for the hide?

Mr. FORDNEY. The benefit depends on the value of that hide?

Mr. Jones. I do not think so.

Mr. FORDNEY. If it is only worth 25 cents and another is worth only 7 cents, would be not get the benefit?

Mr. Jones. If the difference is in the weight, he might possibly get

the benefit in that way.

Mr. Fordney. He would get a portion of it, would he not?

Mr. Jones. I think not.

Mr. Fordney. How can you figure that out to the man that wears

a pair of shoes?

Mr. Jones. Some one here this morning admitted in answer to some questions that the farmer sends the cattle into the stock yards and the stock yard purchases the cattle to meet the demands for beef. If the demand for beef is met and they are selling readily, they raise the price of steers and cattle enough to bring a supply of cattle into the market, so they will have the animals to kill.

Mr. Fordney. But if the value of the by-product is not very high,

he certainly——

Mr. Jones (interrupting). They do not know and can not tell to that extent. Within the last sixty days hides have fluctuated more in value than the duty adds to the cost of them, but still they have not given any of that to the farmer. They have manipulated the price of hides and created an artificial price, and the farmer does not get advantage of it because beef has not gone up in proportion.

Mr. Fordney. When they give \$96 to a farmer for a steer, do they not get a pretty good price for every part of the animal, including the hoofs and horns?

Mr. Jones. That is better than the average price.

Mr. Fordney. Some one testified to-day they were paying that.
Mr. Clark. But when I got hold of him he admitted there has
never been a steer sold for 8 cents a pound.

Mr. Fordney. I was here when you got hold of him.

Mr. Clark. And he came right down out of the tree on that proposition, too; \$7.65 was the highest price a steer ever sold for.

Mr. Fordney. I do not know that Mr. Jones has answered my

question to my satisfaction. Perhaps he can answer it directly.

The CHAIRMAN. He does not agree with what you say, and, of course, you are not satisfied.

Mr. Fordney. Did Mr. Jones say he did not agree with what I

said?

The CHAIRMAN. He does not agree to what you say.

Mr. Fordney. Then I will ask that question again. I do not believe you answered it, Mr. Jones. If, when the price of hides is high, the farmer gets no benefit from the value of the hide on the steer when he sells it, even though the hide may bring six or seven dollars in the market, and he purchases the steer for \$60; if you say he does not get the benefit of the price of that hide, how can you figure it, then, that the man who buys a pair of shoes is going to get the benefit of the reduction of the duty of 15 per cent on 40 per cent of the hides consumed in this country? Let me get a little further before you answer it. I see that the exportation of shoes last year was 5,833,914 pairs, at a cost of \$10,666,000, or \$1.82 a pair. Divide that up and tell me how much less that man would have to pay for that \$1.82 shoe if the duty was removed from 40 per cent of the hides.

Mr. Jones. The duty on hides affects the value of different classes of shoes in a varying degree according to the class of shoe—that is, an infant's shoe, made with kid top and sheepskin sole, would not be affected much. A shoe such as I wear, a man's shoe worth \$4 or \$5 a pair, would be affected to the extent of 5 or 6 cents a pair. A shoe such as a workingman wears, with cowhide upper, would be affected in cost at the factory from 10 to 11 cents a pair. That affects the cost of that shoe to the wearer from 25 to 50 cents a pair. Boys' shoes and women's heavy stout shoes are affected in the same pro-

portion.

Mr. Fordney. Who would get the benefit if the duty was taken off?

Mr. Jones. That man that wears the shoe.

Mr. Fordney. The farmer would not get it out of the hide?

Mr. Jones. No. sir.

Mr. FORDNEY. The packer would get it?

Mr. Jones. Yes, sir.

The Chairman. It was stated here that there were 17,000,000 hides produced in this country, with an average weight of 65 pounds. That would make 1,100,000,000 pounds. The importation of hides was 120,000,000, or pretty nearly 10 per cent, instead of 40 per cent, of the hides produced here. Now, all the hides produced here are not consumed in the United States. There is a large exportation of leather, is there not? About \$22,000,000 a year of all kinds of leather,

and \$10,000,000 of shoes and harness, and all that sort of thing, requiring a good deal of hides to make the leather that is exported.

Mr. Jones. Yes, sir.

The Chairman. You said, in answer to Mr. Fordney's question, if there was a duty of 60 per cent on 120,000,000 pounds of leather that was imported into the country that it would add 60 per cent to the value of 1,100,000,000 pounds of hides produced in this country. Do you mean to stand on any such assertion as that? Do you mean to say the entire duty is added to the price of the domestic article, when the domestic article produced is ten times the imported article?

Mr. Jones. I mean to say the fact that a duty of 15 per cent is imposed on hides increases the cost of the hides taken off in this country

by about 15 per cent above the level of the world.

The CHAIRMAN. I think you are as wrong and mistaken about that as you are about anything you ever thought of in your life. I do not believe it adds scarcely anything to the value of hides in this country, and makes very little difference whether the hides are taken off or left on, so far as you shoemakers are concerned. Go a step further with that. The shoes you make contain how much sole leather?

Mr. Jones. From 21 to 21 pounds.

The Chairman. That means 1½ pounds of hide to make 2½ pounds of sole leather, does it not?

Mr. Jones. I do not know.

The CHAIRMAN. The filling in the hides doubles the weight, does it not? On that supposition, that there is a pound and a half of hide goes into the shoe and the duty is 15 per cent of the average importing price of the hide, which is 15 cents a hide, that would be 0.0225 cent if the whole duty was added to the price of the hide or of the leather made from that hide in the United States, going into the shoe that you produced. If you export those shoes, what is your exporting price? What is the exporting price of your shoes? What is the importing price, if they are imported from abroad—shoes similar to those you make? What do you sell yours for?

Mr. Jones. We do not import any shoes.

The CHAIRMAN. What do you sell your shoes for?

Mr. Jones. From \$2.25 to \$3.50 a pair. We sell them at the factory.

The CHAIRMAN. Is \$3 an average price?

Mr. Jones. No; \$2.75 is a better average. That is, the factory

price.

The Chairman. If those shoes were imported here, they must come in at about \$2.50 to meet the tariff. The tariff is 25 per cent, and that would be about 70 cents a pair. Now, you claim if you can get rid of 2½ cents a pair in the cost of making shoes, you can take off the whole duty of 25 per cent, which amounts to 70 cents a pair, and still compete with the people abroad? You think you can give it up—you think you can give up this whole duty on shoes? Take the last proposition of all you get under that 15 per cent basis.

Mr. RANDELL. I do not think, Mr. Chairman, you understand the

witness.

The Chairman. It would be about 4 or 5 cents a pair you can get rid of in that direction if you get free hides. Do you not see the absurdity of your position in that particular?

Mr. Jones. No, sir.

The CHAIRMAN. I am sorry I can not make you see it. It is as

plain as day to me.

Mr. Jones. Let me explain; it is easy enough to take a lot of figures, if you do not understand their application to a particular business, and make a proposition look absurd; but the fact is that the duty makes a certain difference in the cost of sole leather. It makes a certain difference in the cost of hides in this country. If you know a dealer in hides, and if you will take the trouble to consult the gentlemen in that line of business, they will tell you the hides sell in this country at about the price in London, with duty added.

The CHAIRMAN. I do not find it so when I come to compare the tables. I had a man manufacturing shoes come to me and try to figure out that the price of leather had increased from 18 to 27 cents a pound. He said it was all on account of this duty of 15 per cent on

hides. You have got beyond that point?

Mr. Jones. I never was there.

The CHAIRMAN. I figured to him just what it was, and he went to Boston to find out about it and was going to produce figures. I do not know whether he went to you or not. He finally gave it up that he could not produce the figures. He finally saw the absurdity of his proposition. I do not think your people, with all your talk, have reached the bottom of this question yet.

Mr. Jones. It is evident you do not understand our position. We certainly have not got to the bottom of it, if this is all the impression

we have made.

The CHAIRMAN. The gentleman who came in here stated you could compete with anything. One man stated he could compete with anything between the earth and the sky. You remember that expression, do you not? And that was applauded.

Mr. Jones. That was a leather manufacturer.

The CHAIRMAN. No; I think he was a shoe manufacturer. At any rate, he was applauded by the whole audience of shoe and leather manufacturers.

Mr. Gaines. They were all mighty friendly that day.

The CHAIRMAN. They all believed that, then. Now you come back here after you have published this broadcast throughout the land and tell this committee that if they take off that whole 25 per cent of duty you must reduce the price of labor. This committee is not here to reduce the price of labor because you ask for it. They are here to make a tariff bill and to do justice to all, and they want to get at the facts. They would like to get the facts from you. We want your final facts, your final conclusions. If you want to amend what these gentlemen said, go ahead and amend it, but we want to get the facts before we act.

Mr. Jones. I do not know that I have any right to assume responsibility for what anybody else said, but what I said is published

here in your official report.

Mr. Underwood. The duty on hides is now something like \$3,000,000. The Government needs the revenue. You gentlemen come here asking us to remove the duty on hides and give up that amount of revenue. What do you want it for? Why do you want us to remove that duty?

Mr. Jones. Because it is destroying the industry we are engaged in.

Mr. Underwood. Destroying the industry in America?

Mr. Jones. Yes, sir.

Mr. UNDERWOOD. In America?

Mr. Jones. Yes, sir.

Mr. Underwood. How is it destroying the industry in America?

You have not any competition from abroad, have you?

Mr. Jones. I will tell you how. I tried to explain the other day, and I want to say in answer to the gentlemen here this morning that this duty is enabling the packers of this country to control, first the packing hides that they take off themselves, and although the gentleman denied it here this morning, they are controlling to a very large extent the country hides taken off in this country—and I want to repeat that statement.

The CHAIRMAN. Do you not believe you can stand a reduction of this duty—just between us here now? You can stand a reduction of this duty to 5 per cent on shoes without cutting down the wages of a

single employee, can you not?

Mr. Jones. No. sir.

The CHAIRMAN. You do not think you can do that? You are sure you can not do it, but you think you can on 10 per cent?

Mr. Jones. On many classes of goods; yes, sir.

The Chairman. On any class of goods. You said a few minutes ago you could stand the free list on your class of goods.

Mr. Jones. I said I would like to have them free.
Mr. Cockran. We will accommodate you. [Laughter.]

Mr. Jones. I said before, and I repeated it to-day, that a readjustment of a number of conditions would have to take place, and I should be very glad to see that readjustment take place. That is the reason I would like to see the duty taken off.

Mr. Gaines. Do you mean to bring the wages of labor down?

Mr. Jones. Or bring their productive capacity up.

The Chairman. I would like to get your whole idea in one proposition. What would be a fair protection between this labor in this country and similar labor abroad? I would like to have it in one proposition, and altogether.

Mr. Jones. The general opinion of our trade-

The Chairman (interrupting). What is your opinion?
Mr. Jones. My own opinion is that 10 per cent will represent the difference in labor cost.

The CHAIRMAN. Now, you have come down to business.

Mr. Jones. That is what I said the other day.

Mr. CLARK. In whose congressional district do you live?

Mr. Jones. In Mr. Tirrell's.

Mr. CLARK. Is that close to Mr. Gardner's district? Mr. Jones. No, sir; it is the other side of Boston.

Mr. CLARK. Do you live in Boston?

Mr. Jones. My place of business is in Boston. I live in Weston.

Mr. CLARK. The reason for your reappearance here is that you were all down here before, and when you got back home you found the manufacturers of coarse shoes stirred up a row in Massachusetts, which has developed a sort of a feud between the fine-shoe makers, and the makers of "brogans," as we call them out West. Is not that about the size of the situation?

Mr. Jones. I had not heard of it. It may be so, but there is no

feud so far as we have heard anything about it.

Mr. Clark. It may not have developed into rifles and revolvers, but

there is a row, is there not?

Mr. Jones. No, sir; not that I know of. There was published in all the newspapers, shortly after the hearings before the committee, a statement that all the manufacturers present were in favor of free shoes. A number of manufacturers came to me and asked me if I was in favor of free shoes. I said, for myself and for nobody else, I was. They asked me what I thought conditions required, and we took a lot of time and figured it out and got the best information we could as to the difference in labor cost, and I find it to be, as nearly as we can ascertain it now, just what I stated when I was here before.

Mr. Clark. As I understood you before, if hides are put on the free list and leather is put on the free list and shoes are put on the free list, it would affect and cut down the price to the consumer more in coarse, heavy shoes than it would on fine shoes. Is that correct or

not?

Mr. Jones. That is entirely correct.

Mr. CLARK. That is the very reason I was in favor of it. Your position now goes back to the New England position, where it has been for a good long time; to get everything you use free and put a tariff on what you have to sell. Is not that your position here tonight?

Mr. Jones. We are willing to cut the tariff in two in the middle. Mr. Clark. But cutting the tariff in two in a great many instances will not reduce the price to the consumer a single red cent, will it? The only way to be sure we will get at this on the shoe business is to put shoes on the free list, along with hides.

Mr. Gaines. What is the United Shoe Machineries Company?

Mr. Jones. It is a corporation that manufactures all the classes of shoe machinery that are used in this country, and a large part of those used in Europe.

Mr. Gaines. Is it essential to have the machinery of the United Shoe Machineries Company in order to manufacture fine shoes in

this country?

Mr. Jones. Yes, sir.

Mr. Gaines. Do you own any of their machines in your shop? Mr. Jones. We lease a large quantity; very few do we own.

Mr. Gaines. Can they be owned? Do they lease shoe machines, or do you buy them?

Mr. Jones. Most all of their machinery they lease. Some few

kinds they sell, but most of it is leased.

Mr. Gaines. Have you a copy of the contract or any of the contracts they write in leasing their machinery?

Mr. Jones. I have not with me. I have plenty at home.

Mr. Gaines. Will you send a copy here to be filed?

Mr. Jones. With great pleasure.

Mr. Gaines. According to the terms of that contract, are you limited to the use of their machinery, or can you put in any other machinery of an independent inventor?

Mr. Jones. Their leases are filled with what we call "tying clauses." Mr. Gaines. What are those tying clauses? Explain the operation.

Mr. Jones. If we wish to use their lasting machines, we can only do it in connection with their heeling machines, and if we wish to use their heeling machines we can only do so in connection with their

lasting machines, doing in that way throughout the whole manufacture of shoes with reference to the classes of work for which they make machinery.

Mr. Gaines. Is it possible to get a complete line of modern shoe

machinery without using their machines?

Mr. Jones. No, sir.

Mr. Gaines. Therefore, in order to use their machines, you must use theirs exclusively?

Mr. Jones. Practically so; yes, sir.

Mr. Gaines. The Canadians have a patent law, have they not, by which the patentee is prevented from introducing into any contract for the use of his patent any such clause as the United Shoe Machineries Company have in leasing their patents in this country? Or is that in England? I know there is such a law somewhere.

Mr. Jones. That law is one of the laws passed by the English Parliament about two years ago. It applies in England, but I do not know whether it applies in Canada or not. That law forbids the English manufacturer of machinery from attaching any condition to the use of his machine that the patent does not grant him. He can not tie it to anything else. He simply has the right to

use it under the conditions of the patent.

Mr. Gaines. Is not this a fact, that the greatest difficulty that the American shoe manufacturer now has in free competition—the greatest single difficulty—is the peculiar kind of contract by which he is tied up with the United Shoe Machineries Company? In other words, if he could buy these machines at a reasonable price, or if he could introduce such machinery other than theirs in his factory as he pleased and was free and independent in the choice of the agencies of manufacture—if that is a good expression—would it not amount to a very considerable economy to him in the production of shoes?

Mr. Jones. I think it would. That is my personal opinion—that

it would be a very valuable privilege.

Mr. Gaines. So are you not suffering more in fact from the Massa-

chusetts machinery trust than you are from even the packers?

Mr. Jones. The operation of that machinery lease has stopped our progress and development; the foreigners are put on an even basis with us; that is to say, the foreigner gets all the improvements, all the patents as soon as we do, and is instructed in the use of the new machinery. Formerly, when we had new machinery, we kept away ahead of the foreigner. That is one of the reasons why the labor cost abroad has gone down while we have stood still. If I understand your question rightly, that is the condition.

Mr. Gaines. Do you not believe that even if you are correct in thinking that the tariff on American hides should increase by the amount of duty on the foreign hide, and if that duty should be removed-do you not think in a very short time, if a large portion of the relief comes to the shoemaking trade, they would be absorbed by the United Shoe Machineries Company in the matter of installation

of machinery and releasing of it?

Mr. Jones. I do not think they would increase their charges; no.

They are sufficient now for any possible purpose.

Mr. GAINES. How much do the rentals on their machines amount to on a pair of shoes in your establishment?

Mr. Jones. I should say, roughly, 5 or 6 cents a pair.

Mr. Clark. How long have the patents to run on those machines? Mr. Jones. A great many of them are already run out, but there are clauses in their leases which compel us to allow them to attach improvements, and every improvement, of course, carries seventeen years more.

Mr. Clark. Yes; I know. [Laughter.]

Mr. Fordney. I want to ask Mr. Jones if hides were put on the free list, whether it would make any difference with the exportation of American-made shoes to foreign countries?

Mr. Jones. It certainly would, sir.

Mr. Fordney. You get a drawback of 99 per cent, do you not?

Mr. Jones. No; we do not get much drawback. You know a great many of the shoes we make for foreign markets are not made out of imported hides at all. They are made out of domestic hides on which there is no drawback, but the domestic leather has been increased in price and we have it to pay, so of course we are helpless. The foreign inanufacturer, as a fact—I want to say this, not because I want to carry a point, but I want you to get the facts—the foreign manufacturer does buy the leather made in this country the duty less than it is sold here. The Government gives the tanner a drawback when he sends his leather abroad. The Government gives him the drawback and he gives it to his foreign customer. In other words, American sole leather is sold abroad at 2 cents per pound less than it is sold in this country. That is not theory. That is a fact that occurs every day. American upper leather is sold at 2 cents a foot less abroad than it is sold for in this country. That is a fact that occurs, and that can be verified by any number of shipments any day you care to look into the matter. I have recently tried to verify the figures given you when I testified before, and have examined the cost of upper leathers made from both domestic and foreign hides. the finished grain leather in this market figured out of a country hide at 12 cents per pound costs 2 cents per foot more on account of the duty. Or to be more exact, grain-finished leather would cost 2 cents per foot more made from a foreign hide on which the duty had been paid than it would cost made from the same hide if hides were free. That 2 cents a foot represents 6 cents in the cost of a pair of shoes. There are 3 feet of leather in every pair. The sole leather represents an additional cost of 4 cents a pair. In that case the shoes show an actual difference in cost of 10 cents, and the foreigner can make that shoe just that much cheaper than we can.

Mr. Gaines. I do not want to convey the idea to you that I dis-

credited the truthfulness of your statement at all; not at all.

Mr. Jones. It is not a matter of opinion. It is a matter of daily business.

Mr. GAINES. If you and I differ it is a matter of opinion, and not because I believe you are dishonest in your statement at all.

Mr. Jones. I hope not, sir, because I am here under oath and came

only for the purpose of giving the facts.

Mr. RANDELL. You say a majority of the shoes shipped from the United States are made of domestic hides?

Mir. Jones. I do not say that. I said ours are, the ones that we make. We use very little foreign hides in our shoes.

Mr. RANDELL. If you can get along with foreign trade with the tariff on the hides, could you not get along better just with the duty off the shoes and the tariff off the hides?

Mr. Jones. The duty on shoes would not make any difference to the foreign trade.

Mr. RANDELL. If you can compete with the domestic hides in the

foreign country you certainly can here.

Mr. Jones. Certainly.

Mr. RANDELL. Then, from that standpoint, what business have you to ask the country to pay you a bonus on your shoes for the home market by putting a tariff on them?

Mr. Jones. Merely to protect the wages of labor; that is all.

Mr. RANDELL. You are manufacturing shoes for the foreign markets?

Mr. Jones. Yes, sir.

Mr. RANDELL. Working your men to do that?

Mr. Jones. Yes, sir.

Mr. RANDELL. And after building up this trade under a tariff you want to continue to charge the home people more than they can get the same product for in a foreign country?

Mr. Jones. The exportation of shoes as it occurs with us is practi-

cally all to South America, Mexico, Cuba, and Porto Rico.

Mr. RANDELL. That makes no difference. If you compete in the markets of the world, why is it you ask a tariff so you can require the American people to pay you more than they would have to pay if they did not have the privilege of living in this country but lived somewhere else? You can not give a reason for that, can you?

Mr. Jones. I have tried to point out my reason. I do not know that I can give a reason that will be satisfactory to you. You see, if you desire to protect the American workmen, you must not take off the tariff, because if you do the wages abroad will allow them to send

shoes in here.

Mr. RANDELL. Do you not know the tariff on shoes in the present tariff law, the Dingley bill, was obtained on the representation that the cost of labor on shoes was less in foreign countries than in

Mr. Jones. The rate of wages is much less.

Mr. RANDELL. Do you not know the statement was made and that the understanding was that the difference in labor cost was such that we ought to have a tariff to offset one against the other, when as a matter of fact it was just the other way and that labor cost there was higher than here?

Mr. Jones. I did not know that that claim had been made at that

time. I did not know that.

Mr. RANDELL. It was not a fact, was it?

Mr. Jones. No, sir; it was not.

Mr. RANDELL. It is not a fact now, is it?

Mr. Jones. Yes, sir; it is.

Mr. RANDELL. Then you differ from some of these gentlemen who testified before?

Mr. Jones. I do not think so.

Mr. Randell. You do not agree it is just simply approaching nearer and may hereafter get cheaper?

Mr. Jones. No; it is cheaper now. I said so before, and I repeat. There are certain kinds of shoes that may still be made in this country as cheap as they can be made abroad. Mr. Little, of the Sorosis Shoe Company, said so.

Mr. Randell. If you were not in the shoe business, but were one of the consumers in this country, would you feel that some of the men in the business you are now in had a right to ask Congress to make a law that would force you to buy his shoes at higher prices than you would have to pay in the markets of the world?

Mr. Jones. That is the old question—

Mr. RANDELL. I am talking about this particular condition in reference to this matter.

Mr. Jones. I do not think it is right, personally. I believe you ought to improve conditions and make them as they used to be, and

let us make them cheaper than anybody in the world.

Mr. Randell. You have not answered my question. Under present conditions, as they now exist, do you feel that you would be willing and would you think it was right for Congress to pass a law to make you pay the producer of shoes similar to those you produce now a higher price than you would have to pay if it were not for that law?

Mr. Jones. That is what I understand is the policy of protection.

Mr. RANDELL. I would like an answer to that question.

The CHAIRMAN. Well, Mr. Witness, answer the question one way or the other.

Mr. Randell. I would like an answer to it if he can answer.

The CHAIRMAN. Are you in favor of it or not?

Mr. Jones. I do not think I understand what he means.

Mr. RANDELL. If you were a consumer, would you think it was right?

Mr. Jones. If any tariff is right, that is right.

Mr. RANDELL. Is that the best answer you can give me?

Mr. Jones. Yes, sir.

Mr. Gaines. Are you a protectionist or free trader?

Mr. Jones. I consider free trade is entirely inexpedient in this country at the present time. I think the tariffs ought to be greatly lowered, and ultimately free trade might obtain—ultimately, but not at present.

# HON. N. D. SPERRY, M. C., SUBMITS LETTER FROM THE JEWELL BELTING CO., HARTFORD, CONN., FAVORING FREE HIDES.

HARTFORD, CONN., December 21, 1908.

Hon. NEHEMIAH D. SPERRY,

House of Representatives, Washington, D. C.

My Dear Sir: In urging the removal of the duty on hides, as we most certainly do, we are governed by the feeling that it will be an ultimate good to every consumer of leather, whether in the form of

shoes, harness leather, carriage leathers, belting, etc.

We do not feel competent to speak in detail of the benefits which would come in other lines of business than our own, but we do know, or think we know, for a fact, that certain classes of leather which we tan can be sold cheaper by the full amount of the duty paid if that duty is removed, a case in point being as follows:

For certain classes of work where very thick heavy leather is required, we purchase in Paris, or Basel, Switzerland, what is known as a heavy French or heavy Swiss hide. We buy the very heaviest selection out of these heavy hides and we require as near perfection

as we can obtain. For these reasons we always pay and expect to

pay a fancy price.

This class of hides can not be purchased in this country. The cattle do not grow in the United States with as thick, heavy hides as the ones to which we refer, and for the special purposes that we speak of, we are obliged to have just this hide and pay whatever price is necessary to get it. Our selling price, quite naturally, is based upon what it costs us to buy the hide, pay the duty, tan it, and finish it into leather for the various purposes. Therefore, if the duty were entirely removed we could sell this leather in any of the various forms that we do sell it in at a price lower by exactly the amount of the duty, and still make the same profit that we make or try to make under present conditions.

On other classes of hides which are used for different purposes it is our belief that they can be tanned into leather and sold for various purposes, so that the consumer will pay a less price for the different

articles than he is obliged to pay with the duty.

In addition to the above, we feel that there are some classes of leather from which the duty should be also entirely removed. For instance, walrus leather, which is used for polishing metals of all kinds, silverware (both flat and hollow), gas and electric fixtures, cutlery, and, in fact, metals of all kinds where high polish and smooth

finish is required.

This class of leather is not tanned in the United States at all. At various times in the last twenty-five years there have been attempts by some American tanners to produce this leather, but they have always failed, the attempts have been abandoned, and for a number of years no American tanner has produced a side of this leather. By far the best and most all the tanning is done in Great Britain. We ourselves are probably among the largest, if not the largest, importers of walrus leather in the country. It carries at present a duty of 20 per cent. Its cost in Great Britain runs from a shilling to 5 shillings per pound, according to the quality of the tannage, thickness, and general condition of the tanned and finished hide. The hides weigh from 40 pounds to over 300 pounds, and the price has been steadily advancing in England for a number of years, owing, it is said, largely to the scarcity of the raw hides.

Our American consumers of this walrus leather have tried for many years to find a substitute, but have been unable to do so, and are therefore forced to pay not only the price that is necessary to the English tanners, but in addition thereto the duty of 20 per cent. Inasmuch as the article is one which is not and can not be produced satisfactorily in quality in this country, it is putting a needless and unfair burden upon the user of the leather to maintain a duty of 20

per cent, or, in fact, any other duty.

We have endeavored to confine ourselves strictly to facts, with all the details of which we are thoroughly familiar by reason of our own experience. Furthermore, we wish to emphasize the fact that in either of the cases which we have illustrated above, whether the duty is high or low, it does not affect or benefit any American laborer or cattle grower for one single cent.

Yours, very truly,

Jewell Belting Company, C. E. Newton, *Treasurer*.

# CUT SOLE LEATHER WORKERS OF CHICAGO, ILL., ASK FOR FREE HIDES AND PROTECTION FOR SHOES AND LEATHER.

CHICAGO, December 22, 1908.

Hon. S. E. PAYNE,

Chairman of Ways and Means Committee,

House of Representatives, Washington, D. C.

Dear Sir: We, the undersigned employees in the cut sole leather factory of Wilder & Co., of Chicago, Ill., do hereby respectfully protest against the removal of the duty on shoes and leather, believing that by such an act the American market would shortly be flooded with medium and low-priced English, German, and French shoes. This would mean the reduction of wages of men in our special line of business.

We respectfully petition your honorable committee for the removal of existing duty on hides, the supply of which in this country is at present insufficient for the industry. In our opinion could the tanners of America secure a larger stock of cheaper sole-leather hides than at present, it would be possible for American shoe manufacturers to convert in time the \$22,000,000 of annual exports, largely of finished upper leather, kid, etc., into shoes for export to foreign nations

Shoe factories under existing conditions in America operate from eight to ten months each year. The ability, therefore, to better cultivate export business with the help of cheaper raw materials would be of great benefit to the employees of shoe manufacturers and allied industries.

Respectfully submitted.

GEO. D. DAYIS, (and 165 others).

HON. A. B. CAPRON, M. C., FILES LETTER OF THE HOLBROOK RAW HIDE COMPANY, PROVIDENCE, R. I., RELATIVE TO PUT-TING WATER BUFFALO HIDES ON THE FREE LIST.

Washington, D. C., December 23, 1908.

Hon. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

House of Representatives.

My Dear Mr. Payne: I inclose a letter from the Holbrook Raw Hide Company, of Providence, R. I., urging that hides of the water buffalo be put on the free list. The hides of the water buffalo can not be tanned, and the importers have had to fight their case four times before the appraisers because of the uncertainty in the present tariff concerning them. I also send with this letter a couple of samples of these hides. One sample is in the crude and the other prepared ready for use.

Very respectfully,

A. B. CAPRON.

PROVIDENCE, R. I., December 12, 1908.

Hon. ADIN B. CAPRON, M. C., Washington, D. C.

DEAR SIR: We write you to ask your further consideration regarding the question of a tariff on hides of the water or mud buffalo, which are used by us in the manufacture of our goods. We will not attempt to go into detail as to the nature of these hides, as you no doubt are familiar with the character and the uses to which they are put by us, having visited our factory and seen these hides worked, and the product which we are turning out. We would ask you to do what you can for us in obtaining the free entry of these hides. The hides used by us are principally those of the water or mud buffalo from the Straits Settlements. These hides having a coarse texture are of a nature which renders them unfit for tanning, but are peculiarly adapted for our uses in the manufacture of rawhide goods. We are also positive in our statement that the goods which we manufacture can not be made from American cattle hides; that is, to be of any commercial value. This fact we have proven by trying many times to get a satisfactory product, using the hides of American cattle, but were unsuccessful. For these reasons the hides of the water or mud buffalo do not, in our opinion, compete with the American cattle hides, which the tariff, as we understand it, was enacted to protect. We can only say that after having obtained the decisions of record in our favor, as the following summary will show, we feel that a tariff on hides to be just should designate that the water or mud buffalo hides are entitled to free entry.

When the present tariff was enacted it imposed a duty of 15 per cent ad valorem on the hides of cattle, assuming that the water or mud buffalo was not included in the term "cattle." We brought suit in the name of Winter & Smillie, our bankers, to recover the duties paid by us under protest. This case was decided in favor of the Government by the Board of General Appraisers on November 12, 1898. Winter & Smillie then appealed to the United States circuit court. That court, on December 15, 1903, reversed the decision of the board and sustained the claim of the importers. The Government then took an appeal to the circuit court of appeals, which on December 7, 1904, confirmed the ruling of the circuit court, which entitled these hides to be entered free of duty. The same class of hides was decided upon in the spring of 1907 in the case of Baeder, Adamson & Co. v. The United States, suit 4208 (T. D., 28008), adversely to the Government. The Attorney-General advised the department that no further proceedings would be directed in this case and authorized them to forward a certified statement for the refund of the duties. This same class of hides was passed upon by the Board of General Appraisers on September 16, 1908 (the Holbrook Raw Hide Company v. The United States), in favor of the importers. The Government later took an appeal from the decision as rendered.

In view of the testimony presented to obtain these decisions, we feel that we are justified in our request to have these hides admitted free of duty.

Respectfully, yours,

HOLBROOK RAW HIDE COMPANY, GEO. W. SWEET, Treasurer.

# THOMAS CORT (INCORPORATED), NEWARK, N. J., FAVORS FREE HIDES AND RETENTION OF DUTIES ON SHOES.

NEWARK, N. J., December 24, 1908.

Ways and Means Committee,

Washington, D. C.

GENTLEMEN: We beg to inclose copy of the letter sent to Mr. William L. Terhune, of the Boot and Shoe Recorder Publishing Company, Boston, Mass., in response to a letter asking us the following questions:

Do you favor the removal of the duty on hides?
 How do you think this would affect your business?

3. Are you in favor of the removal of the duty on shoes?
4. How do you think this would affect your business?
5. If the duty on shoes were removed, would it affect the wages of your employees?

The points that we covered are to our best knowledge and belief absolutely correct.

Yours, very truly,

THOS. CORT (INC.),
GEORGE TONKIN, President,
Shoe Manufacturers.

NEWARK, N. J., December 24, 1908.

Mr. WILLIAM L. TERHUNE,

The Boot and Shoe Recorder Publishing Company,
Boston, Mass.

DEAR SIR: In answer to your letter of December 14 we beg to state that on the first impulse we are inclined to feel that there should be no duty on hides, for the simple reason that we seem unable to produce in this country enough hides to work our leather industries to full advantage. That being the case, it will undoubtedly work out to the general manufacturers' and employees' good without harming materially our farmers and cattlemen.

There are also some leathers, such as French calf and patent calf of high grades, that we do not seem for some reason to get the qualities in this country that are necessary, which is probably due to the climate conditions, and they should be free. Up to this point it would probably give us a little advantage and profits, which every shoe manufacturer in this country concedes is too small to allow us to get the best results. In that case it would probably help business somewhat.

In answer to No. 3, would state that we are emphatically in favor of the duty remaining on shoes. We think it would very seriously upset business; if not for the first year, soon after. In that case the employees will suffer as well as the owners.

There is one particular point that offsets all of the points that are covered in the proposed tariff revision of shoes and leather, and that is simply this: The condition of the present situation is distinctly and positively to the advantage of the manufacturers and employees. As the case now stands, we are privileged to import all of the leather that we may desire in case we wish to make shoes and export them, and the Government will return our duties. This puts us on the same ground that the foreigner occupies as regards to cheapness of stock, and gives the United States the whip hand in distributing her surplus.

To remove all protection on shoes, giving the foreign countries an invitation to cater to our customers with no adequate return from

7051 HIDES.

them, would mean a lack of business foresight, and not in keeping

with the reciprocity ideas of the late Hon. James G. Blaine.

The condition of the shoe business in 1906 and the spring of 1907 was so healthy that the world at large was called upon for shoemakers to fill our orders, and every indication now points to the same condition in 1909. By 1910 the problem will be still greater, but we feel that a business condition that brings people to our country is far better than inviting foreign manufacturers to compete for our customers. The fact that they are not now doing it does not by any means convince us that if the right talent should decide to open factories in countries where labor is cheap, that they would not soon become very formidable competitors.

Yours, very truly,

THOS. CORT (INCORPORATED), George Tonkin, President.

### SHOE MANUFACTURERS OF PORTSMOUTH, OHIO, ADVOCATE THE REMOVAL OF THE DUTY FROM HIDES.

MILWAUKEE, January 4, 1909.

Hon. SERENO E. PAYNE, M. C.,

Washington, D. C.

DEAR SIR: Inclosed please find resolutions passed by the shoe manufacturers of the city of Portsmouth, Ohio, November 24, 1908. Through an error in addressing the envelope these resolutions have never reached you, and have been returned.

Will you kindly have them incorporated in the tariff hearings?

Yours, very truly,

AUGUST VOGEL.

Of Executive Committee, National Association of Tanners.

At a meeting of the shoe manufacturers of the city of Portsmouth, Ohio, November 24, 1908, the following resolutions were passed:

Whereas we are unanimously in accord with the argument set forth by the representatives of the tanning industries, shoe manufacturers, and kindred industries of Cincinnati, Ohio, addressed to the honorable Ways and Means Committee of the National House of Representatives, in favor of the restoration of hides to the free list;

Whereas the supply of raw hides produced in the United States is not sufficient for the demand, and is fast getting under the control of the meat packers in the business of tanning, tending to deprive the independent tanners from their opportunity of securing raw hides at a figure at which they can compete for the domestic trade, which competition is essential to the interest of all industries using leather as a raw material, and to the consumer himself; be it

Resolved, That in our opinion the tariff on hides should be removed in order to cor-

rect the inequalities which now exist and which will tend to grow; and be it

Resolved, That a copy of these resolutions be forwarded for presentation to the
honorable Ways and Means Committee of the National House of Representatives.

THE EXCELSION SHOE CO., JNO. E. WILLIAMS, General Manager. THE SELBY SHOE CO., P. E. Selby, Vice President. THE IRVING DREW Co., IRVING DREW, President. THE LLOYD-ADAMS Co., R. L. LLOYD, Treasurer.

## S. H. COWAN, FORT WORTH, TEX., SUBMITS ADDITIONAL REASONS WHY HIDES SHOULD NOT BE RETURNED TO FREE LIST.

FORT WORTH, Tex., January 14, 1909.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

Dear Sir: I wish to present in opposition to "free hides," in addi-

tion to what I have heretofore presented:

1. The difference in cost of shoes and leather here and abroad is very small; hence a mere reduction of duty on leather and shoes will not reduce prices to the consumer, therefore would not justify putting hides on the free list to benefit consumers, as is adroitly pro-

posed.

2. Shoe dealers—even retailers—are asking for "free hides." What benefit would accrue to them from free hides if leather is protected? The explanation of their action is that leather and shoe men have combined against the live-stock producers to get hides on the free list and to retain the tariff on their own products. They have established a press agency, or publicity bureau, at Chicago and are carrying on a campaign through the newspapers and otherwise for "free hides," falsely asserting that the tariff is of no benefit to the farmer. Those leather and shoe men who came before you assenting to the removal of the duty on shoes and leather afterwards took it back. They now say "give us a tariff, but don't give it to the stock raiser."

3. The profits of the retailers are from 25 to 75 per cent above the factory cost. Yet they clamor for free hides, which would affect the cost not over 1 per cent or 2 cents per pair on shoes, and deprive the producer of hides of the little tariff that he has, on the false pretense of love for the consumers, who pay these prices. How can

2 cents per pair change the retail prices of shoes?

4. Removal of the duty on hides and not on leather and shoes will not cheapen leather and shoes. It would simply legislate the hide tariff, as an item in the price, into the pockets of the leather and shoe men. Hence their combine. Don't the manufacturers and retailers agree on retail prices? Don't they thus destroy competition and violate the law? Shall these men dictate the tariff?

5. While we oppose the removal of the duty on leather and shoes or hides, yet if you do take it off hides, against which we strongly protest, justice demands as compensation that you take it off leather

and shoes.

6. The cost of producing hides here is much more than 15 per cent above the cost of production in South America or Mexico. If the difference in the cost of production be properly considered for the manufacturer, as the shoe men claim, why is it not equally so

for the stock raiser and farmer?

7. They say the packers benefit by the tariff on hides; grant it; the producer gets a share of it, often all of it. Leather and shoe men benefit from the tariff on their product. Is the tariff to be a matter of favoritism for the protection of some and punishment of others? That is their proposition.

This is our only means of answering the flood of literature from the leather publicity bureau, and we ask you to consider these points and do justice.

Very respectfully, yours,

S. H. COWAN.

Attorney for American National Live Stock Association and Cattle Raisers Association of Texas.

### JANNEY & BURROUGH, PHILADELPHIA, PA., THINK DUTY SHOULD BE RETAINED ON HIDES, LEATHER, AND SHOES.

220–230 Wood Street, Philadelphia, February 11, 1909.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: We respectfully solicit your further consideration concerning the duties on hides, tanning materials, leather, and shoes.

Several months ago, we were cordially invited by a number of our trade to join in an effort to have the duty removed from hides. We declined to accept on the ground that we could not consistently do so, being strong believers in a good tariff, both for revenue and protec-

Until now, we have presented nothing for the consideration of your committee, but so much having been said by others with which we can not concur, and which we feel may give you a wrong impression, we now wish to go on record as being heartily in sympathy with you in your efforts to so regulate the tariff that it will amply protect our American industries, produce ample revenue for our Government, and afford the best opportunity to our whole people to buy American-made products at as low a price as is possible, consistent with

good quality and well-paid labor. While we have all our means, amounting to several hundred thousand dollars, invested in the business of tanning heavy hides into sole leather, and are just as much in need of making a living as the gentlemen you have heard from, we would emphasize our belief that it would be far better that no change whatever be made in the duty on hides and extracts than allow any lowering whatever in the duty on leather and shoes. We would rather see the duties on hides and extracts as they are and the duty on leather doubled, rather than to sacrifice any of the duty on leather and shoes. We have now in our country tanning capacity in excess both of the supply of hides and the home demand for sole leather.

#### REGARDING THE DUTY ON HIDES.

The best possible protection to the industry of raising cattle, with the view of increasing the country's supply of both beef and hides, will, we believe, be productive of the most good to the tanners and shoe manufacturers, and help to make our country independent in time of war and at all times.

How much of the duty collected from hides imported is returned on leather which is exported we do not know, but the presence of a duty on the imported hides makes it an object for the tanner of these hides to export the leather made from them and get the rebate. If this incentive did not exist, we think that more of this leather might be sold here at home, which might be somewhat to the advantage of the American shoe manufacturer and his export trade.

#### REGARDING THE DUTY ON TANNING EXTRACTS.

The most important tanning extract imported is the extract of quebracho, from the Argentine. We have no quebracho in this country, but it is very valuable to our tanners, as it possesses rare qualities not to be found in any other extract. The domestic-made extract from the chestnut wood, which is largely made here, is not so useful for tanning sole leather without being blended with the quebracho. If the duty on Argentine-made quebracho was made prohibitive, we think it would be a decided disadvantage, not only to our tanning trade but to the manufacturers of domestic extracts as well, and believe that the present duty of one-half cent per pound is about the most that the tanners can afford to stand.

#### REGARDING THE DUTY ON LEATHER.

We have the finest market in the world, and yet we have had certainly no famine in leather under the Dingley tariff. Even with the talk of a shortage in the supply of hides, we can not remember the time when there was not plenty of leather to keep the shoe factories going and still leave some for sale. Would the country run any risk in placing the duty so high as to make it impossible for the foreigners to send us their sole leather? We do not need it or want it, and why should we wish to see any sole leather imported? We know that sole leather has been imported under the present tariff of 20 per cent, and it is certain that much more might be imported with a lower tariff. We fail to see the force of any argument which fixes the duty on leather at just enough to equalize the cost of manufacture here and abroad, while we can and do now make all we need at home, and also export it largely.

The most aggressive foreign countries with whom we have to compete have a prohibitive duty on leather, but have free hides and free

tanning materials, and labor at starvation wages.

#### REGARDING THE DUTY ON SHOES.

Since this agitation has come up we have talked with a number of the largest and most able shoe manufacturers and shoe jobbers in this country, who deeply regret the fact that a prominent "free-trader" shoe manufacturer advocated no duty on leather and shoes before your committee in Washington. We believe that if a vote of the shoe manufacturers and shoe jobbers could be taken that the result would show a large majority in favor of rigidly maintaining the present duties, both on leather and shoes. Is it not true that more shoes have been exported under the Dingley tariff than ever before?

We respectfully recommend for your careful consideration copies of letters, herewith attached, written by Howes Brothers Company, Boston, and A. Klipstein & Co., New York.

Respectfully submitted.

Yours, very truly.

JANNEY & BURROUGH. Dealers in Sole Leather.

Boston, Mass., December 18, 1908.

Mr. JOHN E. WILDER.

General Secretary National Association of Tanners, Chicago, Ill.

DEAR SIR: We are in receipt of your favor of the 16th instant, and wish to thank you for sending us copy of the "Hearing before the Ways and Means Committee," in reference to the removal of duty on hides and leather.

We can not cooperate with your association as we do not agree with the majority of your executive committee, that argued before the Ways and Means Committee, at which time they stated clearly and distinctly "that in order to have the duty taken off of hides they would be willing to have leather go on the free list."

Our ideas as well as the interests which we represent are exactly the reverse; that is to say, we believe it is better for the leather trade generally to leave the tariff just as it is, rather than sacrificing the duty on leather.

Our opinion is based not on sentiment, but actual knowledge, as to the quantity of sole leather that could be imported with a 20 per cent duty, and we fully realize how much more would be imported under a 10 per cent duty and no duty at all. We should be glad to learn how the majority of your leave the tariff just at it is, rather than sacrificing the duty on leather.

hides and leather on the free list over the present condition.

Your association must not confound a scarcity of hides the world over with monopoly. The removal of the tariff is not going to produce any more hide: in any section of this broad universe.
Yours, very truly,

(Signed)

Howes Brothers Company.

DECEMBER 15, 1908.

Mr. A. D. Brown,

President Hamilton-Brown Shoe Company,

St. Louis, Mo.

DEAR SIR: President Hadley, of Yale University, in his address before the Presbyterian Union of Albany, December 10, stated "American labor has deteriorated in efficiency in the last thirty years," and attributes this condition, among other things, to careless training and habits of workingmen and the restraint placed upon them by unions.

England is the only important country in the world that does not place a protective duty on leather and shoes. Leather can be made in England very much cheaper than in this country, owing to low-cost labor, nondutiable tanning materials, etc., but owing to the fact that it has been the dumping ground of the surplus of the world, the tanning business has gradually decreased in proportion to the proportion to the proportion of the surplus of tion to the population during the last twenty years, as capital has not received a fair return on its investment.

The shoe manufacturing industry is placed in exactly the same position as that of leather, low cost labor, the masters of their business figuring their profits almost on the basis of individual day laborers, and have enabled them to produce a \$2.50 shoe at about 40 cents per pair less than American manu-

facturers can duplicate the same wearing value.

One of our prominent shoe manufacturers has just investigated this condition thoroughly with the view of establishing American stores in England, and has returned with the shoes, costs of making, and compared them with his own costs, and finds this difference, which in his estimation is too much to overcome and develop a growing demand for the American shoe.

This is not a condition to warrant the statement made by some of our shoe manufacturers and leather men that "they can compete with the world even if the duty is removed from shoes and leather." Instead, we are of the opinion that our home markets would be invaded to an alarming extent, and we consider this very serious question should be thought over carefully before taking any such stand.

Trusting your large and able corporation will use their influence to impress upon the American shoe and leather merchants the vital importance of protection to our industries and laboring men, we remain

Yours, very truly,

(Signed)

Howes Brothers Company.

NEW YORK, January 19, 1909.

PHILADELPHIA LEATHER COMPANY, Philadelphia, Pa.

GENTLEMEN: We have your letter of January 18, and have booked your order for a carload of quebracho, for shipment from the S. S. Hyperia.

It is too early yet to predict with any certainty the probable market price on quebracho during even the next six to twelve months. Very large sales of South American extract have been made in Europe, especially Russia, and the floating supply of South American quebracho has been reduced to a minimum by this new source of consumption, viz, Russia.

Spot quebracho to-day is worth 4 cents per pound. Very little if any is

being offered over this year.

Relative to making a contract with you for three to five years after expiration of your present contract in October next, would say that at the present time it would be very inexpedient to refer any such proposition to the South American manufacturers; furthermore, we are not making any prices over the last six months of this year until the new tariff bill is passed, as it is uncertain whether or not they will increase the duty on quebracho to 11 cents per pound. The domestic manufacturers of chestnut and the domestic manufacturers of quebracho are conducting a vigorous campaign with the object in view of having the new tariff bill include quebracho solid at 11 cents per pound. This, of course, would render the importation of the solid extract practically prohibitive, and no one would profit by the increased tariff except the domestic manufacturers.

Our views on quebracho are that the duty should be left where it is, at one-half cent per pound, or at the most reduced to one-fourth cent per pound; for we believe that the Government is badly in need of revenue, and if you eliminate the duty entirely the Government will receive no benefit from the increased importation and consumption of tanning extracts, whereas if the duty is put to one-fourth cent per pound it will yield an enormous revenue for the Government and will be less of a burden on the tanner than the present duty of one-half cent per pound.

Just as soon as the tariff agitation assumes some definite shape regarding duty on quebracho, we shall take up the matter with you, as to your requirements of quebracho after the expiration of your present contract.

Yours, very truly,

(Signed) A. KLIPSTEIN Control of Manager, E. J. HALEY, Manager.

### FINISHED LEATHERS.

[Paragraph 438.]

WINSLOW BROS. & SMITH CO., BOSTON, MASS., THINK THE DUTY ON FINISHED LEATHERS SHOULD BE UNDISTURBED.

> 248 SUMMER STREET, Boston, Mass., December 30, 1908.

COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

DEAR SIRS: With reference to that part of the schedule referring to "leathers and manufacturers of," we would respectfully call the attention of your committee to the following figures furnished us by the customs department here in Boston, showing the importations of leathers wholly or partly tanned during the years 1906 and 1907, under the provisions of paragraph 438 of the present tariff:

1906:

190

	Banding and belting or sole leather.  Calfskins, tanned or untanned.  Skins for morocco.  Upper leathers, dressed, and skins dressed and finished.	634, 284 3, 146, 516
25	· ·	7, 229, 565
	Banding and belting or sole leather.  Calfskins, tanned or untanned.  Skins for morocco.  Upper leathers, dressed, and skins dressed and finished.	490, 836 2, 907, 468

7, 251, 861

We know from our own experience that there is a considerable amount of foreign competition on finished sheepskins, and that a lower duty would mean a very considerable increase in these importations with the result that the sheepskin tanners, instead of importing their skins raw and tanning them here, would have to either curtail their operations or reduce all their expenses including labor to a basis that would enable them to compete with England and continental tanners.

The conditions now existing among the tanners of hides, which can be substantiated very easily by their testimony, are such that they are making a very strenuous appeal for free hides, because the margin between raw hides with a duty and the price that they are able to get for their finished leather does not admit of a fair profit with a fair wage to their help. It is easy to see that if the price of the foreign manufactured products which come into competition with theirs is correspondingly lowered by a reduction in duty, they gain no benefit by getting rid of the duty on hides and would be as badly off as before.

Consequently, we think that the leather tanners may fairly ask that the duty on finished leather be undisturbed, and we would offer this recommendation to the committee, especially as we believe that the importations under the present tariff, as shown by the foregoing figures, are of sufficient volume to show that the present tariff is not prohibitive.

Very truly, yours,

Winslow Bros. & Smith Co., Manufacturers of Sheep, Calf, and Goat Leather, etc. Edmund W. Sears, Treasurer.

#### LEATHER AND SHOES.

[Paragraph 438.]

# THE PRESIDENT OF THE NATIONAL ASSOCIATION OF TANNERS WISHES DUTIES RETAINED ON LEATHERS AND SHOES.

Philadelphia, December 3, 1908.

Hon. SERENO PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: The writer, as a member of the executive committee of the National Association of Tanners, was present on Saturday last at the hearing in favor of a repeal of the duty on hides. The tanners

appreciate the very fair and full hearing of their claim.

The subject of free leather and free shoes was incidentally brought into the issue. Protection primarily, as we understand it, is to foster the American industries and thus provide revenue for the Government as well as to give labor steady employment at good wages. Should leather and shoes be put on the free list, it will result in making this country a dumping ground for the surplus foreign stock, which leather is conceded to be inferior to the American product. Shoes, likewise, of low grade will compete with the American manufacturers, and the result will be to depress our American labor to the level of the pauperized labor of Europe. We believe that the competition of American shoe factories will be quite sufficient, as it always has been, to cause shoes to be sold at the very smallest margin of profit consistent with the quality. With free hides, leather will likewise be tanned and marketed here at the very lowest possible cost, so that to add leather and shoes to the free list would result in serious complications without consequent advantages.

We sincerely trust, therefore, that the duty on leather will be retained at least 10 to 15 per cent, and that shoes will remain subject to

the same duties as now exist.

Appreciating the very fair spirit manifested by the committee toward the tanners, we believe you will give this whole subject your very careful consideration and decide for the best interests of the country at large.

Yours, very respectfully,

T. E. McVITTY,

President National Association of Tanners.

NEW ENGLAND SHOE AND LEATHER ASSOCIATION, OF BOSTON, PROTESTS AGAINST ABOLITION OF DUTY ON SHOES.

Boston, Mass., December 3, 1908.

Hon. SERENG PAYNE.

Chairman Committee on Ways and Means,

Washington, D. C.

DEAR SIR: It has been repeatedly stated by the local press since the hearing on the hide and leather schedules held before your committee on November 28 that the tanners and shoe manufacturers present would not object to the removal of the duty on leather and shoes if hides and tanning materials could be admitted free. As such articles seem to be based on the statements made by our representatives before your committee, we think it perhaps wise that they should be corrected, and that the attitude of the members of our asso-

ciation should be made clear.

The feeling of the tanners in regard to the duty on leather was correctly expressed by Mr. Vogel, of Milwaukee, who stated that the tanners were willing to return to the conditions existing before the passage of the present tariff bill; that is, if free hides and free tanning material were granted them they would not object to a reduction of the duty on leather one-half, leaving it at 10 per cent ad valorem, as it had been previous to the passage of the tariff of 1897. It is a fact that can easily be established that the reduction of the duty below this amount, while it would not affect certain special kinds of leather which could hold their own in competition with the world, as stated by some of our representatives, it would admit into this country large quantities of various other styles of leather which are now made cheaper abroad than they can be made in this country, and to a considerable extent production in this country would be necessarily cur-

tailed and less labor employed in consequence.

In regard to the duty on shoes, it is certainly true, as stated by one of our representatives before your committee, that the labor cost in Europe at this time is less than in this country. This fact, taken in connection with the lower cost of many other materials, such as webbing, elastic goring, and other various trimmings, would, if the duty on shoes were entirely removed, make it easy for enterprising wholesalers in this country to import largely foreign-made shoes. This is true on all grades, except possibly the highest grade of ladies' shoes, on which they do not appear at this time to have that advantage. On the lower grades of workingmen's shoes, where the questions of style and fit are of no considerable importance, their advantage in cost is more marked, and these shoes would be imported largely but for the tariff. It is our opinion, however, that a tariff of 10 per cent on shoes would be the lowest rate which would afford reasonable protection for most classes of footwear made of leather; on some classes of canvas shoes and ladies' shoes and slippers of an ornamental style made from leather, felt, or woven or embroidered fabrics the present 25 per cent should be maintained, as these classes of goods are much more cheaply produced in several foreign countries than they can be produced here.

As stated by our representatives, it is the desire of this trade throughout the country—and in this statement we believe we speak for all of the associations of manufacturers and merchants in our line of business—that no more protection shall be accorded than is absolutely necessary to protect the rate of wages now paid the American shoe and leather worker, it being well known that this rate of wages is about the highest paid to any class of American mechanics engaged in any of the prominent industries, and our trade without exception agree, I believe, that the figures we have named above are the lowest rates which would prevent the displacement of American-

made goods by those of foreign manufacture.

Yours, respectfully,

CHAS. C. HOYT, President. GEO. C. HOUGHTON, Secretary.

#### SOLE LEATHER.

[Paragraph 438.]

### A. F. SCHENKELBERGER, OF QUINCY, MASS., RECOMMENDS FREE SOLE LEATHER AND FREE FOREIGN HIDES.

45 Goffe Street, Quincy, Mass., November 16, 1908.

Hon. S. W. McCall, M. C.,

Washington, D. C.

DEAR SIR: I want to put in a plea for the boot and shoe manufacturers and shoe wearers of the United States in behalf of free sole

leather and free hides, of course.

The beef packers have been and are the chief beneficiaries of the hide duty. If they now lose the hide duty they will still reap the same protective benefit under the leather duty, because they have acquired large interests, if not control, in the United States Leather Company—Central Leather Company.

The economical reason for free sole leather is that it is raw material to the shoe manufacturers, and the total labor cost in making sole leather does not exceed 5 or 6 per cent, and very little skilled labor is

used in making it.

Upper leather—kid, calfskins, etc., known as "finished leather" perhaps needs some protection, but not over 10 per cent. The labor

cost is somewhat greater than in sole leather.

When the sole-leather tanners come before your committee, ask them what the total labor cost in tanning sole leather is. If they put it higher than 6 per cent you can disprove it by figures on file in the government departments.

Besides that the big sole-leather tanners have been making unfair and illegitimate profits by adulterating with glucose, barytes, etc. Doctor Wiley, government chemist, can give you facts and figures on

this point.

The consumer is entitled to buy shoes, harnesses, etc., at the lowest possible prices, and it is not fair or right to tax him for the benefit of the sole-leather beef trust, especially with a 20 per cent duty on sole leather, when the total labor cost in making it is only 5 or 6 per cent.

Yours, very truly,

A. F. SCHENKELBERGER.

### HOWES BROS. CO., OF BOSTON, MASS., URGES RETENTION OF THE EXISTING DUTY ON ALL SOLE LEATHERS.

Boston, Mass., December 3, 1908.

Mr. SERENO E. PAYNE,

Chairman of Ways and Means Committee.

DEAR SIR: Representing the largest individual sole-leather tanning interests in this country, we wish to give you the following reasons why the duty should not be removed from sole leather:

The cost of tanning, amounting to approximately 25 per cent of the total cost of the finished product, may be subdivided into three items, viz: Tanning materials, labor, and sundries.

Dealing with tanning materials first, we find that the forests producing tanning materials are rapidly being depleted to such an extent that to-day the sole-leather industry imports from foreign countries fully 50 per cent of its material; one-half of this is quebracho, on which there is a duty of one-half cent a pound. The percentage of imported tanning material will each year increase until fully 90 per cent of the tanning material will be imported. The labor item which figures 20 per cent of the cost of tanning is each year increasing, and although our workmen have but 25 per cent more efficiency, they receive 75 per cent more than is paid to European workmen.

Sundries, which include oils, acids, fuel, etc., carry a high duty and amount to approximately 18 per cent of the total cost of tanning. We therefore find, first, an increasing quantity of tanning materials being imported, on one-half of which duty is being paid; second, labor receiving 75 per cent more than received by foreign labor; third, sundries, all of which carry a duty to protect American industry.

In addition to this our plants are built with American machinery, material, and labor, which increases the cost of our plants at least 30 per cent over the plants of like capacity in Europe, which, as a rental

value, must be included in addition to the cost of tanning.

With the duty removed on sole leather we are not in a position to compete with European tanners, who have free hides, tanning material, and low-cost labor, and we will become the dumping ground for outside tanning interests, which would result in a decline in the American sole-leather tanning industry.

Canada, with its bark-producing forests and lower labor costs, would enter our market and injure our industry to a great extent. That country now ships annually to England 40 per cent of what they produce, and have utilized large quantities of tanning material

in this way at little or no profit to themselves.

Therefore in order to maintain our present industry it is necessary that we should receive protection to at least the amount of the duties which we are obligated to pay on the materials entering into the cost of manufacture and to cover the increased wages paid to American workmen, as well as the increased rental value of our more costly plants, and also a protection against foreign countries dumping their surplus into this market who are themselves protected by a prohibitive tariff on all kinds of sole leather and are able to further reduce their costs by increased production, knowing that they can sell their surplus at cost to this country. There are, no doubt, tanners who believe that with hide duties removed the sole leather industry would flourish even with duties on leather removed. These gentlemen are no doubt honest in their opinion, but sadly at fault in their judgment.

We challenge them to demonstrate how they can compete with foreign tanning interests, which use free raw materials and pay less than \$1 per day labor, and continue to pay duties on imported tanning material as well as maintain the present wage scale of the

American workmen.

Yours, very truly,

Howes Bros. Co.

# THE PROCTOR ELLISON COMPANY, BOSTON, MASS., CLAIMS THAT A DUTY ON SOLE LEATHER IS NECESSARY.

Boston, December 3, 1908.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

Dear Sir: We judge from the articles which have appeared recently in some of our Boston newspapers that the committee of which you are chairman is under the impression that it is satisfactory to the leather trade of this country to have leather put on the free list

provided the duty is removed from hides.

As far as we are concerned this is entirely wrong, as we feel that it would be a hardship to the leather business and cause a large curtailment in the making of leather in this country if leather should be free. If leather was entirely free there would be so much foreign leather imported that our business would be seriously injured. Canada and British America have immense forests, and are in a position to manufacture and ship vast quantities of leather into this country.

We are one of the largest firms of tanners of sole leather in the United States, and write you the above as our personal opinion after many years of experience. We are confident that it is the opinion of nearly all, if not all, those who are engaged in our business. If hides were made free it would take away the present control of our hide market by the packers, and we can continue our business and profitably employ the skilled labor now engaged in this important line of

manufacture.

If at any time we can give you any information, or render you any service whatever, it would give us great pleasure to do so.

Yours, very truly,

PROCTOR ELLISON COMPANY, HENRY H. PROCTOR, President.

### J. W. & A. P. HOWARD & CO., OF CORRY, PA., CLAIM THAT SOLE LEATHER NEEDS TARIFF PROTECTION.

Corry, Pa., January 5, 1909.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C. .

DEAR SIR: We understand that some makers of leather, in their effort to have the duty removed from hides, have gone to the extreme of stating that they would not be averse to having leather and shoes free of duty. There are few, if any, tanners of sole leather to-day who have ever done business without a duty on leather, and consequently they have no experience on which to base their theory of being able to continue business under present conditions without a duty on leather.

We can speak only from conditions in our own line of production—sole leather; but we are convinced and believe that your committee

can be convinced that the removal of duty on sole leather would make the United States the "dumping ground" of English and continental tanneries. Even if we were to have free hides and free tanning materials we could not compete with the foreign tanners on account of the wide difference in wages. For example, beam hands in our establishment earn \$12 to \$15 per week; the German beam hand earns 25 marks (about \$5). We believe you and your committee will agree with us that no American should be asked to work for such wages. So far as we are concerned we should prefer to wind up our business rather than to be compelled to put men on a starvation basis.

We believe and feel that the tariff on hides is contrary to the principle of protection. Hides are not only raw material, but a byproduct, and the only labor put on them is that necessary to preserve them from decay between the time they are taken off the animal and

the time they reach the tannery.

The domestic tanner is considerably handicapped by the fact that all his raw material is taxed—hides as well as tanning extracts—the importation of the latter having increased many fold in the past few years, owing to the gradual exhaustion of domestic supplies. However, notwithstanding this handicap, which it would be very desirable to have removed, it would be far preferable to operate under existing conditions, which enable our leather manufacturers to pay living wages, than to operate under conditions which, from all the data obtainable at present, would blight the American tanning industry.

So far as the question of efficiency of the workmen is concerned, we have evidence as to the comparison in the fact that we have recently taken on two German beam hands, who not only do fully as much work as the other men in that department, but their work is rather

better done.

We hope you will give this matter the consideration that it deserves at your hands, and remain,

Respectfully, yours,

J. W. & A. P. Howard & Co. (Limited), Tanners of sole leather. J. J. Desmond, Treasurer.

### CALFSKINS.

[Paragraph 438.]

# J. J. LATTEMANN SHOE MANUFACTURING CO., NEW YORK CITY, THINKS DUTY ON JAPANNED CALFSKINS EXCESSIVE.

New York, N. Y., November 13, 1908.

CHAIRMAN WAYS AND MEANS COMMITTEE,

Washington, D. C.

Dear Sir: We take the liberty of making an appeal to you for ourselves and on behalf of other manufacturers concerning a matter that we understand will soon come before your committee for attention.

We refer to the duties on japanned calfskins, commonly known as patent leather, and now paying from 35 to 40 per cent ad valorem

according to weight. We regard this high rate of duty as being excessive, uncalled for, and entailing a burden on consumers of shoes

that has no advantage as an equivalent.

Manufacturers in this country of similar goods have tried for years to produce an article that would successfully compete with imported patent leather or take its place in the market, and so far as our knowledge goes there is nothing that can be obtained in this country that will serve the same purpose. Therefore the tax as at present seems unreasonable.

We respectfully solicit your attention to this important matter and earnestly hope that your efforts will be directed toward an ad-

justment of the tariff on this particular item.

Yours, very truly,

J. J. LATTEMANN SHOE MANUFACTURING Co.

# HON. J. S. SHERMAN, M. C., SUBMITS LETTER OF THE BARNET LEATHER COMPANY, NEW YORK CITY.

Washington, D. C., December 7, 1908.

Hon. S. E. PAYNE,

Chairman Committee on Ways and Means,

House of Representatives.

My Dear Mr. Payne: I beg to inclose you letter, herewith, with reference to the tariff on leather, which I commend to your consideration. The gentleman who writes knows whereof he speaks.

Sincerely, yours,

J. S. SHERMAN.

NEW YORK, December 4, 1908.

Hon. Jas. S. SHERMAN,

Washington, D. C.

Sir: The writer wishes to inform you as to the importance of not having the duty removed from finished calf leathers of all kinds, for the reason that it is impossible to compete with the German and

French tanners, on account of the difference of wages.

As it is, with the 20 per cent duty, quite some leather is imported, as the shoe manufacturers find it to their advantage to buy it, whereas if the duty is lowered this country would be flooded with French and German production, and the result will be either the lowering of the wages or a curtailing of production.

You can readily see the importance of maintaining the duty of 20

per cent.

I hope you will give this matter your favorable consideration for the benefit of United States industries. As the writer understands it, the shoe manufacturers and tanners who testified before the Ways and Means Committee want hides admitted free of duty (of which we also are in favor), and to make a compromise they agreed to reduce the duty on calf and other kinds of leather. This of course would be unjust.

With the writer's best regards,

Very truly, yours,

BARNET LEATHER COMPANY, M. S. BARNET, President.

## FRED RUEPING LEATHER CO., MILWAUKEE, WIS., DEPRECATES ANY REDUCTION IN DUTY ON FINISHED CALFSKINS.

MILWAUKEE, WIS., December 12, 1908.

Hon. SERENO E. PAYNE,

Chairman of the Ways and Means Committee,

Washington, D. C.

DEAR SIR: In order that your committee may understand the effect that a protective duty has on the calfskin tanning industry of this country and the necessity for its continuance, we would submit the following facts:

This industry represents an annual production of between forty and fifty million dollars. The product is largely of chrome tannage, a method originating in this country, and up to about two years ago we

had a very considerable export business in calf leathers.

Foreign manufacturers, particularly those of Germany, have gradually improved their product and are now manufacturing leather equal in every respect to any made in this country. The result has been that they have secured the larger part of our export trade for the reason that they have sold equally as good leather at from 10 to 15 per cent less than the prices we could make. Any reduction in tariff that would enable them to place their product on our home market on the same basis would be a severe blow to our industry.

Finished calfskins are sold on the basis of price per square foot, and Germany and France have a protective duty based on a rate per pound equivalent to about 2 cents per square foot, or about 12

per cent.

The reasons that enable them to make the lower prices are obvious. First. About 70 per cent of the calfskins tanned in this country are imported from Europe and brought in free of duty. The foreign manufacturer buying in his home market at first hand has a distinct advantage. The price of domestic skins is governed by the price at which foreign skins can be delivered in our market.

The freight we pay from the interior to the foreign seaport is more than equal to the average freight he pays to his tannery, and all further freight charges are to us an additional expense. The rates paid carrying from different shipping points and at different times are from 15 to 50 cents a hundred, averaging about 25 cents. The additional expense of freight from our place of import, of course, varies with the locality of the tannery.

Our purchases are of necessity made through commission houses or through dealers, the average cost of purchase being 3 per cent, which together with 1 per cent, consisting of freights, marine insurance, consular fees, etc., makes a 4 per cent additional cost to us on

our raw material over the cost to the foreign manufacturer.

Second. Materials: Practically all of the tanning materials entering into our product are subject to duty, while all these materials are

obtained without duty by our foreign competitors.

The following is a list of tanning materials which most largely are employed in manufacture and the percentage of duty based on the market prices of to-day:

Percentage of duties.

Quebracho, extract, duty one-half cent a pound	11. 11
Sumac extract, duty five-eighths cent a pound	16.66
Degras, duty one-half cent a pound	20.00

. Percentage of	duties.
Sumac, duty \$6.72 a ton	9.08
Tartaric acid crystals, duty 7 cents a pound	
Lactic acid, duty 3 cents a pound	85.71
Alum, powdered, duty one-half cent a pound	28.57
Alumina, sulphate, duty one-half cent a pound	
Blue vitriol, duty one-half cent a pound	10.00
Ammonia, 22 degrees.	25.00
Copperas, duty one-fourth cent a pound	33. 33
Hæmatin, duty seven-eighths cent a pound	
Hyposulphite of soda, duty one-half cent a pound	
Logwood extracts, duty seven-eighths cent a pound	12. 59
Potash, bichromate, duty 3 cents a pound	
Soda, bichromate, duty 2 cents a pound	
Aniline colors	
Sulphuric acid, duty one-fourth cent a pound	

Figuring on the tanning materials on the basis of the relative amounts of each kind consumed in actual manufacture, the percentage of cost averages fully 25 per cent against us on account of duties.

Third. Labor: Of all the conditions existing in manufacture under which we are at a disadvantage this is of the most vital importance. To meet the labor conditions in the foreign factories would be a serious blow to thousands of American workmen. Viewed from the point of manufacturing, it would be impossible to compete with other industries and obtain labor at anything like the prices paid in the European tanneries.

From information obtained from the best sources, the existing cost of labor in European tanneries is 50 per cent less than the cost in American tanneries. This information has been carefully gathered from foreign tanners and from laborers in this country who have recently worked in tanneries abroad. This difference of 50 per cent does not mean the difference in a day's pay, but the actual difference in cost of the leather produced for a day's pay.

In addition to the costs of production mentioned, there is a material difference in cost and maintenance of plants as well as a considerable difference in land values.

Following is a table of cost which has been made up on the following basis.

The raw calfskin cost is based upon the average cost for the past ten years.

The labor, tanning materials, and other expenses are based upon the actual cost of these items to a representative tannery running continuously for eighteen months.

#### [Cost per square foot.]

Average cost of raw calfskins for the past ten years, including freight and buying charges, \$0.12, equals 73.98 per cent (A) of total cost of \$0.1622 per square foot.

Labor (based as above stated), \$0.019276, equals 11.89 per cent (B) of total cost of \$0.1622 per square foot.

Tanning materials (based as above stated), \$0.013842, equals 8.53 per cent (C) of total cost of \$0.1622 per square foot.

Other expenses (based as above stated), \$0.009082, equals 5.60 per cent of total

cost of \$0.1622 per square foot.

Total cost per foot on this basis. \$0.1622, equals 100 per cent of total cost of \$0.1625.

Total cost per foot on this basis, \$0.1622, equals 100 per cent of total cost of \$0.1622 per square foot.

#### ADVANTAGE TO FOREIGN CALFSKIN MANUFACTURERS.

[Freight and buying charges included in cost of raw calfskins.]

Four per cent of above 73.98 per cent (A) equals 2.96 per cent of total cost of \$0.1622 per square foot.

Labor, 50 per cent of above 11.89 per cent (B) equals 5.95 per cent of total cost of

\$0.1622 per square foot.

Tanning materials, 25 per cent of above 8.53 per cent (C) equals 2.13 per cent of total cost of \$0.1622 per square foot.

Total advantage to foreign calfskin manufacturers equals 11.04 per cent of total

cost of \$0.1622 per square foot.

In consideration of the above facts, we believe that any reduction in the duty on finished calfskins would result in serious injury to our industry.

Respectfully submitted.

Fred. Rueping Leather Co., By F. J. Rueping, Treasurer. (Tanners of 5,000 calfskins per day.)

### AMERICAN MANUFACTURERS OF FINISHED CALFSKINS ASK THAT THERE BE NO REDUCTION OF DUTY.

Boston, Mass., December 12, 1908.

Hon. SERENO E. PAYNE,

Chairman of the Ways and Means Committee.

Washington, D. C.

DEAR SIR: In order that your committee may understand the effect that a protective duty has on the calfskin tanning industry of this country and the necessity for its continuance, we would submit the following facts:

This industry represents an annual production of between \$40,000,000 and \$50,000,000. The product is largely of chrome tannage, a method originating in this country, and up to about two years ago we

had a very considerable export business in calf leathers.

Foreign manufacturers, particularly those of Germany, have gradually improved their product and are now manufacturing leather equal in every respect to any made in this country. The result has been that they have secured the larger part of our export trade, for the reason that they have sold equally as good leather at from 10 to 15 per cent less than the prices we could make. Any reduction in tariff that would enable them to place their product on our home market on the same basis would be a severe blow to our industry.

Finished calfskins are sold on the basis of price per square foot, and Germany and France have a protective duty based on a rate per pound equivalent to about 2 cents per square foot, or about 12 per

cent.

The reasons that enable them to make the lower prices are obvious. First. About 70 per cent of the calfskins tanned in this country are imported from Europe and brought in free of duty. The foreign manufacturer, buying in his home market at first hand, has a distinct advantage. The price of domestic skins is governed by the price at which foreign skins can be delivered in our market.

The freight we pay from the interior to the foreign seaport is more than equal to the average freight he pays to his tannery, and all further freight charges are to us an additional expense. The rates paid, varying from different shipping points and at different times, are from 15 to 50 cents a hundred, averaging about 25 cents. The additional expense of freight from our place of import, of course, varies with the locality of the tannery.

Our purchases are of necessity made through commission houses or

Our purchases are of necessity made through commission houses or through dealers, the average cost of purchase being 3 per cent, which, together with 1 per cent, consisting of freights, marine insurance, consular fees, etc., makes a 4 per cent additional cost to us on our raw

material over the cost to the foreign manufacturer.

Second. Materials: Practically all of the tanning materials entering into our product are subject to duty, while all these materials are obtained without duty by our foreign competitors. The following is a list of tanning materials which most largely are employed in manufacture and the percentage of duty based on the market prices of to-day:

	Percentage of duties.
Quebracho, extract, duty one-half cent a pound	
Sumac, extract, duty five-eighths cent a pound	
Degras, duty one-half cent a pound	20
Sumac, duty \$6.72 a ton	
Tartaric acid crystals, duty 7 cents a pound	
Lactic acid, duty 3 cents a pound	
Alum, powdered, duty one-half cent a pound	28. 57
Alumina, sulphate, duty one-half cent a pound	27.77
Amnionia, 22°	25
Blue vitriol, duty one-half cent a pound	10
Copperas, duty one-fourth cent a pound	33. 33
Hæmatin, duty seven-eighths cent a pound	
Hyposhulphite of soda, duty one-half cent a pound	35. 71
Logwood extracts, duty seven-eighths cent a pound	12, 59
Potash, bichromate, duty 3 cents a pound	27
Soda, bichromate, duty 2 cents a pound	32. 94
Aniline colors	30
Sulphuric acid, duty one-fourth cent a pound	27.72

Figuring on the tanning materials used on the basis of the relative amounts of each kind consumed in actual manufacture, the percentage of cost averages fully 25 per cent against us on account of duties.

Third. Labor: Of all the conditions existing in manufacture under which we are at a disadvantage, this is of the most vital importance. To meet the labor conditions in the foreign factories would be a serious blow to thousands of American workmen. Viewed from the point of manufacturing, it would be impossible to compete with other industries and obtain labor at anything like the prices paid in the European tanneries.

From information obtained from the best sources the existing cost of labor in European tanneries is 50 per cent less than the cost in American tanneries. This information has been carefully gathered from foreign tanners and from laborers in this country who have recently worked in tanneries abroad. This difference of 50 per cent does not mean the difference in a day's pay, but the actual difference in cost of the leather produced for a day's pay.

In addition to the costs of production mentioned, there is a material difference in cost and maintenance of plants, as well as a con-

siderable difference in land values.

Following is a table of cost, which has been made up on the following basis.

The raw calfskin cost is based upon the average cost for the past

ten years.

The labor, tanning materials, and other expenses are based upon the actual cost of these items to a representative tannery running continuously for eighteen months:

#### [Cost per square foot.]

Average cost of raw calfskins for the past ten years, including freight and buying charges, \$0.12, equals 73.98 per cent (A) of total cost of \$0.1622 per square foot.

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#### ADVANTAGE TO FOREIGN CALFSKIN MANUFACTURER.

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Tanning materials, 25 per cent of above 8.53 per cent (C) equals 2.13 per cent of total cost of \$0.1622 per square foot.

Total advantage to foreign calfskin manufacturers equals 11.04 per cent of

total cost of \$0.1622 per square foot.

In consideration of the above facts, we believe that any reduction in the duty on finished calfskins would result in serious injury to our

industry.

If any further information or explanation is required, we shall be glad to have representatives appear before your committee if you will send notification to that effect to the calfskin tanners, care of New England Shoe and Leather Association, 166 Essex street, Boston. Mass.

Respectfully submitted.

Creese & Cook Company, Danversport, Mass.; Barnet Leather Company, Little Falls, N. Y.; The Ohio Leather Company, Girard, Ohio; Hunt-Rankin Leather Company, Peabody, Mass.; Weber Leather Company, West Lynn, Mass.; Grey-Clark-Engle Company, C. D. Kepner, treasurer, Berlin, Mass.; Dahl & Eilers Leather Company, H. Dahl, president, Woburn, Mass.; Carl E. Schmidt & Co., Detroit, Mich.; E. C. Mills Leather Company, by E. C. Mills, president, Boston, Mass.; Thomas Hide and Leather Company, by E. C. Mills, vice-president, Middleville, N. Y.; The Vaughn Calfskin Company, George C. Vaughn, president, Peabody, Mass.; Columbia Leather Company, N. A. Spalding, treasurer; Lennox & Briggs, Haverhill. Mass.; F. E. Cottle Company, by Chas. B. Brum, treasurer, Salem, Mass.; B. D. Eisendrath Tanning

Company, Racine, Wis.; Monarch Leather Company, Chicago-Boston: I. Agoos & Co., Boston; Eisendrath, Schwab & Co., Chicago-Boston; Fred Reufing Leather Company, Milwaukee-Fond du Lac, Wis.; A. F. Gordon, Boston; Lynch Brothers Leather Company, Boston-Salem; J. S. Barnet & Sons (Inc.), Lucius J. Barnet, secretary, Lynn, Mass; Albert Trostel & Sons, by R. U. Puffer, manager, Milwaukee, Wis.; Mills Brothers, Gloversville, N. Y.; Geo. F. Troutwine & Co., Gloversville, N. Y.; American Hide and Leather Company, by C. P. Hall, vicepresident; Lucius Beebe & Sons; Ayer Tanning Company of Ayer, Mass.; Decien Beebe, treasurer; Beck with & Hiteman Brothers, West Winfield, N. Y.; Traugett Schmidt & Sons, per Albert H. Schmidt, treasurer, Detroit, Mich.; Muller Brothers, Cambridge, Mass.; Levor & New, factory, Gloversville, N. Y.; Thomas Garnar & Co., factories, Brooklyn, N. Y., Malone, N. Y.; Thos. Harbury Company, 68-82 Amsterdam street, Newark, N. J.; R. Neumann & Co., Hoboken, N. J.; Geo. F. Werner & Son, Jersey City, N. J.; Kaufherr & Co., Newark, N. J.; The Ferdinand Goetz Sons Company, by Thos. F. Harty, manager, Reading, Pa.; John P. Keefe Leather Company, P. J. Lynch, treasurer; The Carr Leather Company, Salem, Mass.; Donohue Brothers Leather Company, Lynn, Mass.; The Excel Leather Company (Inc.), R. F. Keith, president.

# MILWAUKEE (WIS.) MANUFACTURERS OF CALFSKINS PROTEST AGAINST REMOVAL OF PRESENT DUTY.

MILWAUKEE, WIS., December 14, 1908.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: In order that your committee may understand the effect that a protective duty has on the calfskin-tanning industry of this country and the necessity for its continuance, we would submit the following facts:

This industry represents an annual production of between forty and fifty million dollars. The product is largely of chrome tannage, a method originating in this country, and up to about two years ago

we had a very considerable export business in calf leathers.

Foreign manufacturers, particularly those of Germany have gradually improved their product and are now manufacturing leather equal in every respect to any made in this country. The result has been that they have secured the larger part of our export trade for the reason that they have sold equally as good leather at from 10 to 15 per cent less than the prices we could make. Any reduction in tariff that would enable them to place their product on our home market on the same basis would be a severe blow to our industry.

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The reasons that enable them to make the lower prices are obvious. First. About 70 per cent of the calfskins tanned in this country are imported from Europe and brought in free of duty. The foreign manufacturer buying in his home market at first hand has a distinct advantage. The price of domestic skins is governed by the price at

which foreign skins can be delievered in our market.

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on our raw material over the cost to the foreign manufacturer.

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the market prices of to-day:

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Lactic acid, duty 3 cents a pound	
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Alumina sulphate, duty one-half cent a pound	27. 77
Ammonia, 22°	25, 00
Blue vitriol, duty one-half cent a pound	10.00
Copperas, duty one-fourth cent a pound	
Hæmatin, duty seven-eighths cent a pound	7, 29
Hyposulphite of soda, duty one-half cent a pound	35, 71
Logwood extracts, duty seven-eighths cent a pound	12, 59
Potash, bichromate, duty 3 cents a pound	
Soda, bichromate, duty 2 cents a pound	32. 94
Aniline colors	30.00
Sulphuric acid, duty one-fourth cent a pound	27.72
TO:	7 1.5

Figuring on the tanning materials on the basis of the relative amounts of each kind consumed in actual manufacture, the percentage of cost averages fully 25 per cent against us on account of duties.

Third. Labor: Of all the conditions existing in manufacture under which we are at a disadvantage, this is of the most vital importance. To meet the labor conditions in the foreign factories would be a seri-Viewed from the ous blow to thousands of American workmen. point of manufacturing, it would be impossible to compete with other industries and obtain labor at anything like the prices paid in the European tanneries.

From information obtained from the best sources the existing cost of labor in European tanneries is 50 per cent less than the cost in American tanneries. This information has been carefully gathered from foreign tanners and from laborers in this country who have recently worked in tanneries abroad. This difference of 50 per cent does not mean the difference in a day's pay, but the actual difference in cost of the leather produced for a day's pay.

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siderable difference in land values.

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#### [Cost per square foot.]

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of \$0.1622 per square foot.

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Total cost per foot on this basis, \$0.1622, = 100 per cent of total cost of \$0.1622 per square foot.

#### ADVANTAGE TO FOREIGN CALESKIN MANUFACTURER.

#### [Freight and buying charges included in cost of raw calfskins.]

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of \$0.1622 per square foot.

Tanning materials, 25 per cent of above 8.53 per cent (C), = 2.13 per cent of total cost of \$0.1622 per square foot.

Total advantage to foreign calfskin manufacturers, = 11.04 per cent of total cost of \$0.1622 per square foot.

In consideration of the above facts, we believe that any reduction in the duty on finished calfskins would result in serious injury to our industry.

Respectfully submitted.

National Association of Tanners, by Fred Vogel, jr., president; Albert Trosdel & Sons; A. D. Gallun & Sons; Geo. Martin Leather Co.; Pfister & Vogel Leather Co., by Aug. H. Vogel, Secy.; Eisendrath. Schwab & Co., Chicago, H. J. Eisendrath, Secy.; The Ginis Pfleger Tanning Co., Chicago and Cincinnati. T. S. Keirnan, Gen. Mgr.; A. D. Eisendrath Tan'g Co., Racine, Wis., A. D. Eisendrath; Monarch Leather Co., Chicago, per Carl W. Eisendrath.

Submitted by F. C. Allen, 212 Lake street, Chicago, for the calfskin

tanners.

# LYNCH BROTHERS LEATHER CO., SALEM, MASS., CLAIMS THAT PRESENT DUTIES ARE NECESSARY ON CALFSKINS.

SALEM, MASS., December 26, 1908.

Hon. Sereno E. Payne, Washington, D. C.

Dear Mr. Payne: We take this opportunity of calling your attention to the matter of "duty on tanned calfskins, paragraph 438, Schedule N." In reference to this we wish to say that we are very much interested in the bill now before the Ways and Means Committee in regard to the tariff on calfskins, because, if calfskins should come in here free, we do not see what we would have to do in our plants in future. A lot of our money is locked up in plants and machinery and fixtures for same, to carry on that line of business, and if calfskins should come into this country free we do not see where we would have any show to continue in this line of work, as Germany would certainly get the bulk of the business, they being able to get a long day's work from their employees, very few restrictions, and help at about 50 per cent less than we have in this country.

About 65 per cent of all the calfskins used in this country come from abroad, principally from Russia, Germany, Austria, and the surrounding provinces. Now, this being near their home market, they get the first chance to pass on the raw goods, and this, with the materials free which they use for the manufacture of these goods, would enable them to make leather very much cheaper than we can here in

this country.

If calfskins were to come in here free, it certainly would throw thousands out of employment and would bring ruin to our line of business.

The same thing would be true in regard to our near neighbors, Canada. They have low labor, and long days, and could therefore make calf and send it across the line, thus making serious inroads into our line of business.

For these reasons we would request you to do all in your power to defeat any bill allowing finished calfskins to come into this country free. We hope that you will do all that you can to offset a thing which would be such a grave injury to manufacturers in this country.

Wishing to thank you for any assistance which you may be able

to give us, we are,

Yours, very respectfully, Lynch Brothers Leather Co.

# HON. A. P. GARDNER, M. C., FILES LETTER OF THE COLUMBIA LEATHER COMPANY, BOSTON, MASS., RELATIVE TO FINISHED CALFSKINS AND SIDE LEATHER.

JANUARY 5, 1908.

Hon. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

House of Representatives, Washington, D. C.

My Dear Sir: I beg to inclose herewith a letter from Mr. F. R. Spalding, of the Columbia Leather Company, of 43 South street, Boston, Mass., manufacturers of glazed kid and leather specialties, protesting against a reduction in the duty on finished upper and side leather.

Very respectfully,

A. P. GARDNER.

Boston, Mass., January 2, 1909.

Hon. Augustus P. Gardner, M. C.,

Washington, D. C.

Dear Sir: I am writing as a voter from your district, and also presuming a slight acquaintance with you, with reference to the business in which I am very vitally interested, namely, finished calfskins and side leathers. As we understand that there is a very persistent rumor around the Ways and Means Committee room to the effect that the new tariff bill will not only put hides on the free list, but provide for a very substantial reduction in the duty on finished leather, and believing that you would have considerable influence as representing our district if you felt, as I think the majority of the leather manufacturers do, that this will be a great detriment to our business, and also knowing that you are acquainted with Mr. Longworth, and I presume a number of others of the committee, am writing to give you our point of view. As you may know, raw calfskins come in free of duty, as also do goatskins, as by far the greater proportion of both these skins are obtained from foreign countries, and you probably are more familiar than I am with the demand for free hides.

We feel that this idea of materially reducing the tariff on finished calfskins, patent leathers, and side leathers would be a very serious blow to our business, as the German manufacturers, as you may know, operate in a very large way and are producing some very beautiful leathers, and get their labor on a very much lower basis than we do here. We have never been able to compete with the German finished calfskins and side leathers in the English market, and if we should open this market we feel that we would have very

serious competition.

We were given a hearing before the committee a week ago, and had an appointment for 9 o'clock in the morning with a chance to present our case, but the committee did not get around to us until 9 o'clock at night, when they were all tired out, and we did not have a good fair chance to present our arguments. We are preparing some further arguments to show our side of the matter, and I will forward it to you just as soon as it is ready, which will be probably the middle of next week. Meantime, if there is anything you can do for us, it would be greatly appreciated.

Very truly,

COLUMBIA LEATHER CO., F. R. SPALDING.

### GLOVE LEATHER.

[Paragraph 438.]

THE GLOVE-LEATHER MANUFACTURERS OF FULTON COUNTY, N. Y., FILE BRIEFS, WITH AFFIDAVITS.

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

Washington, D. C., December 22, 1908.

Gentlemen: Paragraph 438 of the Dingley Act classifies glove leather together with belting leather, sole leather, and leathers dressed for shoe purposes, like calfskins, kangaroo, and goat skins.

We protest against such classification. Glove leather requires an utterly different tannage, different handling, and is an utterly different character of leather from the others, because such leathers are required to be firm and nonelastic, while glove leathers must be fine, supple, and elastic. American tanners have adopted machinery to do the work in manipulating these other leathers, while glove-leather dressing must be done entirely by hand.

Belting leather, sole leather, and shoe leather is exported in large quantities and imported only in smallest quantities. Glove leather, for the manufacture of fine gloves, is imported in enormous quantities, and there is no export whatever of American-dressed glove leathers, except of one kind, which is a peculiar American invention and

product.

The reason machinery is not at all adapted for use on glove leather is that each skin for gloves must be treated in relation to its peculiar nature, with a view to producing the perfect surface and the supple pliability required in the manufacture of gloves. Hand labor is the largest element of expense in the dressing of glove leathers, and such labor is paid fully double in the United States as in the glove-dressing

centers of Europe.

The lowest grade of labor in the United States is paid from \$10.50 to \$12 per week, while similar labor in Germany is paid from \$3.75 to \$5 per week, with \$4.50 as a fair average; and many women are employed, while none are employed in the United States. The higher grades of labor in Europe are paid from \$4 to \$5.71 per week, while in the United States such labor receives from \$12 to \$15 per week, doing exactly the same work.

Affidavits accompanying this petition show that leather dressers who have come to this country to better their condition receive the

following wages:

Country.	Wages paid.	United States.
Italy France France Austria. Germany. Germany. Italy Italy	\$4.61 5.24 7.20 4.80 4.56 5.47 3.57 3.60	\$12.00 12.00 13.20 12.00 13.00 13.50 12.00 12.00

In addition to the handicap of at least 60 per cent additional wages, the American tanner of leather must pay some small amount of duty

on his various tanning and coloring ingredients.

The Dingley rate of 20 per cent on glove leather amounts to from \$1 to \$3 per dozen skins, while the difference in the labor cost alone between the United States and Europe amounts to from \$2 to \$2.50 per dozen skins, and of course the expense of doing business, rent, heat, and expenses of management are at least 25 cents per dozen skins of greater cost in the United States than in Europe.

While 80 per cent of the fine glove leather used for men's gloves is now imported, the American glove-leather dresser has demonstrated that he can manufacture as fine leather as the European leather dresser, and, if properly protected, will be able to produce at least 50 per cent of the fine leather used in the glove business in this country in less than three years, and will ultimately be able to control the business. Any reduction in the present duty on glove leathers will entirely destroy this growing industry, now giving employment to 2,000 men, and which bids fair within three years to give employment to 5,000 men.

The process of dressing Abyssinian and Arabian sheepskins into a soft velvety leather with the grain surface removed was an American invention. This glove leather was so desirable that it was exported in quantities to Europe until European manufacturers learned the process, then the export ceased, simply for the reason that because of the labor cost the American dresser could not compete with the European.

A great handicap to the American dresser is the duty he pays on lambskins and sheepskins imported from Europe with the wool on, for such skins are the raw material of his business and compel him to restrict his operations to skins which have only a small amount of wool.

Glove leathers are mainly dressed in alum, which is unsuitable for shoe or other leathers, and we earnestly appeal that a new classification be made of glove leathers only, and that no matter what the result of your conclusions may be in reference to shoe leathers, glove leathers must be protected or else the industry can not be continued in the United States.

Littauer Brothers, James W. Filmer, Edgar W. Starr, S. H. Shotwell & Son, Maylender Bros. Co., Darius Filmer, Rogers & Smith, Schoellkopf & Co. (P. S. L.), Wood & Hyde Co., Fear & White, Eli Cool, Mocha Dressing Co., Adams & Co., Thomas Burke & Co., Miller, Argersinger & Co., James S. Neff, R. Burke, A. M. Adams & Son, Charles King, John H. Stockamre, The O. Geisler Leather Dressing Co., O. Geisler, Pres.; Hall & Johns, H. R. Braett, J. G. & T. Robinson.

### EXHIBIT A.

### Kid leather dressing-Glace.

	United States.	Europe.
Soaking, liming, puring, bran drenching, tanning Seasoning, breaking, first staking. Washing, egging, coloring. Second staking, doping, and finishing	.75	Per dozen. \$0. 50 .30 .37 .48
Materials.	3. 30	1.65
Lime, arsenic, pure, bran, salt, alum, flour, egg, and coloring materials Rent and heat Expense of management.	.20	.50 .10 .25
	4. 95	2.50

### Ехнівіт В.

### Dressing of Arabian mocha.

	United States.	Europe.
Soaking, unhairing, fleshing, and friezing. Soudding, drenching, tanning, and hanging up Taking down, seasoning, and stocking. First and second knee staking, arm staking. Preparing for finishing and finishing Preparing for coloring and coloring. Finishing in color on wheel Last staking. Blocking and finishing.	.60 .10 .30 .20 .40 .15	Per dozen. \$0.16 .20 .02 .14 .10 .12 .08 .09 .08
Materials.	2.48	. 99
Lime, pure, bran, salt, alum, flour, egg, and coloring materials.  Rent and heat.  Expense of management.	. 20	-22 .07 .16
	3.68	1.44

### EXHIBIT C.

### Analysis of wage scale as shown by affidavits.

Max Damm, Germany         19 marks (\$4.56)           A. Blache, France         127 francs (\$5.24)           I franc per dozen, 6 dozen \$7.20.           Italy         19 lira (\$4.61)           Austria         24 crowns (\$4.80)           Joseph Wengler, Germany:         20 marks (\$4.76) lowest; 23 highest.           Provincial         17 nuarks (\$4.05) lowest; 23 highest.           Tanner         15 marks (\$3.57) lowest; 18 highest.           Beam work         20 marks (\$4.76) lowest; 24 rows	\$10 to \$13.
A. Blache, France.   1 franc per dozen, 6 dozen \$7.20.   Italy.   19 lira (\$4.61).   Austria.   24 crowns (\$4.80).   Isosph Wengler, Germany:   20 marks (\$4.76) lowest; 23 in lighest.   Provincial   17 marks (\$4.05) lowest; 20 highest.   Tanner   15 marks (\$3.57) lowest; 18 in lighest.   Italy   18 marks (\$4.05) lowest; 20 highest.   Italy   18 marks (\$4.05) lowest; 18 in lighest.   Italy   18 marks (\$4.05) lowest; 18 in lighest.   Italy   18 marks (\$4.05) lowest; 18 in lighest.   Italy   19 marks (\$4.05) lowest; 20 highest.   Italy   19 marks (\$4.05) lowest; 20 highest.	
Austria       24 crowns (\$4.80)         Joseph Wengler, Germany:       20 marks (\$4.76) lowest; 23 highest.         Provincial       17 marks (\$4.05) lowest; 20 highest.         Tanner       15 marks (\$3.57) lowest; 18 highest.	per day, or \$13.20.
Joseph Wengler, Germany:   Colorer	\$12.
Provincial   highest.   17 narks (\$4.05) lowest; 20   highest.   15 marks (\$3.57) lowest; 18	
Tanner	
	marks (\$4.28) \$10.50 to \$12.00.
highest.	marks (\$5.71) \$13.50.
Coloring boss	narks (\$10.71) \$30 per week.
Louis Angulle, Italy:	
Beam work 60 cents per day.  Knee staking 62 cents per day.	

JOHNSTOWN, N. Y., November, 24, 1908.

I am born in Rvitzsch, Germany, 1883. I worked in a number of places in Germany as a colorer, and earned at an average 19 marks a week. Since I am in America in two years I earned at coloring from ten to thirteen dollars and am now earning \$20 as first colorer.

MAX DAMM.

Subscribed and sworn to before me this 27th day of August, 1908.

[SEAL.] MABEL TODD,
Notary Public for Fulton County, N. Y.

JOHNSTOWN, November 27, 1908.

I am born to Annonay, France, in 1853. I worked in France, Italy, and Austria as leather manufacturer. I paid the beam men in France 24 to 27 francs by week, the knee stakers 90 centimes to 1 franc by dozen. In Italy I paid beam men 18 to 21

lire by week, the knee stakers like in France. In Austria I paid beam men 24 crowns by week, the knee stakers like in France.

A. BLACHE.

Subscribed and sworn to before me this 27th day of November, 1908.

SEAL.

Mabel Todd, Notary Public for Fulton County, N. Y.

Joseph Wengler, of Berlin, Germany, now of Johnstown, N. Y., being duly sworn, deposes and states that he is a glove leather colorer and dresser, and that he has learned his trade in Germany, and that the weekly wages earned by him as a colorer was at the rate of 20 to 23 marks per week in Berlin and 17 to 20 marks in provincial towns. As a worker in tannery it was 15 to 18 marks per week and 20 to 24 marks as a beam worker.

As advanced to a coloring boss, he earned from 38 to 45 marks per week. In comparison to these earnings in Germany, he has been engaged, upon his arrival in this country, as a coloring boss for the weekly wages of \$30, and that as such he had to make out the pay roll for the workers in the coloring shop, which wages were as follows: One dollar and seventy-five to two dollars and twenty-five cents per day, averaging \$12 per week, knee-stakers earn from \$12 to \$13 per week, tannery workers from \$10.50 to \$12, and beam workers for the same number of working hours per week \$13.50.

Sworn before me this 27th day of November, 1908.

JOSEPH WENGLER.

Subscribed and sworn to before me this 27th day of November, 1908.

[SEAL.]

MABEL TODD, Notary Public for Fulton County, N. Y.

GLOVERSVILLE, N. Y., November 27, 1908.

Louis Augulie, of Gloversville, N. Y., being duly sworn, deposes and says that he worked in Milan, Italy, for the usual wages in the leather mills, which were, on the beam, 60 cents per day; knee staking, 62 cents per day.

While in America he has worked on the beam, and earned \$2 a day; knee staking,

earned \$1.90 to \$2.15 per day.

Louis Augulie.

Sworn and subscribed to before me this 27th day of November, 1908.

[SEAL.]

MABEL TODD,

Notary Public for Fulton County.

GLOVERSVILLE, N. Y., November 27, 1908.

Edgar W. Starr, of Gloversville, N. Y., being duly sworn deposes and says that the average wages paid in his factory during the past month are the following:

F	er day	
Beam hands.	\$2.36	
Suede wheel		
Buck tails	2, 30	
Beam-house helps	1.874	Ļ
Coloring department.	1. 87	Ĺ
Knee stake	2. 08	3
Arm stake	2, 44	

EDGAR W. STARR.

Sworn and subscribed to before me this 27th day of November, 1908.

[SEAL.] MABEL TODD,
Notary Public.

### CHAMOIS AND PARCHMENT.

[Paragraph 438.]

# THE DRUEDING BROTHERS, PHILADELPHIA, PA., ASK PRESENT PROTECTION FOR THEIR PRODUCTS.

Philadelphia, November 28, 1908.

Hon. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

Washington, D. C.

DEAR SIR: When your committee reaches the leather schedule we beg to submit for your consideration our views as manufacturers of chamois leather, skivers, hatter's leather, and other sheep leathers.

Our company is now manufacturing some of these leathers successfully under the present tariff rate of 20 per cent ad valorem. This rate of duty places us practically on an equal basis with foreign manufacturers and is about enough to equalize the difference in cost of labor. We fear that if duty is removed or lowered these goods can not be manufactured here profitably, the only reason being the lower cost of labor in European countries. We therefore respectfully request your committee to fix rate of duty on chamois leather and sheep leathers same as before, 20 per cent ad valorem.

Parchment.—Our company has practically completed experiments with a view of manufacturing this article. It is now on the free list. We are quite sure if this article were placed on the dutiable list, same as other sheep leathers, this article can be profitably manufactured in this country. As long as it is on the free list, however, we do not think that it would pay to manufacture this article here. Our only

reason, again, is the difference in cost of labor.

We figure that labor cost in European countries is between 33½ per cent and 50 per cent lower than we pay here for equal labor. If your committee would encourage the manufacture of this article in the United States, we would immediately commence manufacturing parchment. We respectfully request, therefore, that this article be placed on the dutiable list at the rate of 20 per cent ad valorem.

Should your committee require any further information on these subjects, the writer or another officer of our company will make it convenient to meet your committee at any time or place you may

name.

Yours, very truly,

Drueding Brothers Company, Chas. C. Drueding, *Treasurer*.

# CHROME AND OAK LEATHERS.

[Paragraph 438.]

### JOHN W. PECHIN, PHILADELPHIA, PA., ASKS ADDITIONAL PRO-TECTION FOR CHROME AND OAK LEATHERS.

Philadelphia, Pa., December 1, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: I wish to advocate an increase of duty of from 20 to 40 per cent on chrome and oak apron leather, chrome and oak picker

leather, and chrome and oak roller leather, in butt form. Also an increase of from 35 to 50 per cent on oak and chrome roller leather, cut to size, or laps prepared. The same is contained in paragraph 438, letter M—sundries, bands and belting, or dress and other leathers.

Foreign competitors put us to a very great disadvantage, and an increase of duty of from 20 to 40 per cent will put us in a just and fair position to meet them in the open market. As the duty stands now they can sell their finished hides at 15 to 25 per cent less than we can. As an illustration, there are about 30 tanners in England who are tanning these leathers for the worsted manufacturers' use, and send to this country from 60 to 70 per cent of their output. These leathers are used solely on worsted machinery to draw and spin the wool, and on the worsted machinery you allow a protection of 45 per cent; on the worsted yarn about 40 per cent, which is fair and just, but to the tanners of worsted leathers you only allow 20 per cent, which does not allow the American tanner to compete with the foreigner, and for this reason there is very little worsted leather tanned in this country. Seventy-five per cent of the leathers used in the worsted mills in this country are tanned in foreign countries.

Notwithstanding that we are tanners of these leathers, there are times when we are offered leather by the foreign tanners at prices very much below what we can produce same for in this country, and we are obliged to curtail our own output and purchase from them. For example, see Exhibit No. 1, letter from a foreign tanner, quoting prices and making shipment of leather to us at 20 pence per pound (40 cents). Adding duty of 20 per cent makes the cost 48 cents per pound, which is much less than we or any other American tanner

could tan the leather for.

Exhibit No. 2 shows bill and prices from foreign tanner on chrome apron butts of 2s. 3d. (54 cents) per foot; with duty of 20 per cent

added it would make the cost to us 65 cents per foot.

Exhibit No. 3 shows bill and price to us on oak apron butts of 1s. 10d. (44 cents) per pound. Adding 20 per cent duty makes it cost us 53 cents per pound delivered.

We are unable to tan any of these leathers here at such prices, and

we are compelled to buy in the foreign market.

The foreign workmen are paid much less than ours, and this, of course, is a factor in their cheap production. For instance, beams men in an American tannery are paid from \$13.50 to \$15 per week; in England they are lucky to get \$6, and so on through every branch of the trade labor here costs from 40 to 50 per cent more than it does in foreign countries.

These leathers are mineral tanned and we are obliged to pay more for the chemicals than they do. For this process hides are bought in the hair, and they cost them 2 to 3 cents a pound less than it does us. You allow the raw hides a 15 per cent protection, but only allow us

20 per cent on the finished leather.

To prove this to your entire satisfaction—that we are entitled to this increase—we have inclosed bills and letters (Exhibits Nos. 1, 2, 3) showing that we are compelled to close our tanneries at times and buy in the foreign market, as we can purchase the foreign article cheaper than we, as tanners, can produce it, and we must do this in order to compete with the apron manufacturers.

We only ask justice for the American tanner. If you will increase this duty and give the tanners of this country an opportunity to compete with the foreign tanner, you will be encouraging a new business and giving employment to more of our fellow-countrymen. who deserve this protection from cheap labor.

Therefore, we beg that your committee, after considering the facts as above stated, will recommend to Congress the increased duty as

follows:

From 20 to 40 per cent duty on oak and chrome and chemical tanned apron butts, and roller leather and picker leather for worsted and woolen machinery.

From 35 to 50 per cent duty on apron leathers, roller leathers, cut

or scarfed to size, or laps prepared.

JOHN W. PECHIN.

### EXHIBIT A.

LIVERPOOL, June 29, 1907.

Mr. John W. Pechin, Philadelphia.

DEAR SIR: We beg to acknowledge receipt of your order dated 15th

instant, and we are obliged for same.

We are making shipment of the 20 bends to sample B, 18 to 20 pounds, at 20 pence (40 cents) per pound, per the steamship Westernland, sailing on Wednesday next, July 3.

Regarding sample No. 1, order for 20 bends, 15 to 16 pounds, at 181 pence (37 cents) per pound, we regret that we are unable to make shipment of the 20 bends of this selection, as our tanners are at present very heavily sold in this weight, and unfortunately are not making many. They have, however, promised to try and supply the 20 bends as ordered, and in the course of a week or so they may be able to let us have them and we will ship them per the first steamer.

Our tanners recommend the No. 2 selection, 15 to 16 pound bends, at 18 pence (36 cents), as being quite equal to the No. 1 selection at 18½ pence (37 cents), and perfectly suitable for the same use, and they make a much larger quantity of the No. 2 selection, and can

therefore supply them more promptly.

Yours, very truly,

EVAN LEIGH & SON.

### EXHIBIT B

HALIFAX, ENGLAND, September 17, 1906.

Mr. J. W. Pechin, Philadelphia, bought of James Lee & Sons. 50 krome butts as below: S.

56 by 54, 51 by 49, 55 by 55,  $56\frac{1}{2}$  by 56, 53 by 53,  $52\frac{1}{2}$  by 52,  $51\frac{1}{2}$ by 53, 54 by 52, 53 by 50, 56 by 52, 57½ by 57½, 54½ by 55, 57 by 56, 55 by 53, 57 by 58, 55 by 56, 55 by 54, 52½ by 52, 52½ by 54½, 53 by 49½, 53 by 55, 56 by 56, 51½ by 49, 52 by 53, 53 by 52½, 51 by 50½, 54 by 55, 56 by 57, 58 by 51, 55 by 50, 54 by 54, 58 by 58, 61 by 61, 56 by 57, 56 by 57, 52 by 56, 57 by 56, 50 by 50, 52 by 50, 55 by 52, 54 by 51, 56 by 56, 57 by 56, 50 by 50, 52 by 50, 55 by 52, 54 by 51, 56 by 56, 55 by 55, 56 by 56, 57 52 by 49, 55 by 51, 55 by 49, 54 by 55, 54 by 55, 57 by 59, 56 by 54 (1,015 square feet), at 2s. 3d\_\_\_\_\_

7082 SCHEDUL	E N—SUNDRIES.		
WrappersUnited States tariff fees		s. 5 10	d. 0 4
Five trusses J. P. 1/5, per steamship	Merion, sailing the 19th instant.	19	6
E	кнівіт С.		
	HALIFAX, ENGLAND, August 20,	1907	
Mr. J. W. Pechin. H	Sought of James Lee & Sons.		
[Duplicate of bill of	August 19, 1906, corrected.]		
6 green apron butts, 134½ pounds, 50 krome butts, as follows:	at 2 shillings1	s. 8	d.
53 by 49, 59 by 55, 57 by 53, 57 by 50 by 49, 57 by 54, 56 by 54, by 53, 52 by 52, 57 by 53, 53 by 56 by 51, 56 by 53, 53 by 52, 58 by 50, 56 by 56, 53 by 52, 53 by 50, 56 by 56, 56 by 56, 56 by 56, 56 by 56, 57 by 50, 58 by 51, 54 by 51, 56 by 5	y 52, 54 by 56, 52 by 52, 53 by 54, 58 by 55, 57 by 55, 56 by 55, 54 y 51, 56 by 55, 55 by 50, 54 by 52, 59 by 56, 58 by 55, 56 by 53, 52 y 52, 54 by 52, 60 by 56, 51 by 51, 55 by 53, 56 by 52, 59 by 57, 55 by 53, 52 by 50, 53 by 53, 55 by 52, , 56 by 54. 996½ square feet, at		
2s. 3d			
Wrappers United States tariff fees		-	0 4
	120	3 7	0
6 trusses J. P. 1/6, per steam	ship Merion, sailing the 15th instant		
The Pechin Lesher Co. (Limited), l	Philadelphia. Bought of James Lee	& So	ns.
Truss 1, 10 apron butts, 173 poun pounds; truss 3, 10 apron butts,	ds; truss 2, 10 apron butts, 179 160½ pounds; truss 4, 10 apron	. S.	đ.
butts, 157 pounds; truss 5, 10; 845 pounds, at 1s. 10d Wrappers United States tariff fees	7	7 9 5 10	0

5 trusses P. L. P. 1/5, per steamship Merion, sailing the 2d proximo.

### PATENT LEATHER.

[Paragraph 438.]

HON. G. E. WALDO, M. C., SUBMITS LETTER OF GEORGE BAKER & SONS, NEW YORK CITY, ASKING FOR A REDUCTION OF THE DUTIES ON PATENT LEATHERS.

NEW YORK, December 3, 1908.

Hon. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

Washington, D. C.

My Dear Sir: Herewith you will find inclosed a letter from Messrs. George Baker & Sons, of Brooklyn, requesting that a reduction of the

duty on patent leathers be had, for the reason that the present 35 and 40 per cent ad valorem is largely prohibitive, there being no American patent leather manufactured which can be used in place of the imported article.

I forward this letter for the consideration of your committee when

you reach that schedule.

Yours, very truly,

G. E. WALDO.

Brooklyn, N. Y., November 27, 1908.

Hon. GEO. E. WALDO, M. C.,

290 Broadway, New York.

DEAR SIR: We were duly in receipt of yours of the 16th in acknowledgment of our letter of 13th, and we will say that the present rate of duty on patent leather is as follows:

Thirty cents per pound and 20 per cent ad valorem on skins not

exceeding 10 pounds per dozen.

Thirty cents per pound and 10 per cent ad valorem on skins over

10 pounds and not exceeding 25 pounds per dozen.

This duty figures 35 to 40 per cent ad valorem and is in a measure prohibitive, and the American patent leather manufacturers do not produce anything which can be used in place of the imported patent calfskins, so on account of the high rate of duty the shoe manufacturers are handicapped, especially so in competing for the foreign market.

We trust this matter will be brought to the attention of the Ways and Means Committee, now holding sessions in Washington, and if the matter of the revision of tariff is brought before the present Congress the patent leather question will be favorably acted upon.

Yours, truly, Geo. Baker & Sons.

# AMERICAN MANUFACTURERS OF PATENT LEATHER FOR SHOES ASK FOR RETENTION OF EXISTING DUTY...

Boston, Mass., December 14, 1908.

Hon. SERENO E. PAYNE, M. C.,

Chairman Ways and Means Committee,

Washington, D. C.

Dear Sir: During the hearings held recently before your honorable committee on the hide schedule certain statements were made by Mr. H. N. Hill, who represented manufacturers of patent leather for carriages and automobiles. Mr. Hill, it is reported, stated that his people would be satisfied with a reduction of the duty on patent

leather to 5 per cent in exchange for free hides.

The manufacture of patent leather for shoes is quite different from making carriage and automobile leather, both in the process of manufacture and classes of materials used. The volume of business is many times larger, some of the manufacturers signing this brief alone making yearly more than the 500,000 sides stated by Mr. Hill as being the yearly output of all of the carriage and automobile patent-leather manufacturers.

Fearing that the testimony given by Mr. Hill may have been construed as applying to the manufacture of patent leather for shoes,

we respectfully submit this brief.

The method of finishing patent leather for shoes as it is practiced to-day in this country is practically a new thing, the industry being about 10 years old. Our leathers are popular because we have made it possible to make good patent-leather shoes to retail at from \$2 a pair up to the most expensive, while before that time reliable patent-leather shoes were only made in high grades from imported stocks.

Patent leather for shoes is of four kinds: Patent colt, a japanned colt skin; patent kid, a japanned goatskin; patent calf, a japanned calfskin, and patent side leather, a japanned grain of a cowhide.

All of these leathers are japanned on the grain.

The American method of japanning makes it necessary to assort

the leather in the following grades:

Patent colt, 6 grades, sold at from 15 to 40 cents per square foot. Patent kid, about 4 grades, sold at from 25 to 40 cents per square foot.

Patent calf, about 4 grades, sold at from 25 to 40 cents per square

foot

Patent side leather, about 4 grades, sold at from 18 to 30 cents per

square foot.

It costs as much to manufacture the low grades of each of these leathers as the high grades; hence the tanner loses money on the low grades and makes money on the high. It is therefore necessary to maintain an average selling price above the average cost. It is quite apparent, then, that in order to manufacture the American style of patent leathers at a profit it is necessary to dispose of all our grades

at their respective prices.

The assorting into these grades is based on the appearance of the leather only. Low-priced leather will wear as well as the high grades, but it does not look as well. This appearance, then, is the determining factor in grading, and the matter of varying grades is practically the whole meat of this part of the argument, because, while American manufacturers necessarily make both high and low grades, the foreign manufacturers, with their method of japanning, make only high grades.

The reason is that different methods of japanning are employed. Here the japan finish, applied to the grain of the skin, is thin and transparent. Imperfections or coarse grain in any skins or dust

imperfections show through, making low grades.

The foreign japan is quite different. Several coats of opaque finish are applied to the flesh side of the skin and any imperfections can be covered up, and to make No. 1 leather it only becomes necessary to apply the coats until a smooth surface has been obtained. About the only factors in making second grades in such leathers are holes in the skin.

We beg to attach to this brief samples of imported patent calf and samples of American patent colt, which will show you the difference in the finish and general characteristics of the leathers. Additional

information is attached to the samples.

Foreign patent leathers for shoes are nearly all sold in this country by the dozen, but from a number of shoe manufacturers consulted we learn that foreign patent calf cuts into shoes at prices ranging from 36 to 45 cents per square foot in the different thicknesses trimmed and untrimmed, which includes a weight and ad valorem duty figuring

about 30 to 35 per cent on the value.

With the duty removed the same high-grade stock could be sold in this country at prices from 26 to 34 cents per square foot, and this leather would compete with that made in this country and sold at from 26 to 40 cents per square foot. It will be seen at once that this high-grade stock would take the place of the domestic medium and high grades on account of the price, and that the only market left for Americans would be in the low grades, which, as shown above, can not be made at a profit.

Under the present rate of duty patent calf is still being imported and is in competition with the best grades of our leather, and any reduction of the present rate of duty would make the foreign article

still stronger competition.

Statistics show that the importation of foreign patent leathers has been decreasing since 1901. This is partly due to the supplanting of the foreign article by the high grades of our own product and partly due to the falling off in the demand for patent leathers owing

to changing styles in shoes.

Should foreign patent leathers be imported in large enough quantities, under a reduced tariff, to supplant the American stock, the only possible benefit would be a slight reduction in the expense of vamps in the highest grades of shoes, which, under the system of selling shoes at fixed prices, would not reduce the price to the consumer. The medium-priced shoes could be made no cheaper, while the lower-grade shoes could not be made at all.

The removal of the duty on hides would not benefit the manufacturers of patent colt, patent kid, and patent calf, which are not made

from hides.

Taking the cost per foot of producing American patent leathers

as a basis, the	l'er cent.
Cost of labor is Cost of materials Manufacturing expense	49. 72 37. 56
Applying this to the cost of the finished product, the—	100. 00
Cost of labor is Cost of materials Manufacturing expense Cost of raw stock	20. 48 15. 478 5. 242 58. 80
	100.00

From statistics obtainable the price paid for labor in Germany is from 50 to 60 per cent less than paid in America.

The difference between the cost of tanning and finishing materials

here and in foreign countries is about 33 per cent.

Applying this to our percentage of cost, it makes a saving to the foreign manufacturer over our cost of about 15 per cent on the

The difference between freights on raw skins to this country and the freight on the finished product, together with the difference in the matter of general expense and the advantage of being closer to the source of supply, would easily total 5 per cent, making a net advantage to the foreign manufacturer of 20 per cent as applied to

the cost of the finished product.

Taking this difference in cost of production in connection with the advantage to the foreign manufacturer, by reason of his method of finishing, it is obvious that any reduction of the existing duty will place us in a position where we can not compete, as the introduction of the foreign product would make it impossible to market our medium and high grade leather, and being deprived of this outlet we could not manufacture our product except at a loss.

In order to protect our industry, which means the protection of

our American labor, it is imperative that the present rate of duty be

maintained.

Respectfully submitted.

HARRY I. THAYER, Chairman. C. E. JAGGAR, Secretary.

Corona Kid Mfg. Co., B. E. Baker, president; Bristol Patent Leather Co., C. L. Anderson, president; Key-

tatent Leather Co., C. L. Anderson, president; Reystone Leather Co., Chas. A. Reynolds, president; Thayer-Foss Co., H. I. Thayer, president; D. T. Kennedy & Co., Albert Trostel & Sons, Barnet Leather Co., Sig. Rothschild, vice-president; C. J. Matthews Co., R. D. Greene & Co., The Riverside Japannery (Inc.); McCarroll & Co., Lloyd & Richards (Inc.) Richards (Inc.), C. H. Mosley, manager; The Ohio Leather Co., C. B. Rathborn.

Proxies given to C. E. Jæggar, secretary. Signing authorized: American Hide and Leather Co., Van Tassell Leather Co., Harrison Leather Co., Albert Bernard, D. T. Kennedy & Co., Blanchard Bros. & Lane, Thomas A. Kelley & Co., Seton Leather Co., Chester Enameling Co., Hugh Smith (Inc.), American Patent Kid Co., Beckwith Leather Co., Columbia Leather Co., Reliance Leather Co.

Proxies given to C. Q. Adams: Hamburg Cordovan

Leather Works, Eclipse Tanning Co.

Proxy given to C. L. Anderson: Superior Patent Leather Čo.

### STATEMENT OF C. A. REYNOLDS, OF CAMDEN, N. J., ASKING RETENTION OF PRESENT DUTIES ON PATENT LEATHER.

Friday, December 18, 1908.

The Chairman. Mr. Reynolds, how much time do you want?

Mr. REYNOLDS. I will be as brief as I can.

The CHAIRMAN. Give us some idea of how much time you want.

Mr. Reynolds. Not over fifteen minutes.

(The witness was here sworn by the chairman.)

Mr. REYNOLDS. Mr. Chairman and gentlemen of the committee, I represent the manufacturers of japanned leather. Patent leather for shoes is of four kinds: Patent colt, a japanned colt skin; patent kid, a japanned goatskin; patent calf, a japanned calfskin; and patent side leather, a japanned grain of a cowhide. All of these leathers are japanned on the grain.

What we will endeavor to show is that the present rate of duty under which these leathers are classified should be maintained. There is a duty at present on this class of leather of 30 cents per pound and 20 per cent ad valorem, weighing not over 10 pounds per dozen hides or skins; if weighing over 10 pounds and not over 25 pounds per dozen, 30 cents per pound and 10 per cent ad valorem; if weighing over 25 pounds per dozen, 20 cents per pound and 10 per cent ad valorem. The leathers that are manufactured by us come under that classification, and we ask that this duty or tax be maintained on these leathers. To substantiate that we have made a calculation. and we find that the cost of labor—that is, taking the cost of producing American patent leather—is 49.72 per cent; the cost of material, 37.56 per cent, and the manufacturing expense, 12.72 per cent. Then as applied to the cost of finished product, we find the cost of labor to be 20.48 per cent; the cost of material, 15.47 per cent; the man. ufacturing expense, 5.24 per cent; and the cost of the raw stock, as applied to the finished product, 58.80 per cent. We find from the best authority obtainable and from my own personal experience that the difference in the cost of labor on the German patent calfskin is about 50 per cent lower than it is in this country, which, as applied to the total cost of our products, would be close to about 10 per cent.

We find also that the articles that enter into the tanning of our American product are dutiable to the extent of about 33 per cent, which as applied to the total cost of the materials which we use would equal another 5 per cent. In addition to that there are incidental expenses, such as freight and other items, that would go to make up another 5 per cent, and we claim that in order to foster this industry, which I may say in the last ten years is practically a new one, having practically grown from nothing to a volume of about \$25,000,000. The imports of the German have been reduced from \$1,270,214, in 1900, to \$229,173, in 1908, showing the growth of this industry under a protective tariff, and we ask that this tariff should be maintained to protect our industry and our American labor.

Mr. Underwood. How much is the total production of your industry in this country?

Mr. Reynolds. From the best information obtainable, about \$25,000,000.

Mr. UNDERWOOD. How much are the importations?

Mr. Reynolds. They amount to \$229,173 in this fiscal year. Mr. Underwood. Then it is practically a prohibitive tariff now.

Mr. Reynolds. No, we do not consider the present rate of tariff prohibitive, for the reason that the German manufacturers are sending into this country to-day japanned calfskins finished on the flesh, which comes in competition with our high-grade goods, and the reason that a greater quantity was not imported is due to the fact that the demand for patent-leather shoes in high grades has gradually fallen off since 1900, owing to the change in style of footwear, the greater demand being for shoes made of fancy colored leathers, and partly due to the fact that we have been able to produce high-grade leather that to some extent supplanted that of the foreign manufacturer.

Mr. Underwood. But the total importations are less than \$300,000,

and the total production is \$25,000,000.

Mr. Reynolds. Twenty-five million dollars in the patent shoe leathers.

Mr. Underwood. That is less than 1 per cent, isn't it? Mr. Reynolds. Yes; that is less than 1 per cent.

Mr. Underwood. That is prohibitive, isn't it? One per cent can

not interfere with you.

Mr. Reynolds. That the present rate of duty is not prohibitive, and while the importations have not been as large during the last fiscal year as they were in 1900, the same would be materially increased if the demand for the colored shoes should decrease, and in that event we would again see larger quantities of imported goods coming into this market. Owing to the present protective tariff, the patent leather in this country has grown, the result of which has been the giving of employment to a large number of American workmen, and without this protection the foreign product would come into competition with the higher grades of our leather, and not being able to manufacture the lower grades without the higher, it would naturally deprive us of this outlet, and the result would be that we could not manufacture it at a profit unless we could find a market for all the grades which we make. The result would be the destruction of our American labor in our particular line of trade.

Mr. Underwood. If you had 75 per cent of the American market, it

would not destroy your industry, would it?

Mr. Reynolds. Every dozen of leather that comes into this country that is made in Germany takes from our factory that much work.

Mr. Underwood. Of course there is no question about that. But if you had it fixed so that you could control 75 per cent of this market, it would not destroy your industry, would it?

Mr. Reynolds. I think I had better explain to you the nature and character of the leather manufactured by the foreigner as compared with our own.

Mr. Underwood. But the question I asked you is, If the duty was lowered to about where you would still control about 75 per cent, or the competition was such that you still controlled 75 per cent of the

market, your industry would still survive?

Mr. REYNOLDS. No, sir; I do not believe that we could do that, for the reason that the leather that is imported from Germany is that which enters into the high class of shoes. In manufacturing our products we finish our leather entirely on the grain side. On the grades of leather imported into this country it ranges from 45 to 36 cents per foot. That is to say, the leather is sold principally by the dozen, but the shoe manufacturers who use these things give me the figures about 45 cents per foot. Now, if the duty is removed upon those goods and they are admitted free, it takes from us the high grade. Whatever proportion of that duty is reduced gives the foreigner that much advantage over us, and in our high grades it takes from us the market on our high grades. Those goods are made in grades; that is, our product in the coltskin is made from 15 to 40 cents per foot, in the goatskin 25 to 45 cents per foot, and in the cow sides it runs an average of about 26 cents. Now, on the low grades of leather we can not make a profit, and we must depend on the high grades for our profit. If we are deprived of the market, we are deprived of a profit on our product. The reduction of tariff on patent leather would not result in any advantage to the consumer, for the reason that the

leather imported to-day enters mostly into high-grade shoes, ranging from \$5 to \$8 a pair retail, and the difference in price would be comparatively small; in fact it would not change the price of the shoe to the consumer, as this difference would be divided between the importer, manufacturer, and jobber, so that if there would be any advantage to the consumer at all, it would be in the way of a little better trimming in the shoe or a little more work in the finish of it. Our product furnishes cheap and medium grade of patent-leather shoes, making it possible for the masses to obtain a serviceable patentleather shoe at a moderate price. If the class of leather manufactured in Germany was the same as our own, this would probably be true, but in their style of finish they apply four or five coats on the flesh side, which is more perfect than the grain, and in applying these coats of finish they are enabled to cover up any imperfection that might be in the skin, while in our style of leather we apply but three coats, two of which are comparatively thin, and the top coat a transparent varnish, which does not cover up the imperfections. The patent leathers manufactured in Germany are sold in this country by the dozen, but from reliable information given us by shoe mannfacturers who use those goods we find that the prices per foot range from 36 cents to 45 cents, so that if the present rate of duty was repealed this leather could then be sold to the American manufacturer at prices ranging from 26 cents to 34 cents per foot, and as these grades would come in competition with the higher grades of our product, which range from 30 cents to 40 cents per foot, it is obvious that we could not sell these grades in competition with the imported leather, and being deprived of the outlet for these particular grades it would be impossible for us to manufacture the other grades except at a loss, which would mean the destruction of our business.

Mr. Underwood. There is no importation, and the duty as at present prohibits it, and you are not making a profit on leather because

of the competition among yourselves.

Mr. Reynolds. The competition among ourselves is so keen there is no opportunity of our making an excessive profit.

Mr. Underwood. You do not expect to make an excessive profit out of the American people.

Mr. REYNOLDS. No.

Mr. Underwood. Are you making a legitimate profit out of it now?

Mr. REYNOLDS. Yes; we are.

Mr. Underwood. That is all you are entitled to.

Mr. REYNOLDS. Yes, sir.

Mr. Underwood. Then you have nothing to complain of about the

low grades.

Mr. Reynolds. The point I desire to make is, if the present duty is not maintained, and the foreign leather admitted into this country free, it would take from the American factories not only the amount of leather in dozens that come in, but for every dozen of imported it would take from us ten dozen or more on account of the great variation in range of price of our goods.

Mr. Underwood. But in silks and woolens and cotton and iron and steel a certain amount of goods is allowed to come here, and you think your industry alone ought to have from the Government a monopolistic tariff, do you? You have a prohibitive tariff that you insist should remain as it is. Do you think it is right

for the American Congress to give you an exclusive tariff, which is

not given to the ordinary manufacturers?

Mr. REYNOLDS. All I claim is this, that the amount of leather that was brought into this country in 1900 was \$1,270,000, and this industry of the American patent leather is a new industry, and we have supplied a leather grading from 15 to 40 cents that has taken the place of the foreign article. We have done that under this protective tariff, without which the German comes in.

The CHAIRMAN. You get your hides free, do you not?

Mr. REYNOLDS. No. sir.

The Chairman. They are imported free, aren't they? Mr. Reynolds. No; they are not all imported free. There is a

duty on hides that are over 25 pounds, on cowhides.

The CHAIRMAN. But you are talking about hides weighing over 25 pounds per dozen, hides and skins. There are very few of those.

Mr. Reynolds. Yes; the percentage is small.

The CHAIRMAN. Which hides generally come in free? Mr. REYNOLDS. Yes, sir.

The CHAIRMAN. The hides are prepared and then an application of 4 or 5 coats of varnish to complete the job. Which side of the hides do you put the varnish on?

Mr. REYNOLDS. On the grain side.

The CHAIRMAN. There was some one here the other day pretending that the only competition they had really was a cheap morocco hide that was coated on the inside instead of the outside.

Mr. REYNOLDS. Ours is on the grain side, which is the outside.

The CHAIRMAN. Some man made the claim of that, and that was the only way they are coming into the market, because they are coated on the outside instead of the inside, and it costs less to prepare the hides in that mode. Do you agree with that?

Mr. REYNOLDS. I do not know what it costs to prepare and coat

the German article.

The Chairman. You say that 48 or 49 per cent of the cost is labor?

Mr. Reynolds. Yes, sir.

The CHAIRMAN. The coating of these hides and the varnishing is not high-class labor and not very expensive. How much-

Mr. REYNOLDS. They make about \$15 or \$16 a week. The CHAIRMAN. Two dollars and seventy cents a day? Mr. Reynolds. Yes, sir.

The CHAIRMAN. Where does the competition come from?

Mr. Reynolds. Germany.

The CHAIRMAN. What do they pay in Germany for that kind of work?

Mr. Reynolds. They pay about 50 per cent of what we pay here. The CHAIRMAN. Of course you have the advantage of freight.

Mr. Reynolds. No; the advantage is a little in favor of the Ger-

The CHAIRMAN. Where do you manufacture? Mr. REYNOLDS. In New York and Bristol—

The CHARMAN. Then, you have to freight hides to New York to get them to the market?

Mr. Reynolds. They come into Philadelphia.

The CHAIRMAN. But the freight to New York is naturally against them, isn't it?

Mr. Reynolds. Yes; naturally.

The CHAIRMAN. Are the freights high or not on this class of goods?

Mr. REYNOLDS. On the raw material?

The CHAIRMAN. No; on the morocco skin—the finished product.

Mr. Reynolds. The freight, as I understand from all the information I can get, is about equal to two-tenths of 1 per cent on the finished product.

The CHAIRMAN. What is the insurance?

Mr. REYNOLDS. I can not tell you; I do not know.

The CHAIRMAN. Where did you get your information as to the

wages they pay over there?

Mr. Reynolds. I was in Germany last summer and went through one of the tanneries there, and I asked the gentleman who was taking me through what they paid in that particular department, and he told me they were earning about 28 to 30 marks a week, which would equal about \$7.25. That same work we pay in this country, piece for piece, \$2.40 a day, or \$14.40 per week.

The CHAIRMAN. Do your people accomplish more with the men

over here?

Mr. Reynolds. No, sir; that man did the same amount of work we do in this country, 40 dozen per day.

# STENGEL & ROTHSCHILD, NEWARK, N. J., THINK THEY SHOULD HAVE FREE HIDES AND DUTIABLE PATENT LEATHER.

Newark, N. J., December 30, 1908.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: We are large manufacturers of patent and enameled leather for the carriage and automobile trade, and we understand that at a hearing before your committee some time ago in regard to removing the duty on raw hides, one of the gentlemen who assumed to speak for our industry made certain statements which are quite erroneous.

We are told that he stated the patent and enameled leather industry could compete with the foreign-made product without any duty, if we had free hides. This we do not believe to be true. The duty on raw hides is 15 per cent; the duty on patent and enameled leather is 35 per cent. It can therefore be easily seen that if we were to be granted the relief asked for in the way of removing the duty of 15 per cent on hides and losing the protection of 35 per cent on the finished product we would be worse off than we are at the present time. Our labor cost is a great deal higher than European labor, as you are undoubtedly aware, and without some protection on the finished product we could hardly exist, even with free hides.

Our view of the matter is that in return for the removal of the duty on hides (which is very much desired) we could afford, perhaps, an equal reduction of 15 per cent on the finished product and still maintain our hold over the European finished product. We believe in the McKinley principle of reciprocity, and a proportionate reduction of the duty on leather, as above indicated, could perhaps be used by this Government in obtaining concessions from foreign countries, such as

France and Germany, who are discriminating against some of our

American products.

So far as the duty on hides is concerned, we will say that it is very onerous, as it not only increases the price of the hides which we have to import, but the large packing interests have also increased the price of all domestic hides in proportion. It takes almost double the capital for our business to-day that it took before the duty was put on hides, and as a tanner who is unable to pay cash for his hides under existing conditions of trade is badly handicapped, there is very little chance for the small manufacturer to get along.

The packing interests have said in a great many cases that if they did not get their price for hides they would tan them themselves, and they are doing it to a large extent to-day, and if the hide markets of the world are not open to the tanning industry the ultimate result will be that the entire leather business will be in the hands of large trusts, who will control the price of leather as well as of hides, and, as

usual, the American consumer will have to pay the price.

We therefore ask that your committee consider favorably the question of removing this duty and putting the industry where it was

before the Dingley bill went into effect.

There are a great many other things which could be said, but we do not care to burden you with too long a statement. We will only add that we do not think that the farmer, for whose benefit this duty was ostensibly put on, has profited by it to any degree, but only the large packing interests, through whose influence it was originally put on, we are informed.

Very respectfully, yours,

Stengel & Rothschild, Tanners and Manufacturers of Patent, Enameled, and Fancy Leather.

## LEATHER AND PORPOISE SHOE LACES.

[Paragraph 438.]

# AMERICAN MANUFACTURERS OF THESE ARTICLES WISH THE PRESENT DUTIES RETAINED WITHOUT CHANGE.

267 MOUNT PLEASANT AVENUE, Newark, N. J., January 7, 1909.

Hon. SERENO E. PAYNE,

Chairman of the Ways and Means Committee,

Washington, D. C.

DEAR SIR: Inclosed please find brief in reference to leather shoe laces (signed by The Nelson & Boyd Company, of Chicago, Ill., and The American Porpoise Lace Company, of Newark, N. J.), which we respectfully submit for your earnest consideration, and on which depends the continuance of the porpoise or leather shoe-lace industry in this country.

Yours, respectfully,

THE AMERICAN PORPOISE LACE Co., LEO E. GOLDSTEIN, Proprietor.

Chicago, Ill., December 23, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: In behalf of the leather and porpoise shoe-lace industries of the United States, at the hearings now being conducted by your honorable committee looking to the revision of tariffs on certain commodities, we most respectfully call your attention to the existing tariff on leather and porpoise shoe laces.

You will find porpoise laces specially classified in the Dingley tariff act in Schedule N as shoe lacets, leathers, No. 438, with a present specific duty of 50 cents per gross pair of 288 strings and with an additional duty of 20 per cent ad valorem, as will be seen by an inspection

of the bill itself.

To insure the safety of this industry, we believe the present existing duty on this class of commodities should remain undisturbed, and most respectfully submit the following facts in connection therewith for

your examination and consideration:

We herewith submit to your honorable committee an original letter and invoice bearing date of December 3, 1908, from one of the largest leather shoe lace manufacturers in Great Britain, quoting prices on heavy and light laces to a Chicago jobber, on laces 36 inches, 40 inches, and 45 inches in length, as follows:

36-inch laces, 9s. 3d. (\$2.22) to 8s. 3d. (\$1.98) per gross pair. 40-inch laces, 10s. 3d. (\$2.46) to 9s. 6d. (\$2.28) per gross pair. 45-inch laces, 12s. 6d. (\$3) to 11s. 9d. (\$2.82) per gross pair.

The average cost of manufacture in the United States of laces of the same length and quality as quoted above is \$1.84 per gross of single strings (144) and \$3.68 per gross pair (288 strings), while the selling price of the English manufacturers for the same laces is from 8 to 12 shillings, or, in other words, \$2 to \$3 per gross pair American

money.

It will be seen from the above quotations that the cost of manufacture in the United States is far in excess of the cost of manufacture of the same laces in Great Britain. In addition, it also will be readily seen that with the present duty added to the above quotations on English laces, the average selling price is less, approximately 20 cents per gross pair, than the average cost of manufacture in the United States; in fact the English manufacturer can manufacture and sell at a profit with duty added for a price which is less than the average cost of manufacture in the United States. The margin of protection is so slight that the present duty not only should be retained but an increased duty imposed in order that a fair margin of profit be guaranteed to the home producer.

The present existing duty on porpoise laces, based on 8 shillings per gross pair, is equivalent to 45 per cent, and on 7 shillings per gross pair about 47½ per cent. Under the Wilson bill, porpoise laces were not specially covered and appeared under "Manufactures of leather, not specially provided for," with an advalorem duty of 30 per cent. Under this duty English manufacturers flooded the United States with grain laces at lower prices than American manufacturers could compete with, which led to the adoption of the present tariff in the

Dingley Act.

The necessity of an adequate tariff on this particular class of commodities, we believe, will be quite apparent to your honorable com-

mittee upon consideration, after a careful review of the facts, as above set forth, and we trust that if any action be taken with regard to a revision of the tariff in this class of commodities it will be taken with a proper regard for the protection and welfare of the leather and porpoise shoe-lace industries in the United States.

Respectfully submitted.

Nelson & Boyd Co. Per Samuel Nelson, President,

Chicago, Ill.

THE AMERICAN PORPOISE LACE Co., Per Leo E. Goldstein, Proprietor, Newark, N. J.

### EXHIBIT A.

LOW FISHERGATE AND ELEVENTH STREET, SEPULCHRE GATE,

Doncaster, December 3, 1908.

Messis. Jno. Lawrie & Sons,

186 Market street, Chicago.

Gentlemen: We inclose samples of our production of laces, which we think are what you require. We call them imitation porpoise laces.

Below we quote prices: Imitation porpoise, 36 inches, 9s. 3d.; 40 inches, 10s. 3d.; 45 inches, 12s. 6d.; lighter porpoise, 36 inches, 8s.

3d.; 40 inches, 9s. 6d.; 45 inches, 11s. 9d.

We inclose a tan russet lace, and can do these at above prices. We can pack them in 50 and 100 gross cases. They are sent out in green boxes, one-half gross in a box, and look very dainty. If you want them without boxes, they will be 3 pence lower, delivered at Liverpool.

Yours, respectfully,

Joseph Clark & Sons.

### EXHIBIT B.

STATE OF ILLINOIS, County of Cook, ss:

Samuel Nelson, being first duly sworn, deposes and says that he is president of the Nelson & Boyd Company, an Illinois corporation,

engaged in the manufacture of leather and porpoise shoe laces.

That he has been identified with the manufacture of leather and porpoise shoe laces in the neighborhood of twenty-five years, and that he is familiar with the cost of manufacture of said laces in the United States; that the average cost of manufacturing strings 36 inches in length is \$1.67 per gross strings (144 strings); 40 inches in length, \$1.75; and 45 inches in length, \$2.10, and on longer strings the price is increased proportionately, and that the average cost of manufacture of the three lengths above mentioned is \$3.68 per gross pair of 288 strings; and that it is impossible to produce the said laces at a less cost after paying living wages to employees and costs incurred in the manufacture.

That the original letter and invoice attached to this petition is a correct quotation of the prices at which the said strings can be manufactured and sold by manufacturers of Great Britain.

Further affiant saith not.

SAMUEL NELSON. President of the Nelson & Boyd Co., of Chicago.

Subscribed and sworn to before me this 4th day of January A. D. 1909.

SEAL.

DAVID D. KAGY, Notary Public.

### GLOVES.

[Paragraphs 439-445.]

### VARIOUS CHICAGO BUSINESS HOUSES RECOMMEND THE RETEN-TION OF SPECIFIC DUTIES ON GLOVES.

CHICAGO, November 25, 1908.

Hon. HENRY SHERMAN BOUTELL,

Member of Ways and Means Committee,

House of Representatives, Washington, D. C.

My Dear Congressman: Regarding the matter of kid-glove duties, we feel especially fortunate in having a friend at court, and whatever other representations are made I know that what I write you will be accepted as sincere and true from my standpoint. Practically my entire business is the importing of kid gloves. Briefly stated, an ad valorem duty would put all honest men out of business, as the actual value of a skin made up into kid gloves is often indeterminate. increase the duty would be to sin against every woman that wears kid gloves, as it is practically insane to try and manufacture so-called kid gloves in the United States. Any country where goat's milk is not an article of diet is rendered inefficient in making kid gloves on account of the nonproduction of the raw skin. The riding duty of 40 cents per dozen for certain forms of sewing a glove, also the riding duty of 40 cents per dozen for gloves embroidered with more than three single strands, is a subterfuge pure and simple, which protects no one but favors a few industries and again saddles upon the wearer an unfair and wholly unwarranted expense.

Summing up, after having talked with all the importers in Chicago, I find them of one accord, namely:

We are willing that the tariff on kid gloves should remain as it is. We are desirous that the two riding duties of 40 cents each above

mentioned should be abolished.

Hoping that this will appear to you in line with the spirit of the present investigation, and assuring you of its truth from our stand-point, and hoping that you can assist in maintaining the tranquillity of a business which is already overtaxed in duty, with kind regards, I remain.

Yours, very truly,

Francis T. Simmons.

CHICAGO, November 25, 1908.

Hon. HENRY F. BOUTELL,

Washington, D. C.

SIR:

We understand that there is quite a concerted movement to reestablish an ad valorem duty, and then to raise the scale from the basis on which it is now computed. We desire to protest most vigorously against any advance in duty, and to unqualifiedly condemn a resumption of the ad valorem scale, and we look to you, as representing our district, to insist on the retention of a specific duty, and also the abolishing of the extra amount now charged on pique and on embroidered gloves.

Respectfully,

CARSON, PIRIE, SCOTT & Co.

CHICAGO, November 25, 1908.

Hon. HENRY S. BOUTELL,

Ways and Means Committee,

House of Representatives, Washington, D. C.

DEAR SIR:

We are heartily in favor of specific rates on leather gloves, as at present assessed, and are unalterably opposed to ad valorem duties on these goods. It is only by the use of specific duties that the interests of honest importers and the Government alike can be safeguarded.

Second. The rates at present assessed on ladies' gloves are as high as this class of merchandise will bear, and any increase would simply tend to bar such goods out of this country. We are, therefore, in favor of allowing the present specific rates on ladies' gloves to remain.

Third. The cumulative duties of 40 cents a dozen on pique, prix seam, and stitched or embroidered gloves should be abolished. The cost of such sewing is not to exceed 10 cents per dozen extra, and the unreasonableness of increasing the duty by 40 cents per dozen on this account is apparent.

Very truly, yours,

Marshall Field & Co.

### STATEMENT OF FREDERICK W. BROOKS, OF NEW YORK, REPRE-SENTING THE IMPORTERS OF LEATHER GLOVES.

Saturday, November 28, 1908.

Mr. Brooks. Mr. Chairman, I represent the importers of leather gloves.

The CHAIRMAN. Gloves?

Mr. Brooks. Leather gloves.

Mr. Underwood. What is the paragraph you are speaking under? Mr. Brooks. It is under paragraphs 439 to 445, inclusive, of the tariff act of 1897.

Mr. Dalzell. What paragraph?

Mr. Brooks. Four hundred and thirty-nine to 445, inclusive, of the tariff act of 1897.

Mr. Chairman, I represent the following importers of leather gloves, namely, Trefousse & Co., Marshall Field & Co., John V. Farwell Company, Carson, Pirie, Scott & Co., Francis T. Simmons & Co., Edward Thomas & Co., Mills & Gibb, V. Perrin & Cie, Reynier Frères, B. Blumenthal & Co., and A. C. Hartmann, all of whom are representative houses of New York and Chicago, and they are large dealers in merchandise of that kind.

I may begin by stating that in paragraph 445 of the tariff act of 1897 there are provisions for certain cumulative duties. That is to say, there is a provision there for a duty on all pique or prix seam gloves, and on all gloves stitched or embroidered with more than

three single strands or cords, of 40 cents per dozen pairs.

Now, we make the suggestion that those provisions which I have just read should be omitted in the next tariff act for these reasons: The provisions for leather gloves outside of those mentioned in paragraph 445 would seem to be ample to provide revenue for the United States and to protect any domestic interests in these articles; and, moreover, there has been considerable litigation as to the extent to which the provisions of paragraph 445 should apply, and anything which would tend to avoid litigation on tariff subjects is, we submit,

very desirable for all concerned.

Litigation tends to disorganize business for merchants, and it is the cause of great trouble to government officials because it makes them additional and unnecessary work, and it interferes greatly with any calculations as to the amount of revenue to be derived from any tariff provision. The extra duties charged by the provision of paragraph 445, to which I have referred, exceed the cost of the work mentioned therein, and it is submitted that these extra duties are unnecessary for purposes of revenue or of protection. The amount of such goods imported, the duty collected thereon, and the ad valorem rate of duty paid thereon will undoubtedly be laid before your committee, and we are satisfied that the rates on the gloves, including these extra charges, are so high that your committee will agree with us that substantial justice will be done if these provisions are canceled in the new tariff.

It may also be submitted for the consideration of your committee that the provisions heretofore made for the duty on leather gloves have required the payment of the same rate of duty on children's gloves as that paid on women's gloves, and it would seem that a more logical and equitable arrangement could be made in a new tariff act, whereby the duty on children's gloves would be less than that on women's gloves in proportion to the difference in their cost, which is from 10 to 20 per cent, because children's gloves use less material and there is less labor on them. As to the tariff description of these gloves in the act of 1897, that would seem to be sufficiently well understood so that it might be repeated in the new tariff act, but if your committee is disposed to reduce the rates of duty upon articles of almost universal use, we suggest that the glove schedule is entitled to some consideration in that respect.

From the statistics which we will lay before you your committee will probably find that very few leather gloves for men are imported, the high rates of duty imposed on such goods by the act of 1897 being practically prohibitive. The importations of leather gloves are, therefore, practically confined to those for the use of women and

children, and the tariff rates on those are among the highest found in our tariff in a great many instances, as your statistics will show. The domestic interests are already well provided with the opportunity afforded them by the present tariff schedules to manufacture practically all of the leather gloves for men's use that are needed in this country, and any reduction in the rates of duty which your committee would make for the benefit of those who import women's and children's gloves would not, therefore, conflict with domestic interests.

There has been some litigation in the past, in the last year, over the term "schmaschen," which is a technical word, and which appears in paragraph 440; and I might state for the information of the committee that this term "schmaschen" refers to the skins of immature lambs, which are frequently dropped too early. The skins have very little strength, and for that reason they sell at a very low price. Consequently those schmaschen skins enter into the composition of the cheapest grade of leather gloves that come into this country. I may also add that I understand from very good authority that practically no schmaschen gloves are manufactured here, the entire consumption being of the imported articles.

It has been understood by those whom I represent that some steps will be taken to induce this committee and Congress to enact a new tariff act that will omit the provision for these schmaschen goods in paragraph 440, the result of which would be that they would then come under the provision for lamb gloves—which are one grade higher and which come from more expensive skins—and would pay a higher rate of duty. As to that, I submit to you that inasmuch as practically no schmaschen gloves are produced in this country it would therefore be adding an extra tax to the consumers if this provision for schmaschen goods should be stricken out of the next act.

Regarding the provisions for women's lamb, sheep, kid, and other gloves now found under paragraphs 441 to 444, inclusive, we desire to state that the language of these paragraphs is so well understood that it would be unnecessary to make any change in that respect. We have compiled, and I will hand to the stenographer for the use of the committee, statements of the cost of fabrication in France and in Germany, from which countries most of these foreign gloves come, giving in detail all of the particulars of the cost of labor of manufacturing gloves, and we have also added to them a compilation from good sources of the cost of fabrication of gloves in the State of New York.

Now, from these statements of cost it will appear that of the two given as coming from Grenoble, France, each of those is the cost of the cheapest of that kind of goods that are made there, and I might add that where a little more care is used in the manufacture of the gloves necessarily the expense of that extra care would add perhaps 2 or 3 francs a dozen to the figures that are given in these tables. The table that is made up as to the cost of manufacturing gloves in Germany gives both the maximum and the minimum rates for the manufacture of the goods, for the cheap ones, and for those where more care is used, and of course there is no occasion to add anything to those.

Mr. Underwood. You will file those tables, will you?

Mr. Brooks. I will file them with the stenographer; yes. I believe the average rate of duty on imported gloves is about 40 per cent or more, and we think that is a very good rate of duty for such articles.

Now, we also desire to make an emphatic protest against the appearance in the new tariff act of any provision for ad valorem duties on this class of gloves. Your committee will remember, Mr. Chairman, that in the tariff act of 1890 there were some provisions made there for ad valorem duties-that is to say, that they should not cost less than 50 per cent—and in other cases there were specific provisions for a duty of 50 per cent on these gloves, but it was ascertained by experience then that those very provisions were the cause of great scandals and of considerable undervaluation, some of which, as far as I remember, went as far as the criminal courts.

It is therefore suggested that inasmuch as specific duties have been, practically, levied on nearly all these gloves—at any rate since the tariff act of 1890—and as there were no ad valorem duties mentioned in either the Wilson bill or the present bill, we ask if it shall be suggested to this committee that ad valorem duties be applied to any of these articles to which I have referred to-day, that the committee de-

cline to make any such provision.

We may add that if the committee should see fit to reduce the rates of duty applicable to these gloves in the new tariff, it is very likely that such reduction would, in all probability, increase the importation of such articles, and would therefore result in an increase of revenue derived from such goods, which, as I understand, is a feature to be considered by this committee at the present time. At the same time, I may also submit that there is nothing for which we have asked to-day which will in any way, as we understand it, conflict with any domestic industries. I ask that these tables which I have prepared may be submitted with my remarks, and also the names of those whom I represent, they being representative houses both in New York and Chicago.

The CHAIRMAN. Submit your brief. Hand it to the reporter.

Mr. Underwood. You represent the importers?

Mr. Brooks. I do, sir.

Mr. Underwood. I notice that in the general trend of the business there is about \$17,000,000 worth of gloves manufactured in this country, and importations to the amount of about \$10,000,000.

Mr. Brooks. Yes, sir. Mr. Underwood. That makes it a pretty good revenue-producing article?

Mr. Brooks. Yes, sir.

Mr. Underwood. But you say there are some classifications of these gloves that are prohibitive?

Mr. Brooks. Yes, sir.

Mr. UNDERWOOD. Will you state which they are?

Mr. Brooks. Those are the men's gloves. Mr. Underwood. Entirely the men's gloves?

Mr. Brooks. The tariff duty on men's gloves is higher than it is on women's and children's gloves all the way through, and for that reason, if you will examine your statistics, I think you will find that the importations of men's gloves, say during 1907, amounted to practically nothing. I understood you to say \$10,000,000-

Mr. Underwood. Ten million dollars for the total importations.

Mr. Brooks. That \$10,000,000 represents the women's and children's gloves, practically; and I doubt very much if the importations of men's gloves will be 5 per cent of that, the men's gloves all being made in this country.

Mr. Underwood. Is there any reason from a manufacturing standpoint why it is more difficult for the manufacturers of this country to meet competition on men's gloves than it is on women's and chil-

dren's?

Mr. Brooks. There is. As I understand it, the men's gloves are coarser, in the first place.

Mr. Underwood. Are what?

Mr. Brooks. Coarser. They are made of more stable materials; and the women's gloves are the product of working people in Europe who have been brought up to that business from their youth, and whose parents and grandparents occupied the same field before them. It is the experience in manufacturing this class of goods that makes the European much more competent to manufacture the finer grades of gloves (which are the women's gloves) than the men's gloves, which are made here. That is one reason.

Mr. Underwood. Therefore, the reason that the importations come in in women's and children's gloves is because they produce the

higher products that the markets want?

Mr. Brooks. That is one reason; and the other is that the duty on men's gloves is 25 and 30 per cent higher than it is on women's and children's gloves.

Mr. Underwood. Suppose the duty were reduced on men's gloves to the same amount that it is on women's and children's gloves,

what effect would that have on the industry in this country?

Mr. Brooks. That might induce the foreigners to send over men's gloves, but I think it very doubtful. The glove business is peculiar. You will find, by referring to the provisions of the tariff acts of 1894, and of 1890, that the duty on men's gloves has always been higher than the duty on women's gloves—very much higher. The result has been, I think, from my own recollection, that from 1890 down to the present time pretty much all of the men's gloves used in this country have been made in this country, while the women's gloves, as a rule, have been imported.

Mr. Underwood. If the duty is prohibitive and we are not raising any revenue from it, it seems to me it is too high; but I wanted to ask you what effect, if we made a reduction of that kind, it would have on the revenue and on the industry. Can you give that from your knowledge as an importer? Have you any idea how much that

would increase the importations into this country?

Mr. Brooks. I can not state; I doubt if anyone could.

Mr. Underwood. Do you think it would be wise to make the

Mr. Brooks. Well, that would be a matter for the committee to consider.

Mr. Underwood. From a revenue standpoint, I mean. These are

luxuries.

Mr. Brooks. From a revenue standpoint, I presume more men's gloves would be imported if the rate of duty on men's gloves was no higher than it is on women's gloves.

Mr. Underwood. Do you think the importations would amount to over 25 per cent of the production in this country?

Mr. Brooks. I can not state.

Mr. Underwood. You have no means of ascertaining that fact?

Mr. Brooks. I have no means by which I could ascertain it. I would be very glad to procure the information for the committee if I could, but, as I said before, the conditions of the glove trade are such that, as far as I know and as far as I have been able to ascertain, the conditions which exist to-day have existed since 1890.

Mr. Underwood. The only thing, then, to guide us in that situation is the fact that the duty is lower on women's and children's gloves. There is an actual contest for the market, and the American manu-

facturer still exists.

Mr. Brooks. The American manufacturer, of course, produces, as you have stated, 17,000,000 of the goods here in the course of a year, and the importer brings in 10,000,000. Neither one conflicts with the

other.

The CHAIRMAN. Of course the highest revenue could be obtained by putting the duty low enough so that the American glove would be driven out of the market and letting the foreign gloves come in, and having them all pay duty. That would be the way to secure the highest revenue.

Mr. Brooks. Well, I hardly think so.

The CHAIRMAN. Do not spend much time on it, then, if that is your opinion.

BRIEF SUBMITTED BY FREDERICK W. BROOKS, REPRESENTING LEATHER GLOVE IMPORTERS, SUGGESTING NEW CLASSIFICATION FOR GLOVES.

Washington, D. C., November 28, 1908.

Hon. SERENO E. PAYNE,

Chairman of Committee on Ways and Means,

House of Representatives.

Sir: We are engaged in the importation of gloves, for which various provisions are made in the tariff act of July 24, 1897, under paragraphs 439 to 445, inclusive, and we submit herewith some matters for your consideration in the preparation of the new tariff act.

We may begin by stating that in paragraph 445 of the tariff act of 1897 there are provisions for certain cumulative duties, and we think that all of these duties, except that for lining, should be omitted in the new act. The provisions for leather gloves outside of those mentioned in paragraph 445 would seem to be ample to provide revenue for the United States and to protect any domestic interests in these articles, and, moreover, there has been considerable litigation as to the extent to which the provisions of paragraph 445 should apply, and anything which would tend to avoid litigation on tariff subjects is, we submit, very desirable for all concerned. Litigation tends to disorganize business for merchants, and it is the cause of great trouble to government officials, because it makes them additional and unnecessary work, and it interferes greatly with any calculations as to the amount of revenue to be derived from any tariff provision. The extra duties charged by the provision of paragraph 445 exceed the cost of the work mentioned therein, and it is submitted that these extra are canceled in the new tariff.

duties are unnecessary for purposes of revenue or of protection. The amount of such goods imported, the duty collected thereon, and the ad valorem rate of duty paid thereon will undoubtedly be laid before your committee, and we are satisfied that the rates on the gloves, including these extra charges, are so high that your committee will agree with us that substantial justice will be done if these provisions

It may also be submitted for the consideration of your committee that the provisions heretofore made for the duty on leather gloves have required the payment of the same rate of duty on children's gloves-as that paid on women's gloves, and it would seem that a more logical and equitable arrangement could be made whereby the duty on children's gloves would be less than that on women's gloves in proportion to the difference in their cost, which is about 10 to 20 per cent, because children's gloves use less material and there is less labor on them. The tariff description of these gloves in the act of 1897 would seem to be sufficiently well understood so that they might be repeated in the new tariff act, but if your committee is disposed to reduce the rates of duty upon articles of almost universal use, we suggest that the glove schedule is entitled to some consideration in that respect. From the statistics which we will lay before you your committee will probably find that very few leather gloves for men are imported, the high rates of duty imposed on such goods by the act of 1897 being almost prohibitive. The importations of leather gloves are therefore practically confined to those for the use of women and children, and the tariff rates on those are among the highest found in our tariff in a great many instances, as your statistics will show. The domestic interests are already well provided, with the opportunity afforded them by the present tariff schedules, to manufacture practically all of the leather gloves for men's use that are needed in this country, and any reduction in the rates of duty which your committee would make for the benefit of those who import women and children's gloves would not, therefore, conflict with domestic interests.

There has also been some litigation in the last year over the term "schmaschen" in paragraph 440, but it seems that the term is well understood in the trade, and there is hardly sufficient reason for eliminating this provision on this ground alone, because there are a great many inferior skins that are used in the fabrication of gloves which are sold to the poorer classes and which could not be marketed at the present prices if they were compelled to pay the same duty as lamb gloves. It should also be noted that there are practically no schmaschen gloves produced in this country, and it would therefore be adding an extra tax on the consumers for this provision to be stricken out of the act. The foregoing is submitted to your committee for the reason that there has been some apprehension on the part of those who import these gloves that an effort will be made to omit any specific provision for such gloves in the new tariff act, and that attempts will be made to require them to pay the same duty as is imposed on lamb gloves, which would be inequitable and at the same time bear heavily on the peculiar class of goods which, as we have above stated, is the lowest grade of such goods in the glove trade.

Regarding the provisions for women's lamb, sheep, kid, and other gloves now found under paragraphs 441 to 444, inclusive, we desire to state that the language of these paragraphs is so clearly understood by merchants and by those who administer the tariff laws that it would be unnecessary to make any change in that respect or with regard to the question of protecting domestic interests in consequence of the difference between the cost of foreign labor and that of domestic labor. We have compiled and send herewith for the information of your committee statements of cost of fabrication in France and Germany, giving in detail all of the particulars of the cost of labor of manufacturing gloves. From these statements of cost it will appear that the lower of the two in Grenoble, France, is the cheapest rate at which gloves can be made in that country; the higher of the two being the cost at a factory where a little more care is used, and we may add that in the manufacture of the best gloves in France the cost of labor would amount to about 18 francs per dozen. The statement of cost of fabrication of gloves in Germany gives the minimum and maximum amounts and therefore requires no further comment here. From the figures given of the cost of manufacture in this country it would seem that the duties already imposed on this class of goods are sufficiently high to offset the difference between the cost of foreign labor and that of domestic labor. We understand that the average rate of duty on imported gloves is between 40 and 50 per cent and with such protection as that we think the interests of domestic producers are fully covered.

We also desire to make an emphatic protest against the appearance in the new tariff act of any provision for ad valorem duties on this class of gloves. In the tariff act of 1890 there were some provisions for ad valorem duties and it was found by experience at that time that they were the cause of considerable undervaluation. In the tariff acts of 1894 and 1897 the duties levied are all specific and we think your committee will agree with us that past experience has shown the advisability of continuing the assessment of specific duties

on this class of goods.

We may add that the reduction of the rates of duty applicable to the gloves mentioned herein would in all probability increase the importation of such articles and would therefore result in an increase of the revenue derived from such goods. As we understand that one of the problems before your committee is to increase the receipts of the revenue from imports, where that can be accomplished without injury to domestic industries, we submit that any reduction of the rates of duty at present collected on leather gloves would accomplish that purpose.

Respectfully submitted.

TREFOUSSE & Co.
MARSHALL FIELD & Co.
JOHN V. FARWELL CO.
CARSON, PIRIE, SCOTT & CO.
FRANCIS T. SIMMON & CO.
EDWARD THOMASS & Co.

MILLS & GIBB.
V. PERRIN & CIE.
REYNIER FRERES.
B. BLUMENTHAL & Co.
A. C. HARTMANN.

#### EXHIBIT A.

Cost of	manufacturing	gloves	in	Germany-Lambskin	and	schmaschen,	3-inch,
men's and ladies'.							

	M	arks	3.
Dyeing	1.50	to	2.00
Cutting	2.30	to	2.80
Trimming	.10	to	. 20
Sewing (including material)			
Laying off or dressing	. 30	to	. 40
General expenses	1.50	to	2.00
Total	8.00	to:	10. 20

General expenses include foremen, forewomen, tacking, polishing, matching, press cutting, stamping, ridelling, blacking.

## EXHIBIT B.

Cost of fabrication in Grenoble—Men's or ladies' 3-inch overseam gloves without fasteners.

Francs per	dozen.
Cutting (ridelling by cutter)	3.150
Stamping	. 025
Press cutting (gloves)	. 090
Press cutting (thumbs and fourchettes)	. 035
Cutting gloves to proper length	. 015
One row embroidery or point	. 300
Drawing embroidery ends (or knots)	.150
Stitch round points, 2 rows with knots	1.100
Matching fourchettes with gloves	. 090
Tacking thumbs, closing, putting in thumbs and fourchettes, tacking fin-	
gers, closing glove	1.100
Turning gloves inside out	
Tacking on tapes and hearts	. 300
Sewing on welts and bandalettes	. 400
Tacking down bandalettes	.250
Blacking_*	
Tacking together	. 035
Dressing	. 300
Polishing and lustering	. 100
Salaries	
Dyeing	1.470
Silk	
Thread	
Tape	
General	1.335
f13 - 1 - 1	0 40-4

Clasps, say, 1.25 francs up. Piqué gloves, ladies' or men's, 2 francs extra.

# EXHIBIT C.

Cost of fabrication in Grenoble—Men's or ladies' 3-inch overseam gloves without fasteners, 1-row Brosser black gloves.

Francs per	dozen.
Choosing skins	
Dyeing	1.50
Cutting	3.25
Feute	. 09
Raffilage (trimming edges after cutting by dies)	. 05
Assortment (matching fourchettes with gloves)	. 09
Embroidery (1-row Brosser)	75

GLOVES. 7105

Francs per	dozen.
Sewing	1.90
Putting on bindings	. 40
Putting on plaques	. 30
Putting on hearts	. 05
Rabattur (tacking on tapes and hearts)	. 25
Cost of bindings, hearts, and plaques	. 15
Blacking	.10
Dressing	. 30
General expenses	3.50
<u>-</u>	
Total	14.18
Cost of metal clasps, 1.25 francs. Putting on clasps, 0.20 franc. Pig	ué or

#### EXHIBIT D.

Cost of fabrication in New York State—Men's or ladies' 3-inch overseam lamb or kid, without fasteners.

Per	dozen.
Cutting and stamping	\$1.20
Paris or London point embroidery, complete	. 35
Sewing complete, all Brosser work	1.00
Reenforcements and hearts	
Blacking	
Dressing by hand	
Sewing materials—silk and cotton——————————————————————————————————	
General expense, including press cutting, cutting to exact length, match-	
ing fourchettes with tranks, tacking gloves together, polishing and lus-	
tering	. 55
-	

Additional for pique, \$0.20. Additional for prix seam, \$0.30.

Note.—Regarding the skins used in the manufacture of these gloves, it may be stated that the domestic manufacturer has an advantage over the foreign manufacturer, in that the former pays a duty of 20 per cent on such skins as may be imported for making gloves, while the importer has to pay on the skins used in the manufacture of imported gloves a duty of more than double 20 per cent, because the duty paid on the completed gloves is intended to cover the duty on the skins entering into their composition; and as we have above stated, this duty is more than 40 per cent ad valorem.

# STATEMENT OF HON. L. N. LITTAUER, OF GLOVERSVILLE, N. Y., REPRESENTING THE GLOVE MANUFACTURERS.

Saturday, November 28, 1908.

3.72

Mr. Littauer. I regret very much, Mr. Chairman, that the representative of the importers has not fortified himself sufficiently with the facts as to the importation of gloves. He says there are few men's gloves imported to-day. There are as many gloves imported to-day as there were before the Dingley bill, before the Wilson bill, or before the McKinley bill.

Mr. Underwood. You mean men's gloves?

Mr. Littauer. Men's gloves; yes, sir. Permit me to give you a short history of that. Before 1890 there was a glove industry in this country, but the glove industry did not compete with the manufacturer of the fine gloves that were made in Europe. We had built up a glove industry in this country based on the buckskin glove for workingmen. This happens to be the only country in the world where the workingman earns sufficient wages to afford him the luxury

of protecting his hands with a pair of gloves, and that workingman's industry is to-day 65.3 per cent of the glove industry of America, according to the census of 1905. Up to 1890, up to the McKinley bill, the rate of duty on gloves under the tariff act of 1883 was 50 per cent ad valorem. The bad practices that the representative of the importers has referred to practically made it impossible to compete with the foreign manufacturer on fine gloves, because the manufacturer in those days sent his gloves to his agent over in this country and sold them here. The American manufacturer or the large American dealer could not compete with the agent of the foreign manufacturer in this country, because the gloves were so tremendously undervalued, and there was constant trouble; so that up to 1890 all the fine gloves were imported, and the men's gloves, under such importations, amounted to 127,000 dozen a year. In 1907, under the high prohibitive rates of duty referred to by the representative of the importers, there have still been imported 108,000 dozen; and as far as the revenue is concerned, the revenue on the 108,000 dozen was double what the revenue on the 127,000 dozen was.

The McKinley bill began by giving recognition from the protective standpoint to men's gloves. It continues the old ad valorem rate of 50 per cent and added \$1 per dozen specific on men's gloves, and then gave these other cumulative provisions which were objected to here for the more elaborately made gloves. The result of that was that the industry of manufacturing men's gloves began in this country, an industry that to-day gives employment to 20,000 working men and

women at the American rate of wages. The McKinley bill only lasted a few years, and then we came before this committee, presided over by Mr. Wilson, and despite the fact that on that portion of the glove schedule which concerned ladies' gloves the McKinley rates were cut in two, we yet were able to demonstrate the justice and necessity and propriety of fostering this business of manufacturing men's gloves that had been started under the McKinlev bill, and the Wilson bill gave us higher duties than the McKinley bill. The Wilson rate on men's gloves is practically the rate that stands on men's gloves to-day. The importations in 1893 had fallen from 127,000 dozen to 103,000 dozen. Then came the higher rates under the Wilson bill, and in 1896, when the Dingley bill was under consideration, the importation of men's gloves had been reduced to 62,000 dozen, and our communities began to grow, and to-day the men's glove business is an exceedingly broad one. It is carried on in 27 States, chiefly centered in my home, in Gloversville, and Johnstown, in Fulton County. We think we have achieved a good result, and we think our industry is worthy of continued protection. 108.000 dozen imported to-day consist of just the same character of gloves as were imported before the McKinley bill.

Mr. Underwood. You are speaking of men's gloves?

Mr. Littauer. I am only talking about men's gloves. I will come to the ladies' gloves in a moment. I do not want to detain you any longer than is necessary. There are 108,000 dozen imported to-day, as I say. I obtain this from the statistical bureau of the Department of Commerce and Labor. These gloves are brought into this country because of the inadequate protection on one item of the three items of the tariff placed on men's gloves. Men's gloves are assessed \$3 duty on the schmaschen gloves. There is no schmaschen that is fit

to make men's gloves of. The 900 dozen imported, according to the statistics of last year, are not schmaschen gloves. They are forced in. The schmaschen is the skin of still-born or dropped lambs, and these skins are very small. Then come the 3,000 dozen men's lamb-skin gloves, that pay a rate of \$4 per dozen. Before the Dingley bill went into effect I think some gentlemen that I am looking at now will remember that I asked that the duty on men's kid gloves be placed at \$5 per dozen, but it was left at the Wilson rate of \$4; and to show you how nicely importation follows tariff schedules, where before only 3,000 dozen men's lamb gloves were imported, to-day 104,000 dozen men's kid gloves are imported out of the 108,000 dozen, showing plainly that the confiscatory duty of \$4, or what should be a confiscatory duty, is not sufficient to cover men's kid gloves. But, gentlemen, we have developed a healthy industry here. If you simply retain the rates on men's gloves, we will attempt the fine kid gloves in time.

Let me tell vou a little bit about the difference between imported and domestic gloves. In the first place, all of the gloves that come in under the tariff are made of imported leathers. We do not find lamb and sheep skin in America that is fine enough for fine glove purposes. They are found in the Baltic peninsulas, in the mountains of Spain, and in the steppes of Russia. Sheep are grown in this country for their wool and for their meat. There they are largely grown for the skin, and these skins are of finer texture. of the sheep that is grown for its wool has a coarse grain. We have to make our fine gloves out of the skins that have fine texture, and on these skins dressed in Europe we are compelled to pay a duty of 20 per cent. These rates seemingly are high if figured on a percentage basis, but nevertheless the glove manufacturer starts out by paying 20 per cent on his raw material. Now, as to labor. gentleman has referred particularly to the cumulative rates paid on pique or prix seam gloves and on gloves stitched or embroidered, which, under the Dingley bill, are assessed at 40 cents a dozen extra. The ordinary, cheaper grades of glove are made on the round seam machine that runs rather rapidly, but his pique gloves are made on a machine that is a slower working machine.

In Europe, on the round-seam goods, for a dozen gloves the operative is paid 24 to 30 cents; in the United States 75 cents; and on the pique gloves, for which the European operative is paid 54 to 60 cents a dozen, we have paid in this country \$1.40 a dozen—almost double. It takes time to make pique gloves, and we pay practically for the time consumed. Austria, which is quite a glove-producing country, sends most of its gloves by parcel post to Belgium, to be sewn there, where the rate of labor for sewing is less, yet the difference in these higher and more costly sewn articles is as between 24 and 54 cents

in Europe and as between 75 cents and \$1.40 here.

I will give you just a few other items in connection with labor. Some of our consuls have reported to the State Department the rates of wages paid in Europe. In France—in Grenoble, the seat of the glove industry in France—the women are paid from 40 to 60 cents a day. The men are paid from \$1 to \$1.20 a day. In Italy the girls earn 20 cents to 40 cents a day, and the women from 40 cents to 60 cents a day, and the men seldom over \$1. The work on fine gloves in America is done on the piece-price system, so that when we speak about the rate of wages, we must gather from the piece price what the

average individual earns; and, gentlemen, our industry is situated in a healthy climate. Our people work ten hours a day. We have no trade union in the fine-glove trade in America. There has never been any difference between the manufacturer and the workingmen on the rate of wages. A difference did come up once on the closed shop. The manufacturers stood their ground, and since that day there has been no trade union of any kind. The rates of wages are made by compromise between the manufacturers and their employees. Our girls, the best paid of those who work on gloves, earn from \$2 to \$3.50 a day. Our men earn from \$2 to \$4.50 a day. Eighty-one per cent of the heads of families in the glove centers of this country own their own homes.

Between 1900 and 1905 we increased the rate of wages 233 per cent, and during the fifteen or eighteen years that we have had a protective tariff on men's gloves our savings-bank deposits, they told me the other day, have increased 314 per cent. We believe we have shown proper consideration to our employees. There is no trust, no combination, no selling organization, no millionaires in the glove business. Domestic competition has extended through 339 factories. There is close and active competition, and large production at only a

fair profit

I want to go one step further, now that the importers have opened the question. Well, I will defer that one minute longer. Before protection, 127,000 dozen were imported in 1890. In 1893, 103,000 dozen; under the higher Wilson rates, 62,000 dozen; and to-day,

108,000 dozen.

I have referred to the rate on kid gloves. The rate of \$4 a dozen on men's gloves, which is the compensation for the difference between the 20 per cent paid on the material and the labor, is a much lower rate to-day than it was in 1897, when the Dingley bill was passed; and why? Because leathers of all kinds have gone up during this period, and that is the general tendency. The leather of the world is getting scarcer and there is a greater demand for it. Our glove leathers have gone up at least 25 per cent during the last twelve years. So that the protection of the \$4 compensatory duty of twelve years ago to-day would not amount to more than \$3.50 or \$3.60.

Mr. Underwood. How much does the tax on your raw material

amount to per dozen?

Mr. Littauer. It amounts to from 75 cents to \$1.75, according to the grade. Now, just let me for a moment discuss the subject of ladies' gloves. I feel that the American manufacturer of men's gloves give a fair compensating duty. As proof to the contrary of the statement that was made here a moment ago that we can not make fine gloves. I will say that we are making the finest men's gloves that are made in the world to-day—the best cut, the best fit, the neatest in appearance—and the reason of the importation of this quality to-day is, first, the inequality of the cost-compensating rate on one kind of gloves, and then, again, because throughout the world, or throughout this American world, there are a lot of people who are saturated with the notion that they have got to buy something that is imported or else it is not fine. They have got to buy Paris dresses, and they have got to buy English gloves; but we have demonstrated in the manufacture of gloves that we can make the best gloves in the world, provided we can compete with the foreigner.

Now, on ladies' gloves. The tariff on ladies' gloves has always been on the revenue basis. We feel that what we have demonstrated on men's gloves, if you give us a proper opportunity, we will demonstrate on ladies' gloves, and we will give 50,000 working men and women in the United States employment at American rates of wages. The revenue tariff on ladies' gloves ought no longer to exist. It is a revenue producer, and it is the revenue producers, if you will permit me, gentlemen, that ought to be revised, because the articles of the greatest luxury pay the least tariff duty. Here, for instance, we will take a short glove, a lady's glove, a three-button glove. That sells for \$1 or \$1.50 a pair, and pays anywhere from, you might say, \$1.75 to \$3.50 a dozen, or from 15 cents to 30 cents a pair duty.

But this long glove that extends up to a lady's elbow only pays 15

cents more a pair duty than the short ones.

If you want to raise the revenue, tax these articles of extreme luxury. Remember, it is the difference between a lady paying a dollar

and a half for a pair of gloves or paying \$5 a pair.

I want to make one other remark in connection with this. Gloves are a matter of style and luxury. If you look at the importations of the last few years, you will find out that these long gloves have been most extensively imported, whereas a few years ago they were not imported to any extent. Style decrees that a lady's sleeve shall be no longer than her elbow, and consequently the glove has to be worn to cover the bare arm.

I have before me some statistics of ladies' gloves, made of lamb

skin, over 17 inches in length.

There were 1,600 dozen of these gloves imported in the year 1904. In 1905 there were 1,500 dozen imported. In 1906 there were 4,500 dozen imported. In 1907 there were 162,000 dozen imported.

As I have said, it is merely a matter of style. Ladies were paying

\$3.50 and \$4.50 a pair instead of a dollar a pair.

Matters of luxury have got to be paid for, and they are willing to make the sacrifice, and we believe the tariff schedule as to these expensive gloves should be re-formed so as to raise revenue from these articles of luxury.

Mr. Underwood. Will you file with your brief, Mr. Littauer, a statement of what you consider would produce more revenue on gloves

from that standpoint?

Mr. Littauer. Yes; I would be glad to do so. I have framed a brief from two standpoints. On men's gloves I have tried to demonstrate that there is a necessity for the continuance of the present duty as simply compensating duty for the difference in cost.

On the ladies' glove schedule I have looked at it from two standpoints. First, from a revenue-producing standpoint based on such similar rate as we have now and calling attention to these inequalities and how they ought to be changed in order to bring in revenue duties.

and how they ought to be changed in order to bring in revenue duties. Then I want to make a strong argument, and I want to appeal most strongly to you gentlemen who desire to give work to American workmen at full rates of wages—that we can give 25,000 and 50,000 people work at such rates as we are now doing if you will only give us the difference between the cost of labor in America and the cost of labor in Europe.

Mr. Griggs. Would you not like that duty to come off?

Mr. Littauer. Well, it is a double-edged sword. As long as we have a compensating duty it does not make any difference whether it be on or not. There are tanners of leather here who hope in years to come to dress this vast amount of leather in the United States. After the Dingley bill was passed I was one of those ambitious gentlemen and lost a fair fortune in the attempt to dress these leathers here.

Mr. Griggs. The tanners have been here to-day asking for free

hides, though.

Mr. LITTAUER. This is not hides; these are little bits of fellows. They were asking for free hides, meaning hides that weigh from 25 to 50 pounds. These are lambskins and sheepskins, tanned in alum

instead of bark or acid.

Our hides are lambskins with the wool on; they are skins, not hides. For instance, last year I went to Europe and brought the Russian skins over here and tried to down them. Some of our neighbors have tried to down them with more or less success, but I do not think that they have succeeded well enough. I had to send mine back, after paying 3 or 4 cents for the wool that was on them.

There may come a time when the tanning industry in America will be such that we can utilize their product, but that time has not

yet come.

If you will only give us what it seems to me our Republican platform has stated we are entitled to, and that is compensation for difference in labor between Europe and ourselves—and in this instance of course we would have to add the duty on the raw material—we would be satisfied.

I have referred to these cumulative provisions here. They merely counterbalance the extra cost in Europe as against the cost in

America, and we ought to have one more thing.

In late years hand-sewn gloves have become a matter of style. It is a rather coarse glove, and very elastic. These gloves are sewn by hand throughout England in little hamlets out in the country, and they pay 4 shillings 3 pence and 4 shillings 6 pence for those gloves over there. It is a different problem here. We pay \$3.50 a dozen. We can not compete on hand-sewn gloves, because we have to pay a great deal more, and in order to compete you ought to give us at least \$1 or probably \$2 a dozen.

Another item I want to bring up is this: The automobile has come along since the Dingley bill was enacted. It has brought men's gauntlets, gloves that come up to the elbow, large gloves. We pay 20 per cent duty for that leather in the cuffs, but the importer only pays the same rate of duty as on the short gloves, which was the glove that was considered at the time the Dingley bill was enacted into law.

Then, in connection with lined gloves, they are lined with cotton, wool, and silk fabrics, and they are beginning to be lined with skins. The skins they use are the skins of rabbits and coons and squirrels. Yet there is but \$1 duty to compensate for the difference in cost. I have paid as high as \$5 a dozen duty on squirrels that went into one dozen gloves. When we first produced that character of glove we had the business, but pretty soon the importer saw his opportunity, and he has driven us entirely out of that business.

There should be a provision retaining the \$1 a dozen on gloves lined with cotton, wool, and silk fabrics, but there should be an addi-

tional provision that when these gloves are lined with skins or furs there should be \$5 a dozen paid, provided you continue the duty on

dressed furs, in order to make it a compensation.

I want to refer once more to these various schedules. The schedules bringing in the revenue on the ladies' gloves starts out with a 14-inch glove, which is a glove of six-button length, and it permits any article of semiluxury at the same rate that the glove pays which is paid by the lady who wears only one and two button gloves.

The rate ought to be assessed on the length of the average glove, 11 inches in length, and then there ought to be an additional rate for each inch that goes up the arm, either in ladies' gloves or these

gauntlet gloves for men which I have referred to.

And also, if you start off on a revenue basis, to get a higher

revenue-

Mr. Underwood. Do you think that would produce more revenue

than the present schedule?

Mr. Littauer. I am sure it would produce enormously more revenue, because just let me call your attention to the amount of dozens imported of those long-length gloves.

Take, for instance, on the article of latest luxury, a lady's kid

glove 17 inches in length.

The ad valorem rate as figured out at the custom-house on gloves over 17 inches in length is only 31 per cent, while the ad valorem rate for the short glove, the glove down here on the arm [indicating], is 43 per cent.

Now, surely this article, one of style and luxury, ought to pay a different rate; and my scheme, or my idea, is to start out with an 11-inch glove and assess an additional rate of duty of 50 cents an

inch, or any major portion thereof.

Mr. Underwood. What is the percentage of ladies' gloves of short

length coming in now?

Mr. Littauer. It may be as different in 1908 from 1907 as it was in 1907 from any year before. It is wholly a matter of style. There were last year 1,100,000 dozen ladies' gloves imported, and I should say that at least—from my general impression, I would say that last year one-half of those were long gloves.

Mr. Underwood. The 48 per cent did not cut off the importations of the short gloves, and therefore you consider if we increase the duty on the long gloves, so as to make that something like 48 per

cent, they will still come in?

Mr. Littauer. They will come in at any price, as long as the style demands them. They are articles of extreme luxury, and a proper article for taxation.

Mr. CLARK. Your idea is that a 3-button glove is a necessity and

that the elbow glove is an article of luxury?

Mr. LITTAUER. My idea is that the 3-button glove goes into the ordinary wear, is for the protection of the hands, and at the same time it includes some style.

Mr. CLARK. You say there are no millionaires in your business?

Mr. LITTAUER. There are not.

Mr. CLARK. I have been very much misinformed about one of my friends. [Laughter.]

Mr. LITTAUER. Well, you and I will sit down some time and talk it over together.

Mr. CLARK. What percentage is the tariff on your raw material?

Mr. LITTAUER. Twenty per cent.

Mr. Clark. You know more about the glove business probably than any other man in America.

Mr. LITTAUER. I think I know as much. I ought to know about it;

I have devoted my life to it.

Mr. Clark. Well, how does the tariff on these skins compare to the cost of the article, when you have finished it?

Mr. LITTAUER. About 10 per cent of the article, when we have fin-

ished it.

Mr. CLARK. If you put that on the free list, you could afford to

cut down the price to the consumer?

Mr. LITTAUER. If you put it on the free list, then you could cut down the tariff on gloves, but that would not make any difference as long as you would make it a compensatory tariff. It would make

the article to the consumer just that much less.

Mr. Clark. You understand a great many of these witnesses have paid no attention to the thing you have paid a great deal of attention to first and last. What I want, from my standpoint, is to make the article cheaper to the consumer and increase the revenues to the Government.

Mr. LITTAUER. You can increase the revenue on gloves by a little

fair consideration of these different articles.

Mr. Clark. But what I wanted to ask you following that other question was this---

Mr. LITTAUER. Yes, sir.

Mr. CLARK. If we put the raw material that is not produced in this country at all on the free list-

Mr. LITTAUER. No; it is not produced in this country.

Mr. CLARK. If we put that on the free list, then could you not stand a shave off the tariff and still be in as good condition really for manufacturing purposes as you are now?

Mr. Littauer. Absolutely, as far as we are concerned, if you only

speak of me as a glove manufacturer.

Mr. CLARK. That is the first view of it. If the raw material is put on the free list and your percentage of protection was shaved down to, say, one-fourth of what it is now, would that still leave the arti-

cles cheaper to the consumer?

Mr. Littauer. The question of the article to the consumer, gentlemen, is one that it takes business experience. I have listened to a good many arguments here to-day, and some of them do not bear out my own experience. Gloves are sold largely for \$1 a pair, and then they jump to \$1.50 a pair and then to \$1.75 a pair. Now, if we sold our gloves-

Mr. CLARK. I want to ask you a question that I did not ask the shoe men, because there were so many others asking them questions and I did not want to spring it on them. They stated, substantially, about shoes what you now state about gloves, that they jump in price

50 cents at a clip. What sense is there in that sort of thing?

Mr. Littauer. None whatever; it is an outrage. It comes largely through advertising, fooling the consuming public by their advertisements, as many of the gentlemen here to-day showed you. But it is a deplorable condition that a glove that is not good enough to sell for \$1.50 a pair had to sell for a dollar a pair, and at the same time that glove, it may be, only cost me 10 cents a pair less to manufacture than it does the glove I sell for \$1.50.

Mr. Clark. And the same way about shoes?

Mr. LITTAUER. The same way about shoes. But those are the customs of the trade. Here we have had until a year ago a very high price of leather. The retailers continued to sell gloves at a dollar or \$1.50 or \$1.75. He is giving an inferior glove, but he has kept the same price.

Mr. Clark. I want to ask you another question. Of course you

understand that there is a deficiency in the Treasury?

Mr. LITTAUER. I do. It has been a serious consideration with

Mr. Clark. I have not had time to see how much it was from time to time, because we have been working until midnight here on this committee; but, nevertheless, there has been a substantial deficit month by month. Now, nine-tenths—I think that is a low estimate to say nine-tenths—of all the men that have appeared before this committee have insisted either on retaining the present tariff rates or increasing them. You come and insist merely on retaining the rates. Now, if we are going to retain the tariff rate as a rule, or going to increase the tariff rate, then I would like for you or some other philosophical student of public affairs to tell us where we are going to get the revenue that we need for the purposes of the Government.

Mr. LITTAUER. Well, now, let us take gloves. I know something about gloves and so I will speak of them. A million dozen imported to-day. Consumption constantly growing. The American fellows get in on the ladies' gloves somewhat, even though we have not a fair compensatory tariff, because we have ingenuity, and we make a glove up this year, some new style of glove and sell it, but then next year the importer copies it and floods the country with that

glove, and we are driven out of the market on that glove.

But take it on ladies' gloves. We will say a lady's glove of 17 inches in length pays \$4.75 a dozen duty. If that were raised to \$14.75 there would be just as many dozens come in under that duty. You would not, on an article of style and luxury of that kind, reduce the importation a single dozen. I can give you an example: A man came into my office last year and said, "How can these working girls afford to pay three dollars and a half a pair for these long gloves that they wear?" They buy them because style demands it. He gave me an illustration. He said that a girl came in and she had a pair of these gloves that cost her three dollars and a half. She said, "I am very proud of the way these gloves match my new suit, but I will have to do without lunches for several weeks in order to pay for them."

Mr. Clark. She was a philosopher.

Mr. LITTAUER. That was her statement as repeated to me. Now, it has gotten to be that in articles of luxury and style you can pile on the duty and not decrease the importation.

Mr. Clark. Your idea, then, is to increase this tariff on luxuries

and get more revenue?

Mr. Littauer. And get more revenue. You can get more revenue in that way.

Mr. Clark. There are a good many trades—

Mr. Littauer. Oh, yes; there are a good many trades in which you

can not do it-

Mr. Clark. Wait a minute until I finish. Incidentally, I wish you could make Americans wear only gloves that have been made in

Mr. LITTAUER. I am glad to hear you say that, sir.
Mr. CLARK. But there are a good many businesses in which there are no fantastic grades like that. How are you going to get an increased revenue out of those businesses?

Mr. LITTAUER. I will tell you. The consuming public in America,

as prosperity goes on, is consuming more and more—

Mr. CLARK. But prosperity is not going on.

Mr. Littauer. Oh, it has gone on since election day, permit me to say. [Laughter.]

Mr. Clark. Is it not true that this hullabaloo about increased pros-

perity is all paid material in the newspapers?

Mr. LITTAUER. No. Until the beginning of November my own firm, a considerable glove-manufacturing firm, was only producing 60 or 65 per cent month after month this year of what was produced and sold last year, and since election day we can not get enough workmen to do our work. We have been flooded with orders. Confidencewell, I do not want to go on in that style, but if you will look at the Gloversville Leader, you will see a column of wants where there are not enough workers on gloves to supply the demand.

Mr. Clark. I can understand that, and these Republican business

men entered into a conspiracy— [Laughter.]

Mr. LITTAUER. Oh, no-

Mr. CLARK. Wait a minute. To hold off orders until after the election for the purpose of influencing the election.

Mr. LITTAUER. I have known you long enough to know that you

will give me the credit of stating what I believe to be true.

Mr. Clark. Yes.

Mr. LITTAUER. I have never been so impressed with the effect that sentiment has upon trade as I have been with the result of the present month of November. We had a panic coming on out of a clear sky a year ago, from commercial and industrial conditions, that was not warranted at all. It was financial and otherwise. And yet all confidence was destroyed and our business came to a standstill. It is the first time that I can remember that I have had to lend money to workmen in order to let them get through the winter and spring. We did not have the work to give them.

Mr. RANDELL. Have they not saved anything during the time they

have been earning money?

Mr. LITTAUER. Some of them have, but we have improvident workmen as well as provident workmen.

Mr. Randell. Most of them did not save anything? Mr. LITTAUER. Most of them have saved something.

Mr. CLARK. That panic happened under the high tariff called the Dingley law?

Mr. Littauer. Yes.

Mr. CLARK. And you have not any higher tariff now?

Mr. Littauer. No.

Mr. CLARK. And the prospects are that you are not going to get it higher than that.

Mr. LITTAUER. The panic had no more to do with the Dingley bill than I had; the panic had nothing to do with the Dingley bill or the rates of duty that had been in effect.

Mr. Clark. It is a poor rule that does not work both ways.

Mr. LITTAUER. Well, it may be true, but in this instance we went through years of high prosperity, and everyone in the country that wanted to work found work, and that was under the Dingley bill. Then we came to this awful jumping over the precipice, and we got such a shock that industry remained paralyzed until the happening of the Presidential election, which restored it.

Mr. Clark. I will ask you another question on that line, and then I

vill quit.

The CHAIRMAN. I was going to suggest you put it off until the next

Presidential election.

Mr. CLARK. It must be, then, that you manufacturers and users of manufactured articles had a pretty well settled idea in your heads that the next Congress was going to raise the tariff rather than lower it?

Mr. LITTAUER. No.

Mr. Clark. Or this wonderful and marvelous renaissance—if that

is the right word for business—

Mr. Littauer. Oh, no; if you hold the tariff bill up too long in this committee, it may cause some little stop on the business; but I hope you will not do that. I will not go into a general discussion on the tariff; of course that is not my privilege. I would like to controvert thoroughly, though, the idea that we can not make ladies' gloves in this country if you give us a proper compensating duty.

Mr. CLARK. What do you mean by proper compensating duty?
Mr. LITTAUER. Just enough to cover the difference between the price we pay for labor on a dozen gloves here and that paid in the main producing countries of Europe, and 20 per cent on leather; that is what I mean

is what I mean.

Mr. Underwood. You are making them now, are you not?

Mr. LITTAUER. We make some ladies' gloves.

Mr. Underwood. How much, in proportion to the importation of

ladies' gloves; how many are made in this country?

Mr. LITTAUER. Oh, 5 or 6 or 7 per cent; I could not tell you exactly offhand. It is an accidental business; that is, men of ingenuity come along and now and then get some business, and then we have developed a style here.

This is the ordinary man's glove worn [indicating]. We have copied it in the ladies' gloves. We make these mannish gloves for

the ladies, and they fit well, and they have taken over here.

These two gloves, this class of men's gloves, pays \$4.80 a dozen duty. The leather in that pair of gloves per dozen would cost about \$1.75 for duty. So you have got to deduct from your \$4.80 \$1.75, and then you get the difference between the labor cost here and in Europe.

There is a ladies' glove [indicating]. That lady's glove would pay \$2.25 a dozen duty. The difference in the cost of the leather is nothing. We can use larger skins for this glove [indicating], larger, coarser skins, and finer, smaller skins for this glove [indicating].

So the duty is about the same.

It costs us just the same to cut each one; it costs us just the same to seam them; it costs us just the same to sew them, and it costs us

just the same to finish them, and it costs us the same rate of duty on one as on the other, and we will make these gloves in America.

Mr. Clark. I want to ask you a question about the stuff they are

made of----

Mr. LITTAUER. They are made of Russian lamb skin.

Mr. Clark. Do you say there is any place on earth where they use the sheep for the skin?

Mr. LITTAUER. Yes.

Mr. Clark. In America sheepskin is a thing that is of hardly any

consequence at all. Is that not true?

Mr. LITTAUER. You would not think that was true if you had to buy them as I do. The average rate in America to-day would be \$6 a dozen without the wool.

Mr. Clark. We raise sheep in the United States for two purposes wool and mutton. Now, you say that somewhere they raise them for

the skins.

Mr. LITTAUER. The Speaker had a pair of gloves on to-day that came from a country where the sheep are simply killed for the hide, where they are pulled off and the carcasses are allowed to lie-

Mr. Cockran. What country is that? Mr. Littauer. The table-lands of Abyssinia, where our President means to go hunting and where they produce this Mocha glove, this fine soft glove, an American product.

Mr. Underwood. In Abyssinia they kill them for their hides like we

used to kill the buffalo for their tongues?

Mr. LITTAUER. And for their hides.

Mr. Underwood. But after the President has been there that condition will not exist any longer?

Mr. LITTAUER. I trust not.

I want to show you this gauntlet glove that I have referred to. This glove pays the same rate of duty as that glove [indicating]. It is eminently unfair that that should be so, when we have to pay 20 per cent on the skins.

Mr. Clark. Gauntlet gloves are not a new invention in this coun-

try, are they?

Mr. Lattauer. No; but these particular gauntlet gloves that are worn by automobile people are a new thing; the users of those gloves are willing to pay fancy prices for them. We have made buckskin gloves—gauntlet gloves—for many years.

Mr. Clark. But these gloves that you refer to are used by auto-

mobile drivers?

Mr. Littauer. This importation of gauntlet gloves never took place until within the last few years, and we ought to have enough duty to compensate for the amount of leather used in their manufacture.

Here is a pair I bought in New York the other day for \$13.50. They pay 40 cents a dozen duty less That would be \$162 a dozen.

than that glove, which is unfair.

Here is this squirrel lining. I have to pay \$5 duty on the lining in that, and yet the tariff only gives me \$1 a dozen for compensation.

Those are a few of the items, but the main item, gentlemen, is are we going to manufacture ladies' gloves in this country? We believe we will. We believe the wisdom of building up in ladies' goods what we have built up in men's goods will warrant you in making a general exception and adding to the duty on ladies' gloves, and I will come

back here, if I live, five or six years from now and show you that we

have 25,000 more people at work on gloves in the United States.

Mr. Cockran. I understood you to say that if the gloves that paid \$4.75 a dozen should be taxed at a rate of \$14.75 there would be the same number brought in?

Mr. LITTAUER. Yes.
Mr. Cockran. What effect would it have on your industry then? Mr. LITTAUER. None whatever. We do not compete. They are ladies' gloves of long length.

Mr. Cockran. As far as that is concerned, you are not interested at

all in putting up the duty?

Mr. LITTAUER. We are not at all interested in putting up the duty on ladies' gloves until you get up to a point that will give us a compensating duty, when we can build up a ladies' goods business.

Mr. Cockran. I did not quite understand your definition of the

compensating duty. Do you mean just the difference in the labor

cost ?

Mr. LITTAUER. I can give it to you itemized.

Mr. Cockran. I would like to hear it.

Mr. LITTAUER. We start out and buy the skins.

Mr. COCKRAN. Where do you buy them? Mr. LITTAUER. In Russia.

Mr. Cockran. The skin of what animal?
Mr. Lattauer. Lambskins. This is pretty nearly a sheep, and this is a lamb [indicating]. Then they are dressed in Germany, where they dress them superiorly to what we do here. If you take this duty off you are going to prevent the building up of the dressing business in this country.

Mr. Cockran. It does not exist yet, I understand?

Mr. LITTAUER. It does exist to a certain extent. There are gentlemen in this room—there is one gentleman over there who was alongside of my brother when these were bought in Russia. It would be rank injustice to their business—

Mr. Cockran. Let me understand about this dressing business. understood you to say that these skins were dressed in Germany,

with the exception of one establishment?

Mr. Littauer. No, no. There are a number of establishments here, but they dress them with greater elegance and fineness in Germany. I have found that I can have them dressed to better advantage over there. I have a tannery myself, and I have tried to tan them, and that tannery gives employment to a couple of hundred men-

Mr. Cockran. Following out your experience, you buy that skin

in Russia, you say?

Mr. Littauer. Yes. Mr. Cockran. Then it is taken to Germany and dressed?

Mr. LITTAUER. Yes.

Mr. Cockran. It pays a duty when you take it into Germany, does it?

Mr. LITTAUER. No; it does not.

Mr. Cockran. It is admitted free of duty to Germany?

Mr. LITTAUER. Yes.

Mr. Cockran. It is dressed there, you say?

Mr. LITTAUER. It is dressed there. Then it is sent to America. We pay a 20 per cent duty on it.

Mr. Cockran. What do you pay for that particular skin? Mr. Littauer. The leather in that glove costs us, say, \$7 a dozen.

Mr. Cockran. Does that include the duty?

Mr. LITTAUER. That includes the duty. So we have paid probably \$1.25 a dozen; and if you figure that out, I think that will be about it.

Mr. Cockran. It costs you \$7; the leather costs \$7, including the

duty?

Mr. Littauer. Then comes the next item, the preparing of the skins for glove making; the cutting of the skin; the punching of it in the form you have it there. Practically all our work is hand work. We pay by the dozen. Animals are like men; when you come to fine work, each skin has to be treated differently—that is, in the skin of one animal you may come to a wart and in the skin of another animal you come across a scar, and you have to cut around those things.

Mr. Cockran. How many skins enter into that glove [indicating]?

Mr. LITTAUER. This glove [indicating]?

Mr. Cockran. Yes.

Mr. Littauer. This character of skin will cut two pairs each of such gloves.

Mr. Cockran. Therefore, assuming the skin cost you \$7, imported,

the actual cost of the skin in the particular pair costs \$3?

Mr. Littauer. No; I am talking about \$7 per dozen of gloves, not per dozen of skins. And then the way that would go would be the work we pay the cutter, then what we pay the puncher, and then what we pay the trimmer, and then comes the different trimmings on the back, which go into three different individuals' hands. Then the one who sews the glove. Finally, one who binds it, and one who puts on the fastener, and one who finishes it in its present shape. The difference between those items paid for here and those items paid for in Europe is what I call a compensating duty, together.

Mr. Cockran. I understand. Now, will you tell me what it costs

you to have this work done here?

Mr. LITTAUER. I can give you that exactly. I have made out schedules from what I gathered in Europe and from what I have gathered

It costs to make this one glove that I have here in front of me \$5.49 in Gloversville and \$2.14 in Germany.

Mr. Cockran. \$5.49 here?

Mr. Littauer. Yes.

Mr. Cockran. And \$2.14 in Germany?

Mr. Littauer. Yes.

Mr. Cockran. Do you pay by the piece or by the day?

Mr. LITTAUER. We pay by the piece entirely. Every man gets recompense according to his individual work.

Mr. Cockran. And what is the difference?
Mr. Lattauer. The difference would be \$3.35 labor cost.

Mr. Cockran. That much a dozen?

Mr. Littauer. A dozen gloves. And then add your duty—20 per cent of 6 is one-twenty—it would be nearly one-thirty duty. And you get the difference between the cost here and the cost in Europe. The duty is \$4.80—

Mr. Cockran. But the labor cost, I understand, is the difference between \$5.49 and \$2.14, which would be \$3.35. What is the duty?

Mr. LITTAUER. \$4.80.

Mr. Cockran. Then you have \$4.80 as against \$3.35.

Mr. LITTAUER. But I have to pay duty on this raw material, as I told you.

Mr. Cockran. What is the rate of duty now?

Mr. LITTAUER. Twenty per cent.

Mr. Cockran. And that would be how much in money?

Mr. Littauer. It would amount to about \$1.35. [After figuring.] \$1.25.

Mr. Cockran. So that is \$4.60?

Mr. LITTAUER. Yes; \$4.60.

Mr. COCKRAN. And the duty is about the same? Mr. LITTAUER. The duty on the glove is \$4.80.

Mr. Cockran. You do not apply, as I understand it, for an increase in the duty?

Mr. LITTAUER. No; I do not ask an increase in the duty. Mr. COCKRAN. You just want it as much as it is now?

Mr. LITTAUER. We have shown that we have got a full compensating duty on gloves, and it ought to remain as it is. There is no hardship to anyone. You can buy a better pair of gloves to-day for \$1 than you could twenty years ago when these gloves were brought in from abroad.

Mr. Cockran. How many men are there employed in the glove

industry to-day?

Mr. Littauer. It has to be divided into two parts, gloves made for ordinary use and the fine gloves. These fine gloves give employment to 20,000 people in the United States. Your statistics show 17,000 people, but they are not right.

Mr. Cockran. Of fine gloves, 20,000 people?

Mr. LITTAUER. Yes, sir.

Mr. Cockran. What would be the difference in the cost to the con-

sumer for that glove and the same glove sold, say, in London?

Mr. LITTAUER. It depends altogether on who sells it. I will not go into names, but if you go into one store I know of in New York it will cost you \$1.75, while in another store you can buy it for \$1.25. It is the same way in London. If you go on the Strand, for instance, you can buy this glove over there, a glove that would sell here for a dollar, and it would cost you over there probably 62 cents.

Mr. Cockran. The difference would be about 40 cents?

Mr. Littauer. Yes.

Mr. COCKRAN. That much difference in the actual cost to the consumer?

Mr. Littauer. Yes.

Mr. COCKRAN. But that is predicated upon the idea that they have no fixed market value. You pay for that according to where you happen to buy it?

Mr. LITTAUER. That is partly so; but they have a fixed wholesale

value.

Mr. Cockran. Let us take the wholesale value, then. What does that glove cost wholesale here compared to what it costs wholesale abroad?

Mr. LITTAUER. The ordinary grade of glove, this glove, costs \$13.50

a dozen.

Mr. COCKRAN. It sells here for \$13.50?

Mr. LITTAUER. Yes.

Mr. Cockran. What do you suppose a glove like that would bring abroad?

Mr. LITTAUER. Probably \$9.50 a dozen.

Mr. Cockran. A difference of 50 per cent?

Mr. LITTAUER. About 50 per cent; yes.

Mr. Cockran. So the difference would be from 50 to 60 per cent?

Mr. LITTAUER. About 50 per cent.

Mr. Cockran. That is what it comes down to, to the consumer. Mr. Littauer. Yes; gentlemen, I have detained you too long.

# THE GLOVE MANUFACTURERS' ASSOCIATION OF THE UNITED STATES SUGGESTS SCHEDULE FOR GLOVES.

Washington, D. C., January 25, 1909.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: The Glove Manufacturers' Association of the United States desires to call your attention to the trade developments in connection with the tariff schedule on gloves, contained in paragraphs 439 to 446, both inclusive, of the Dingley Act. We are confident that your committee will discern that no industry in the United States has made, or can make, a more satisfactory showing under protection than the glove industry, to demonstrate which we review the history of this industry.

Before the McKinley Act of 1890 there was no glove industry in the United States competing in our markets with the foreign-made gloves. There had been, during the previous fifty years, developed the manufacture of gloves for workingmen, but such gloves were made in this country only, as we are the only people in the world paying a sufficiently high rate of wages to enable the working man to indulge in the luxury of protecting his hands while at work. The workingmen's gloves we manufacture are considered curiosities in other parts of the world, where no such articles are made or used, and to-day the manufacture of such workingmen's gloves still remains the largest part of the glove industry, the census of 1905, showing that 65.3 per cent of American production was of the workingmen's gloves.

Prior to 1890 the tariff on gloves was 50 per cent ad valorem. It was clearly demonstrated that under an ad valorem tariff no legitimate trade could be developed or continued here because of undervaluations, the business going into the hands of agents of foreign manufacturers, against whom the American importer could not successfully compete. The American dealer confined his purchases practically to the agents of importers, and the American manufacturer found no opportunity to compete with the enormous importation of men's and women's gloves. The ad valorem rate of 50 per cent gave no consideration to the theory of protection, but simply represented a tariff for revenue, and there was no glove industry in

the United States making fine gloves under that rate.

In the consideration of the McKinley bill the question of giving protection, so as to build up an American industry, was thoroughly

investigated, with the conclusion that such opportunity was given on men's gloves, while leaving the women's gloves on a purely revenue basis. It was believed that the highly skilled labor necessary for the manufacture of women's gloves could not be found in the United States.

In the fiscal year 1890 there were imported 127,000 dozen pairs of men's gloves, paying a revenue of \$229,222.50. The McKinley bill imposed, in addition to the previous 50 per cent ad valorem rate, \$1 per dozen extra on men's gloves. From the date of its enactment the American fine-glove industry had its start, until to-day it has developed into an industry giving employment to 20,000 workingmen, scattered over the United States in 27 States, but mainly cen-

tered in Fulton county in the State of New York.

When in the course of events the consideration of a revised tariff, with the avowed purpose of enacting a tariff for revenue only, took place in 1893 under the chairmanship, in this committee, of Mr. Wilson, the business of manufacturing men's gloves had already made its start: The importation of men's gloves during the fiscal year 1893 amounted to 103,808 dozen pairs, paying in duties \$448,943.64, which was a reduction of 24,000 dozens under the importations of 1890. The schedules which were finally enacted under this Democratic revision of the tariff showed clearly that proper appreciation had been given to the need and justice of a protective tariff on men's gloves, and further, that a schedule, to be just and fairly complied with under the law, could not be based on ad valorem rates.

The Wilson bill of 1893 for the first time placed exclusively specific duties on gloves, and moreover, after the fullest and most careful study of the problem, gave increased rates of duty on men's gloves, while lowering the duty on women's gloves, in specific form, to about one-half the rates which maintained under the McKinley bill. At this point attention should be directed to the fact that the Wilson bill duties on women's gloves, which were only about one-half of the rates of duty imposed under the McKinley Act, did not increase the importation of women's gloves nor augment the Govern-

ment's revenues, but had quite the contrary effect.

In 1893, under the McKinley Act, there were imported 1,314,862 dozen pairs, paying a revnue of \$3,252,653, while in 1896, under the Wilson Act, with its reduction of duties on women's and children's gloves, only 1,176,776 dozens of these gloves were imported, paying duties of \$2,075,548. These figures show that the lower Wilson bill rates did not increase the importation of this article of semiluxury, but on the contrary fewer women's gloves were imported under these lower rates and the government revenues decreased nearly \$1,125,000.

When the Dingley Act of 1897 was under consideration these facts were clearly presented, and a demand was made for the continuance of the duties on men's gloves which was agreed to. So the rates of the Dingley bill on men's gloves were exactly those of the Wilson bill, with the addition of the extra cumulative provisions on the more elaborately and expensively sewn and embroidered gloves. We were not able at that time to persuade Congress to place a compensatory protective duty on women's gloves such as had been given on men's gloves; and, although the duties on women's gloves were increased to some extent under the Dingley bill, they still remained purely

revenue duties and inadequate to provide protection to our manufacturers.

# MEN'S GLOVES.

We desire at this time, however, to demonstrate the propriety of the compensatory rates of duty imposed under the Dingley Act on

men's gloves and the necessity for their continuance.

The manufacture of men's gloves during these eighteen years of protection has gone on at a rapid rate, the American product of 1907 being fifty times greater than that of 1890. It now amounts to over \$10,000,000 and gives employment to at least 16,000 working men and women. We pay true American rates of wages; our working men and women living in the foothills of the Adirondacks work ten hours a day; the men earn from \$2.50 to \$4 per day and the women earn from \$2 to \$3.50 per day.

United States Consul Mason reported to the State Department that in Grenoble, France, the center of the glove industry in that country, the women glove workers earned from 40 to 60 cents per day, and the men earned from \$1 to \$1.20 per day. Consul James E. Dunning reported from Milan, Italy, that the wages paid in Italy for work on gloves are: To girls 20 to 40 cents and to women 40 to 60 cents per day.

We pay the men who cut our prixseam made gloves 95 cents per dozen, while in England for the same work is paid 36 to 45 cents per dozen. We pay for cutting our overstitch made gloves 88 cents per dozen, while in Germany they pay for the same work 32 to 40 cents per dozen. We pay our women to sew pique gloves complete \$2.37 per dozen, as against 89 cents to \$1.05 paid in Europe. For prixseam made gloves we pay the sewers \$2.42, while for the same work in Europe is paid \$1.19 to \$1.26. For the sewing of overstitch gloves we pay \$1.62, while in Germany 48 to 56 cents is paid for the same work.

The work is all conducted on a piece price basis, so that individual efforts finds its just measure of compensation. It is an industry without a single trades union connected therewith, and the rate of wages are uniform throughout the industry, settled by conference between

the manufacturers and workers.

During these eighteen years real estate values in our chief glove manufacturing cities have increased 44 per cent, and 81 per cent of the heads of families in those communities own their own homes. In the last ten years the interest-bearing savings deposits in the banks of these cities have increased 212 per cent; and in the five years from 1900 to 1905 wages increased 23.3 per cent. They are contented communities, wherein the workingman of to-day is the manufacturer and employer of labor to-morrow.

Three hundred and twenty-nine factories produce leather gloves in the United States, and under the most active American competition. There never has been a combination of the manufacturers regarding the price of their product, and no trust has ever been formed or now exists. No single factory is of much greater extent than any others. The percentage of profit to the manufacturer has been a low one, and the industry has developed no millionaires.

The men's gloves manufactured in the United States give the consumer a better quality for less money than when, before protection, such gloves were imported. Our gloves are durable, better fitting,

better sewn, and neater in appearance than any that were ever sold in this country prior to 1890 for a like price. The compiler of "General information" of your committee, under paragraph 439 states: "The skill of American glovers is equal, in every respect, to that of foreign glove makers, and, in the style of stitching and shape, notably superior."

However, despite the constant growth of the domestic manufacture of men's gloves under proper compensatory protection, your attention is particularly called to the fact that there are imported to-day, of men's gloves, practically as many dozens as in 1890, and more than were imported in 1896.

The statistics of importations for the year 1907 show that, during that fiscal year, 108,304 dozens of men's gloves were imported, paying revenues into the Treasury of the United States of \$518,482.62, in comparison with 103,808 dozens imported in 1893, before the inauguration of the Wilson bill rates—a clear, positive proof that the Wilson rates, which, as stated before, were continued identically under the Dingley bill, have proved not to be in the slightest degree prohibitive, but on the contrary show that no Chinese wall has been built by the Wilson-Dingley rates around the importation of foreign-

made men's gloves.

Your attention is also called to the fact that the \$4 per dozen rate enacted in 1893 and continued under the tariff act of 1897, does not mean nearly as much protection to-day, to domestic manufacturers, as it meant when those bills were passed. This for the reason that the rate of duty protecting gloves is a compensation, not only for the difference in cost of labor and production in the United States as compared with Europe, but it also covers the cost of 20 per cent duty paid by our manufacturers upon dressed leather—the raw material of the glove-manufacturing business. The cost of dressed leathers since 1893 has advanced 30 per cent; since 1897 has advanced 25 per cent. Consequently the protection, given in the specific rate of \$4 per dozen on men's gloves, is from 40 cents to 50 cents less compensatory protection per dozen gloves to-day than when that rate was written into law.

The lamb, sheep, and goat skins of the United States are not suited for the making of fine gloves. Our raw material is found in the Balkan Peninsula, on the steppes of Russia, and the mountains of Spain, where the lambs and sheep are raised more for their skins than for their wool and the meat, as is the case in our own country.

Another point in connection with men's gloves, to demonstrate clearly how closely the rate of duty placed upon this article controls the importation of competing gloves made in Europe: Despite efforts to show that a higher rate of duty was needed on men's gloves made of goatskin than those made of lambskin, the rates were made the same in the Dingley bill. What has been the result? In the importations of 1907, men's gloves made of schmaschen were imported to the extent of 939 dozens, the rate of duty being \$3. This quantity is so inconsequential that this separate classification should be eliminated in the bill you will prepare. The rate of duty on men's gloves, made of the cheaper lambskins and the costlier kidskins, is \$4 on each. The results show that the lambskin rate is a compensatory one, while the kidskin rate is not, for there were imported of men's lambskin gloves 3,837 dozens in 1897, while of men's kidskin

gloves the importation amounted to 103,597 dozens of pairs. This is quite conclusive proof that the foreign manufacturer has taken advantage of the inequality of the tariff and demonstrates that \$4 per dozen on kid gloves is not a full compensatory rate.

IMPORTATIONS OF MEN'S GLOVES.

Year.	Dozen.	Rate of duty.	Duties collected.	Basis.
1890	127, 000	50 per cent	\$229, 222, 50	Revenue only. Protection. Do. Do.
1893	103, 808	50 per cent plus \$1	448, 943, 61	
1905	89, 020	\$3-\$4-\$4	425, 847, 26	
1907	108, 000	\$3-\$4-\$4	518, 482, 62	

A matter of serious concern, and one that we believe should have your attention, is our experiences under paragraph 445—cumulative

rates—of the existing tariff schedules.

The present duty on men's gloves covers all lengths and sizes at one uniform rate. The introduction of the automobile has brought a demand for men's gloves of fine character with gauntlet cuffs of varying lengths. These gauntlet cuffs frequently contain more leather in the cuff part than in the hand part of an ordinary glove. Twenty per cent duty must be paid by us on leather used in such cuffs, as well as in the hand section of these gloves, and the business of their manufacture will go entirely to foreign manufacturers unless a proper compensation be allowed for the duty paid on the extra amount of leather and the extra labor cost involved in their production.

The ordinary length of a man's glove is 10½ inches and never exceeds 11. Therefore, to correct these inequalities between foreign and domestic manufacturing costs, and to render this class of gloves revenue producing in more equitable proportion to its cost, we propose that, for each additional inch or major part thereof in length above 11 inches, men's gloves shall pay an extra cumulative duty of

50 cents per dozen pairs.

We have investigated the cost of these gauntlet gloves, in comparison with the ordinary length men's glove, and find that, while the ordinary men's glove can be purchased in Europe for from \$7 to \$9 per dozen pairs (from 28, say, to 36 shillings or marks), the gauntlet gloves cost there from \$19 to \$29 per dozen pairs (from 76 to 116 shillings or marks). The injustice done to the American manufacturers to permit these gauntlets, of nearly three times the cost of the ordinary glove which was under consideration when the Dingley bill was framed, to come in at the same rate must be manifest to you.

In this connection your attention is also called to the fact that gauntlets made of fur with leather palms are also assessed, under the present schedule, at the same rate as the ordinary short gloves, so that the gauntlet which is purchased in New York at \$13.50 a pair, pays no more for duty than the ordinary lined glove which would be sold for \$1.50 per pair—a manifest disproportion which should

be corrected.

Another item to be considered is lined gloves. Such gloves pay \$1 per dozen extra cumulative duty under the present tariff. We believe that this deserves correction. In the first place, the leather required to make a dozen lined gloves is easily 10 per cent more than

the leather used in unlined gloves, on account of the greater circumference required. But the main difference between the lined and unlined glove arises from the character of the lining. Linings of gloves consist of fabrics of cotton, wool, or silk, and linings made of other skins, from skins with wool or fur on; those most largely used being the skins of lambs, of rabbits, coons, and squirrels. Such skins for linings are of foreign origin, and upon them a duty of 20 per

cent has to be paid by American users.

Taking the figures of one of the most celebrated foreign makers, we find that his unlined glove, of a given description, is sold at 28 shillings, or \$7 per dozen; when lined with wool, 38 shillings, or \$9.50; when lines with lambskin, 63 shillings, or \$15,75; when lined with coon, 103 shillings, or \$23.75; when lined with squirrel, 156 shillings, or \$39 per dozen. It is clearly evident that these furlined goods, costing up to \$39 per dozen pairs, should pay a different rate of duty than the wool-lined gloves that cost \$9.50. On the squirrel-lined glove (shown here) the extra duty for lining is \$1 per dozen pairs, while the domestic manufacturer who would produce this glove must pay a duty of \$5 per dozen on the skins alone from which these linings are cut. We therefore suggest that a proper schedule of duty for lined gloves would be: "On all gloves when lined with cotton, woolen, or silk fabrics, \$1 per dozen pairs; when lined with skin or fur, \$5 per dozen pairs."

lined with skin or fur, \$5 per dozen pairs."

The \$5 per dozen would not be a full protective rate on the skin or fur lined gloves, as the skin which forms the lining has to be cut with an equal amount of care to make it fit according to size, as the leather forming the outside of the glove is cut, and there is an additional cost of labor in sewing the lining, which is mainly done by

hand.

#### COMPARATIVE COST OF GLOVES AND GAUNTLETS.

Kinds.	Gloves, Europe.	Gauntlets, Europe.	Duty on gloves and gauntlets (highest).
Unlined Wool lined Knit lined Lambskin lined Coon lined Squirrel lined	38= 9.50 41=10.25 63=15.75 103=23.75 156=39.00	8. 8. d. 76-116 6=\$14-\$28.87 84 0= 21.00 87 0= 21.75 100 0= 25.00 136 0= 34.00 178 0= 44.50 203 0= 50.75	\$4.80 5.80 5.80 5.80 5.80 5.80 5.80

This brings us to another development in the trade. Since the Dingley tariff was enacted there has developed a growing demand for "hand-sewn" gloves—gloves with the elastic stitch and extreme "mannish," or what is called "English appearance." These gloves are sewn in England, throughout the country districts, where the uniform price of 4s. 6d. per dozen pairs, or \$1.08, is paid for the sewing. Hand work of this character in our country leads to an entirely different rate of remuneration, and despite the fact that our gloves are distributed to the farm houses 20 to 30 miles from our factories, where they are sewn by the farmers' wives and daughters, we pay \$3.50 per dozen for this work. A diligent woman can make but 5 pairs per day. The difference then between the American

rate of wages and the English rate for hand sewing is \$2.40 per dozen. It is obvious that any rate less than \$1 per dozen pairs additional tariff on this hand-sewn glove would give this business entirely to the foreigner, and that no rate of less than \$2 per dozen would

make it an American industry.

The cumulative rates on pique and prixseam gloves in the McKinley bill were 50 cents per dozen, but in the Dingley bill were lowered to 40 cents per dozen. We could prove from a comparison of the wages paid here and abroad that the lower rate is not fairly compensatory. But the American manufacturer, recognizing the favorable situation in which the tariff has aided in placing him, does not seek to impose extreme duties, believing that his ingenuity will count for something in the competition against his foreign competitor.

The record of the development and growth of the men's glove business in the United States in the last eighteen years, we believe, sustain the contention and statement first made, in which we declared that no industry could make a better showing under protection than has this. Importations have continued about as large in dozens; the revenues paid are greater than before protection; an industry giving employment to thousands of American working men and women at full American rates of wages has been developed. To lower the rates on men's gloves would destroy these conditions. The duty paid on leather, as we have pointed out, is constantly increasing per dozen gloves. The profits made by the manufacturers show conclusively that the manufacturers are subjected to exceedingly sharp competition by hundreds of energetic American business men. very nature of the business precludes anything like a combination or a trust. Individual effort and individual style count for much in this industry, and any reduction in the rate of duty would mean either the elimination of the industry or the reduction of the laboring men and women.

### WOMEN'S GLOVES.

A consideration of the tariff on women's gloves must proceed logically from two standpoints:

First, the consideration of the present classification and rates,

which represent nothing but a tariff for revenue.

Second, the consideration of a protective or compensatory tariff. We will first comment on it from the standpoint of experience had in connection with the classification and rates under the existing revenue tariff. Paragraph 440 deals with schmaschen gloves. This is the adoption of the German designation for stillborn or dropped lambs—the skins of animals that have never been fed. They make a fine smooth-grained leather, of little or no strength, and are, of course, small in size. The number of these skins is constantly decreasing, from the better care given to the flocks, and the prices of the skins have been advancing rapidly during the past ten years. The line between the skins of unfed lambs and fed lambs is almost indistinguishable, and it leads to the result of many irregular lambskin gloves being imported at the lower schmaschen rates.

We find that the cost of a dozen women's schmaschen gloves and a dozen women's gloves made of lambskins of the second quality are the same wherever these gloves are made. We present herewith a letter received by a domestic manufacturer from a reputable manu-

facturer of Europe, a printed trade-letter, offering schmaschen gloves and lambskin gloves of second grade at the same price. It has been claimed that this schmaschen glove is the glove of the poor person and of the working women who can not afford the higher-priced glove. The present rate of duty is 6½ cents a pair less on a schmaschen than on a lambskin glove, yet in reality it is sold in the smaller stores throughout the country at practically the same price per pair as the lambskin glove, and it does not give one-fourth as much wear or use.

In our opinion, the entire paragraph covering women's schmaschen gloves should be eliminated, and especially should the longer lengths

of schmaschen be wiped from the tariff schedules.

In 1896 there were 337,300 dozen pairs of schmaschen gloves imported into this country, of which 558 dozen pairs only were longer than 14 inches. In 1905 there were 170,849 dozens imported, of which only 49 dozens were longer than 14 inches. There never has been 1 per cent of schmaschen gloves made longer than 14 inches, so that it is simply filling up the tariff schedule with rates devoid of consideration of their benefit as revenue producers or otherwise to continue the rates on longer lengths.

And this brings us to a consideration of the classification of the lengths of women's gloves. The present schedules are: Gloves of 14 inches in length and under, gloves over 14 to 17 inches, and gloves

above 17 inches.

Women's gloves are, generally speaking, a matter of luxury when they are of a greater length than 11 inches—the 3-button glove. They become, in longer lengths, purely an article of luxury, largely dependent for their demand upon the style of sleeves in vogue for women's apparel, and the greater the length the greater the luxury. Whether under a revenue tariff, such as now exists on women's gloves, or under a protective tariff, this article of greater length and luxury should be subject to increased rates of duty in proportion to the luxury afforded.

Our opinion is that a sensible change and reasonable tariff would be to assess one rate of duty on women's gloves which are not longer than 11 inches (the 3-button length glove) and fix an additional cumulative rate of duty of 50 cents a dozen pairs for each inch or

greater portion thereof in excess of 11 inches in length.

Surely the woman who wears a glove that reaches to her shoulder should pay a much higher proportionate rate of duty than is paid on the glove which reaches only to the wrist, or proportionately to the elbow. Under the present tariff, a pair of gloves that reach to the shoulder pays a duty of 12 cents a pair more than the glove that reaches to the wrist, while it sells for from \$2 to \$3 per pair more than the wrist-length glove—manifestly contrary to the recognized basis of taxation in connection with luxuries.

You should consider, too, that style plays an important part in connection with women's gloves. During the past few seasons women have worn short-sleeve gowns and waists, and the effect of this style

is plainly shown in the length of the gloves used.

In 1896, of lambskin gloves over 14 inches, but not over 17 inches in length, 11,580 dozens were imported; in 1905, 4,370 dozens; in 1906, 27,800 dozens; and in 1907, 51,500 dozens. Of the same gloves,

over 17 inches in length, in 1896, there were imported 1,606 dozens; in 1905, 1,538 dozens; in 1906, 4,500 dozens; and in 1907, 162,500 dozens. In the higher priced kid gloves this use was more pronounced, for in gloves over 14 inches and not over 17 inches in length 18,171 dozens were imported in 1896; in 1905, 2,650 dozens; in 1906, 16,100 dozens; and in 1907, 119,100 dozens.

These figures clearly demonstrate that women are not guided by the cost in purchasing gloves, but by the style of the day as governed by sleeve lengths, which is conclusive as to their being articles of

luxury.

Paragraphs 443 and 444 of the present schedule concern gloves with the exterior grain surface removed, known in the trade as suede gloves. This classification is unwarranted. It is a matter of style largely whether gloves have the exterior grain surface removed or otherwise. These gloves cost in the market, in ninety-nine cases out of a hundred, exactly the same as the glove which has the grained surface on. The skins are a fraction cheaper, but the extra work required to give the smooth finish to the glove, when the exterior grain has been removed, renders the cost of them identically the same. Women's suede gloves of 3-button length are assessed at the same rate of duty as the gloves of 10-button length. This is an unwarranted distinction against glace gloves—an inequality that in fairness demands correction.

The vitally serious matter in connection with the glove schedule is: Would Congress be warranted in placing protective and compensatory rates of duty on women's gloves in the new tariff bill under consideration, such as have existed during the last eighteen years on

men's gloves?

The duties to-day on women's gloves are purely revenue duties; yet we are making some women's gloves, probably from 5 to 10 per cent as many as we make of men's gloves, while the use of women's gloves is over five to ten times greater than the use of men's gloves.

There are 1,000,000 to 1,200,000 dozens of women's gloves imported into this country annually. The ingenuity of our manufacturer occasionally creates some new and attractive style of glove which women wear—some specialty, not made in Europe, such as the "mannish" styles of durable gloves and gauntlets that are now being worn in the United States. But the American manufacturer can only enjoy the benefit of his work and originality for a short period. As soon as it is demonstrated that any new style of women's glove meets with popular favor then the business of manufacturing it is promptly transferred to Europe and the resulting product is sold on our market for from \$2 to \$3 per dozen less than it can, under our rate of wages and cost of leather, be made for in this country.

You must always bear in mind that all leathers used in the manufacture of fine gloves must be of fine grain, and particularly so in women's gloves, and that on such leathers there must be paid a duty of 20 per cent. The 20 per cent duty paid on leather used as raw material equals from 75 cents to \$1.75 per dozen pairs of gloves, in proportion to the grade and kind used. This is the first handicap that the United States manufacturer starts under who would make

women's gloves.

And now as to the manufacturing cost. We submit a pair of men's gloves and a pair of women's gloves. The woman's glove, it is ad-

mitted, takes a little less leather than the man's glove, but the leather must naturally be of a finer character with a closer, finer grain, which is obtainable only from a smaller sized skin, and in the end costs identically the same as that used in the production of the man's glove. To cut this glove, to silk it, to sew it, costs identically the same as the man's glove, whether in Europe or America. Labor is paid identically the same for the woman's as for the man's, and this is clearly admitted in all of the schedules of cost presented in the glove importers' brief. The finish on the women's gloves in the way of trimmings, etc., must, as a rule, be a little finer and more costly than on the men's.

Why then under the policy of protection declared in the Republican platform should there not be the same compensatory rate of duty on women's gloves as on men's? We claim that there is no fair and good reason for any discrimination in tariff rates as between

men's and women's gloves.

In justice to the American working men and women, to the glove manufacturer, to the consumer, we ask that in the tariff act to be framed a proper compensatory duty be placed on women's gloves instead of the revenue duties, so called, of past and the existing tariff.

With a compensatory tariff on women's gloves, it will prove as it has with men's: First, that the total dozens imported will not materially decrease. Second, that the revenues collected will not decrease. Third, that the domestic industry, under protection, will take up the constantly growing consumption of gloves. Fourth, that better gloves will be sold to the consumer, of American make, at any given price, than were heretofore sold of foreign make.

The compensatory protective tariff on men's gloves has given employment to 20,000 workers. A like compensatory duty on women's gloves will give employment to 50,000 more at the same full American scale of wages, and the consumers will pay no more for their ordinary gloves than they pay to-day. The glove that is to-day sold for \$1 per pair, or under, will continue to be sold at that price even if the rates of duty are increased from 6 cents per pair to 15 cents per pair. On the stouter and heavier grades of "mannish" gloves, the consumer would actually be benefited in being offered a superior and more durable article, equally attractive to the eye and taste, while the gloves of luxury would, without doubt, still be imported and sold to those who can well afford to pay a protective tariff.

There are a great number of people in the United States saturated with the notion that a glove made in a foreign land, like a gown made in Paris, has by some magic had imported to it something indefinable that is not to be found in the domestic article. this prejudice many of the dealers in the United States stamp the

gloves made here as though they were imported.

We hazard the assertion that, if proper protective, compensatory rates on women's gloves were enacted into the new tariff bill, we would have the same experience with women's gloves that has been the case with men's gloves. The industry would grow prodigiously. We would have 25,000 or 50,000 more Americans kept steadily at work making these women's gloves, and yet the importation of these gloves would not diminish any more than has the importation of men's gloves diminished under protection. Surely no consummation

is more devoutly to be wished for by workers, consumers, and pro-

prietors.

The increased consumption of this article of semiluxury, through the enhanced purchasing power of the people of the United States, would still permit, in women's gloves as it has in men's gloves, the development of this new industry; and without diminution, within a few years, of the quantities now imported.

Reasoning from the experience with men's gloves, we are confident that the Government's revenues would increase under the duties we propose, first, because importations would not diminish, and, second, from the increase of revenues from the greater consumption

of dressed leather.

It is a fact to be remembered that, under the lower revenue rates of the Wilson bill, the importation of women's gloves did not increase. It is not a question of 6 or 15 cents more per pair in the cost of gloves between the lower rates of the Wilson bill and the higher rates of the McKinley bill or of the Dingley law; but the consumption of women's gloves, as a semiluxury, is dependent upon style as well as upon the prosperity and purchasing power of the people. This we have clearly demonstrated by the statistics on such importations.

We appeal to you for calm, patient investigation and consideration of this important subject, not wholly in behalf of the American glove manufacturer, but in behalf of the laboring men and women of the United States who, under a fair and just conpensatory duty, would find employment on work which justly belongs to them according to the principles we believe in, and in behalf of the consumers who, under protection, will get better, stronger, and neater

gloves for the same price than ever before.

#### ANSWER TO STATEMENT FILED BY IMPORTERS.

In answer to the brief submitted to you by the importers of gloves: We declare that the existing rates of duty on men's gloves is not, as asserted by the importers, prohibitive; and that it is not a fact that "very few leather gloves for men are imported, but are nearly all made in the United States." This we have proved by the citation of the quantities of men's gloves imported into the United States, which are as follows:

	Dozens.		Dozens.
1890	127,000	1905	89, 020
1893	103,808	1907	108, 304
1896	61,925		

We quite agree that the avoidance of litigation on tariff subjects is to be desired, but we submit that there has been little or no litigation on the glove schedule, except on the one item in paragraph 445 concerning the interpretation of the embroidery clause, which can and should be written in clear language in the new bill and thus answer this criticism.

We deny that the extra cumulative duties to paragraph 445 exceed the cost of the work to which they refer, in proof of which we sub-

mit these comparative cost figures:

Cost of sewing.

	United States.	Engl	land.	Ger	many.	I	France.
		Cost.	Equiv- alent.	Cost.	Equiva- lent.	Cost.	Equivalent.
Piqué. Prixseam.	\$1.40 1.30	\$0.54 .54	s. d. 2 3 2 3	\$0.48 .48	2 marks.		2.50 francs.

Affidavits from workers herewith prove these figures.

While the importers claim that piqué sewing in the United States is 20 cents and prixseam sewing is 30 cents more than overseam, we actually pay for overseam work 75 cents, for piqué \$1.40, and for prixseam \$1.30.

That the duties on women's gloves are not protective, but for revenue only, is admitted by the importers; and upon that they base their argument for lower duties in the consumer's behalf without conflict-

ing with domestic interests.

It is true that children's gloves require less leather in their manufacture than women's, but they do not cost less for labor employed in their production, and if children's gloves were assessed at a less rate of duty than women's, all small sizes of women's gloves would be brought in as "children's," as was formerly the practice.

We further deny that lower rates on women's gloves would increase their importation and augment the revenues collected thereon,

and in support of that denial offer this conclusive evidence:

#### IMPORTATIONS.

Year.	Act.	Total doz- ens.	Total duties paid.
1893	McKinley Wilson Dingley	1,314,862 1,176,976 1,186,569	\$3, 252, 653 2, 075, 548 4, 243, 463

The Wilson bill rates on women's gloves were about one-third lower than the McKinley bill rates and nearly one-half lower than those of the Dingley Act. These lower Wilson rates did not encourage importation nor increase the duties paid as the foregoing figures show.

It would injure or destroy the small manufacturing business in women's gloves in this country to have the present rates on these gloves reduced. To foster the upbuilding of this business in the United States the rates on women's gloves should be put on a compensatory, protective basis, the same as on men's. The argument that the tariff rates should be the same on women's gloves as on men's is supported by the importers' tables of fabrication costs in which it is plainly admitted that the cost is the same for women's as for men's gloves. Why, then, should there be a difference in the rates of duty on men's and women's gloves when it is proved that the rate on men's gloves is only fairly compensatory and protective, and in no way prohibitive, as demonstrated by the fact that the importation of men's gloves did not decrease in quantity from 1890 to 1908.

# PROPOSED SCHEDULE.

## PARAGRAPH 439.

Gloves: Gloves, made wholly or in part of leather whether wholly or partly manufactured, shall pay duty at the following rates, namely: On gloves not exceeding 11 inches in length, \$4 per dozen pairs; on gloves exceeding 11 inches in length, an additional duty of 50 cents per dozen pairs for each inch or major portion of an inch in excess of said 11 inches, the length in each case being the extreme length when stretched to its full extent.

# PARAGRAPH 445.

In addition to the foregoing rates there shall be paid the following cumulative duties: On all gloves, wholly or in part of leather, when lined with cotton, woolen, or silk fabrics, \$1 per dozen pairs; whenlined with skin or fur, \$5 per dozen pairs; on all piqué or prixseam gloves, 40 cents per dozen pairs; on all hand-sewn gloves, \$1 per dozen pairs; on all gloves having crows' feet stitched, sewn, or silked on the backs thereof, or having stitched, sewn, embroidered, or silked on the backs thereof points, each point consisting of more than a single row of stitching, sewing, embroidery, or silking, whether the same be continuous or otherwise, 40 cents per dozen pairs.

PARAGRAPH 446.

Glove tranks, with or without the usual accompanying pieces, shall pay 75 per centum of the duty provided for the gloves in the fabrication of which they are suitable.

Respectfully submitted.

GLOVE MANUFACTURERS' ASSOCIATION OF THE UNITED STATES.

#### EXHIBIT A.

AFFIDAVIT AS TO WAGES RECEIVED IN ENGLAND AND IN THE UNITED STATES FOR PIQUÉ WORK.

STATE OF NEW YORK,

County of Fulton, 88:

Rose Davis, being duly sworn, deposes and says that she resides at No. 6 Beach street in the city of Gloversville, N. Y.; that she came to America from England in the month of August, 1907; that for twenty-five years prior to coming to America she worked on gloves for Radcliffe & Dents, at Worcester, England, doing piqué work and received for doing such work 2s. 6d. per dozen pairs; that since arriving in America she has been employed by P. P. Argersinger & Co., at Johnstown, N. Y., and J. C. Allen & Son, at Gloversville, N. Y., and has performed the same kind of work that she did in England as above mentioned; that for the same work for which she received 2s. 6d. in England she has received \$1.40 in America; that since arriving in America deponent has received letters from her sister, who still resides in England, in which her sister states that for the same work that deponent received 2s. 6d., when deponent was working in England, the same concerns are now paying 2s. 3d.

Rose Davis.

Subscribed and sworn to before me this 20th day of November, 1908.

[SEAL.]

MERRILL B. ALLISON,

Notary Public.

#### EXHIBIT B.

AFFIDAVIT AS TO WAGES RECEIVED IN ENGLAND AND IN THE UNITED STATES FOR "PRIXSEAM" WORK.

STATE OF NEW YORK,

County of Fulton, ss:

Bessie Palmer, being duly sworn, deposes and says that she resides at No. 86 Third avenue, in the city of Gloversville, N. Y.; that she came to America from England in the month of August, 1907; that for years prior to coming to America she worked on gloves for Clothier & Giles, Underlane, Yeovil, England, doing "prixseam" work, and received for doing such work 2s. 3d. per dozen pairs; that since arriving in America she has been employed by Lefi & Co., at Gloversville, N. Y., and has performed the same kind of work that she did in England as above mentioned; that for the same work for which she received 2s. 3d. in England she has received \$1.30 in America. Deponent further swears that her relatives have worked for years, and are working at the present time, sewing hand-sewn gloves, for which they receive 4s. 6d. per dozen pairs.

BESSIE PALMER.

Subscribed and sworn to before me this 25th day of November, 1908.

[SEAL.]

ARTHUR L. GRAFF.

Notary Public.

# EXHIBIT C.

AFFIDAVIT AS TO WAGES PAID IN THE UNITED STATES FOR HAND-SEWN GLOVES.

STATE OF NEW YORK,

County of Fulton, 88:

Albert Aaron, being duly sworn, on his oath according to law says, that he is the manager of the glove manufacturing plant of Louis Meyers & Son, in Gloversville, N. Y.

That for the sewing of hand-sewed leather gloves, of the same character as are made in England, he has paid to the sewers in the United States \$3.50 a dozen pairs and that he has been unable to have the said hand-sewed glove sewed for any price less than the said \$3.50 per dozen pairs.

ALBERT AARON.

Sworn and subscribed to before me this 25th day of November, 1908.

[SEAL.]

C. H. RICHARDSON,
Notary Public.

# EXHIBIT D.

PRICE THE SAME FOR SCHMACHEN AND SECOND-GRADE LAMBSKIN GLOVES.

OSTERWIECK A. HARX, October 30, 1908.

DEAR SIR: I beg to take reference to my last circular letter and recommend again my first-class kid gloves manufactured especially for export trade.

It is more than twenty-five years that I have been manufacturing kid gloves in Osterwieck, the glove center in Germany and middle Europe. My plant is the most prominent and oldest one in the trade and has been privileged by the largest American and English houses since years. I owe my success chiefly to this warmly solicited American and English trade and wish to show its success.

The working rooms and storage rooms cover more than 25,000 square feet; all the rooms are up-to-date, heated by steam and lighted by electricity. I have my own power house and my own dynamos for lighting purposes. My leather-dying plant is worked by steam and is recognized as the largest and most mod-

ernly equipped one in our trade.

It has been my pride that my hands have been working with me for years; besides, I took the greater part of the glove makers and other workmen who had been working with Richard Bondy of this town, so that I enjoy the help of the best workmen to be had. In consequence, I stand for first-rate workmanship and high-class ware. With Richard Bondy I had the very best connection until the firm was dissolved.

Let me solicit your trade. I am convinced that you will be a constant buyer if you give me only a small order first. All your wishes concerning material or outfits will be carefully attended to. I shall try my best to please you and to satisfy your wants.

My price list shows that I can compete with any manufacturer. I am also

willing to send samples which you may require, post free.

I hope to be favored with your esteemed orders, which will always be executed carefully and promptly.

Respectfully, yours,

(Signed) W. Jauris.

35--1--

## EXHIBIT E.

#### PRICE LIST.

	THE COLUMN	
Ia. 8-button length mousquetaire lamb	28	3
Ia. 12-button length mousquetaire lamb	38	3
Ia. 16-button length mousquetaire lamb	48	3
Ia. 8-button length Biarritz lamb	28	3
Ia. lamb. 2-clasp. black	19	)
Ia. lamb, 2-clasp, colors	20	)
IIa. lamb, 2-clasp, black a	15	,
IIa. lamb, 2-clasp, colors		;
Ia. schmaschen, 2-clasp, for black and colors a	15	5
Ia. schmaschen, 8-button, for black and colors	25	,
Ia. schmaschen, 8-button Biarritz, black and colors		

### EXHIBIT F.

#### BATES OF DUTY.

### [Schedules 1890, 1894, and 1897.].

Kind.	1890, McKinley.	1894, Wilson.	1897, Dingley.
MEN'S. Schmaschen. Lamb. Kid. Suede lamb Suede kid.	50 per cent and \$1	\$3.00 4.00 4.00 4.00 4.00	\$3.00 4.00 4.00 4.00 4.00
WOMEN'S. Schmaschen: Under14. Under17. Over. Lamb:	\$1.75 50 per cent 50 per cent	1.00 1.50 2.00	1.75 2.25 2.75
Under 14. Under 17. Over. Kid: Under 14.	\$2.25 50 per cent 50 per cent \$3.25	1.75 2.75 3.75	2.50 3.50 4.50 3.00
Ünder 17. Over. Suede, etc., sleep: Under 14. Under 17.	50 per cent	3.00 4.00 1.75 2.75	3.75 4.75 2.50 3.50
Over. Suede, etc., kid: Under 14. Under 17. Over.  EXTRA CUMULATIVE MEN'S AND WOMEN'S.	50 per cent. 50 per cent. 50 per cent. 50 per cent.	2. 25 3. 00 4. 00	3. 00 3. 75 4. 75
Lined. Pique or prixseam Embroidered		1.00	1.00 .40 .40

<sup>&</sup>lt;sup>a</sup> Two-clasp Ia., or first-grade schmaschen gloves, are offered at the same price as IIa., or second-grade lambskin gloves.

# THE MILLAU, FRANCE, CHAMBER OF COMMERCE, GIVES COST OF MAKING LAMBSKIN GLOVES IN FRANCE.

MILLAU, FRANCE, February 1, 1909.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: The chamber of commerce of Millau, France, in the interest of the glove manufacturers of this city, takes the liberty of addressing you on the revision of the tariff, and herewith give you the detail of the cost of the making of lambskin gloves made in this city and exported to the United States.

It would appear that the duty, as actually in force, is already very high and does not need to be increased, as it has been quite sufficient to permit the industry of glove making to be developed very rapidly

and to a very large extent.

The tariff now in existence on men's gloves is certainly too high, as in some articles it is even more than 80 per cent. A men's pique and embroidered glove of a very good quality of lambskin can be made in France at 30 francs per dozen, and even a good quality at 27 francs per dozen, and the actual duty on this glove is \$4.80 per

dozen, which actually makes 89 per cent duty.

The duty on ladies' gloves is less than on men's gloves, and, not-withstanding this, the manufacturing of ladies' gloves in the United States has constantly increased every year in quantity and has improved considerably as well in quality, and it would seem entirely unnecessary to increase this duty, which has been and is sufficiently high to permit the extensive development of this industry in the United States; and this would consequently prove that a reduction of duty on men's gloves could be easily made without causing any injury to the industry of making gloves in the United States.

There further exists in the present tariff an anomaly, which is unjust and illogical, and that is the payment of duty on gloves finished

with various embroideries.

An embroidery made on the well-known machine and called Brosser, and which costs 1 franc, or 20 cents, per dozen, pays no

additional duty.

The embroidery known in the trade as Paris points, costing but 1.15 francs per dozen, or 23 cents, which means an actual difference of 3 cents per dozen between these two embroideries, and yet this latter embroidery known as Paris points is subject to 40 cents additional duty. In other words more than 1,300 per cent additional duty is assessed on the actual increased cost of this embroidery.

Another embroidery known in the trade as three rows embroidery costs 1.75 francs per dozen, or 35 cents, which is an increase of 0.75 franc, or 15 cents, on cost over the three rows embroidery, and is subject to the additional duty of 40 cents per dozen. In other words almost 300 per cent on the additional cost of this embroidery.

The present tariff also imposes 40 cents additional duty on gloves

pique sewed; this, also, is unjust.

Gloves which are sewed and known in the trade as overseam do not pay any additional duty, whereas gloves pique sewed which cost only 2.50 francs, or 50 cents per dozen, which is an increase of 1.30 francs, or 26 cents, per dozen more than gloves sewed overseam, pay

the additional duty of 40 cents, which means 150 per cent duty on the. increased cost.

The injustice of the additional duty for embroideries and pique sewed gloves is so apparent that we request that these duties be elimi-

nated entirely.

In view of the logical reduction that we request on gloves, it may be well to reduce at the same time the duties on finished and dyed leathers which are used by the American glove manufacturers, and which can not be produced in the United States, and which the American manufacturers therefore are obliged to import (a fact admitted by the Hon. L. N. Littauer, as representative of the American glove manufacturers, in an interview before the Ways and Means Committee). The reduction of the duty on these skins would compensate the American glove manufacturers for any reduction of

duty on gloves.

A question of the very greatest importance for the United States is to have the duty so adjusted as to produce greater revenues. It is certain that with a lower duty gloves will be sold to the public at lower prices, and consequently consumption will increase, and with it the revenue of the United States. Since a reduction of duty on finished leathers can be accorded to American glove manufacturers, they would be as fully protected with a lowered tariff as they are with the present tariff schedules. This reduction on finished leathers can be made without causing the slightest injury to any one in the United States, for the reason as aforesaid that the small skins used for glove making can not either be tanned or dyed in the United States, notwithstanding the duty which has existed on these leathers for many years, which fact has been recognized by Mr. Littauer.

Referring to the interview, before the Ways and Means Committee. of Mr. Littauer, he stated that the present duty on men's gloves is about the same as under the Wilson bill, which in itself was already higher than the McKinley bill. He furthermore states that the importation of men's gloves fell from 127,000 dozens to 62,000 dozens on account of this higher tariff, and at the same time he states that the importation of men's gloves has increased to 108,000 dozens. It is quite apparent therefore that since the increased tariff reduced the importation that this latter increase of importation to 108,000 dozens was not caused in any way by the tariff, but exclusively by the increase and larger volume of business.

Allowance furthermore must be made that the consumption of gloves in the United States has constantly increased since 1893 (at which date Mr. Littauer states that the importations of men's gloves were 127,000 dozens); it would seem therefore very clearly established that in proportion to the consumption of gloves in 1893 and the year 1908 the importation of 108,000 dozens means a very large reduction in the importations. In other words, the high tariff assessed on men's gloves has prevented the importation of men's gloves from increasing and has been the cause of reducing the same, since the importation has not increased, whereas the consumption has very materially increased.

This demonstration is a proof that Mr. Littauer's argument that the duties can be increased on articles of luxury without causing any diminution in the importations is not correct, since the importation of men's gloves compared with the increased consumption has materially been reduced, which can only mean decreased revenue for the United States.

To impose duty on gloves according to their length is not logical. It would be more logical to impose duties according to the value. However, we wish to insist that we prefer the maintenance of specific duties.

Mr. Littauer, during the interview before the Ways and Means Committee, made a proposal of changing the schedules of duties by imposing a certain tariff on gloves 11 inches long, and for each inch of additional length an additional sum of 50 cents per dozen should be paid. In the first place, the average length for short gloves for years has been 2, 3 and 4 button length, frequently made with but one button, and it would not be logical nor fair to impose a different rate of duty on these lengths, for the reason that small skins which, as recognized by Mr. Littauer, are used in the making of ladies' gloves as a general rule can not give a greater production in number of pairs in these short lengths if these small skins are used for 4 buttons or for 2 buttons; if, for the latter, it is simply a loss of product, and the cost in leather of these various lengths is about the same.

If therefore a duty were imposed based on this proposition of Mr. Littauer increasing the duty with each inch in length, it would be absolutely unjust, because a glove of 6 or 8 buttons in medium or cheap qualities would pay a much higher duty than a short glove, notwithstanding the fact that the value would be greatly less than a 2-button glove. Supposing that both these lengths gloves were made of the same quality of leather, a 6-button length would cost only 1.50 or 2 francs per dozen, or from 30 to 40 cents, completely finished, more than the 1-button, the increased and supplementary duty would be \$2.50, against the small difference of 40 cents increase on cost, the injustice of which is clearly apparent.

As a general rule, the cost of short gloves, ranging from 2 to 6 button length, is about the same. Arriving at the length of 8 buttons or more it is evident that the length necessitates more leather, particularly from 12 and 16 buttons upward, and naturally these gloves cost more, and since it would be logical to have the gloves pay duty according to their value, it is quite apparent that an 8-button glove should pay more duty than a short glove, and that a 12-button should pay more than an 8-button, 16-button more than 12, 20 and 24 but-

ton more than 16 buttons.

Since the present tariff imposes a greater duty on 8-button length, are still greater duty on 12 and 16 button lengths, it is evident that the present schedule is justified in the proportion to short gloves. To be fair and logical, therefore, the same principle of length as now exists in the present schedules should be maintained without change.

The more so that gloves having 1 or 2 inches greater length have no greater commercial value; for that reason, for instance, an 8-button glove cut 1 or 2 inches longer could not be sold for a higher price; a 12-button glove, cut 1 or 2 inches longer, could not be sold for any greater price than if it were cut only 12-button length. For commercial usage in the glove business the lengths established are: Short gloves, then 8-button, 12-button, 16-button, 20-button, 24-button.

Let us examine further the proposition of Mr. Littauer to apply the duty on the basis of gloves of 11 inches length with 50 cents increase for each inch of length. The present rate of duties on glace gloves is: \$2.50, under 13 inches; \$3.50, from 15 to 17 inches; \$4.50, above 17 inches.

These lengths are measured by using the American inch in measuring the gloves from finger tips to its opposite extremity, which is absolutely unfair, because a glove of size  $5\frac{1}{2}$  is inevitably a shorter glove than the same style in size  $7\frac{1}{2}$ . If therefore in future the duty should be applied as at present, according to certain lengths, the measurement should be taken from the base of the thumb to the top of the glove, which in the glove industry is called length of rebras, and which is also used in the glove business to designate the length of glove wanted by the consumer, who has never been known to ask for a glove of 17 inches long, but, instead, asks for an 8-button glove, which simply means 8 buttons or 8 inches from the base of the thumb to the top of the glove.

Furthermore, it would only be just to measure the length of gloves according to the French glove rule and not the American inch, the French glove rule being used in the making of gloves in all countries,

including the United States.

The comparison of these two lengths is as follows:

American inch.	French glove rule.
Incher. 12 18 24 30 36	Inches.  11½ 16¾ 22¾ 28 33¾

According to the proposition made by Mr. Littauer, it would result that in the same articles and lengths of gloves the small sizes would pay one rate of duty and the larger sizes another rate of duty. The following illustration will show the complication and injustice of this proposition:

	Size 7½.		Size 51.	
	Inches.	Additional duty.	Inches.	Additional duty.
2 and 3 button 4-button 6-button 12-button 16-button	118 128 14 1 168 207 25 1	\$0.50 1.00 2.00 3.00 5.00 7.50	105 115 115 115 115 115 115 115 115 115	None. \$0.50 1.50 2.50 4.50 6.50

This additional duty on 16-button gloves of \$7.50 would mean on gloves of 65 francs per dozen value fully 53 per cent additional duty, without allowing for the rate of duty to be fixed, according to Mr. Littauer, on gloves of 11 inches, which, of course, would be additional and would increase the percentage on duty.

and would increase the percentage on duty.

The duty at present in force on ladies' gloves of so much per dozen applied, according to the various commercial lengths, is equitable, and the only change the American glove manufacturers

GLOVES. 7139

could reasonably ask would be a slight increase of duty on 16 and 20

button lengths and 24 and 30 button lengths.

Mr. Littauer furthermore draws the attention to the average percentage of duty paid, which according to his figures, was 43 per cent on short gloves and only 31 per cent on gloves over 8 button length. It is absolutely necessary to make allowance for the tremendously increased prices of all gloves during 1906 and 1907, and the early part of 1908, increased value of leather which has since declined as well as the price of gloves, so that the present schedules of duty on length over 8 buttons would certainly be not less than 40 per cent average, or, practically speaking, the same as the average on short gloves.

We can but repeat that with an increase of duty gloves will be sold at higher prices to the public, and the consumption and importation can only decrease, and the amount of revenue collected can

only decrease in the same proportion.

Since the industry of making gloves in the United States has constantly increased and very materially so it can only continue to grow, and there is no reason to increase the duty, many reasons as explained above to decrease the same, at the same time decreasing the duties on the finished skins, all of which can only tend to increase consumption and to increase the revenues of the Government, in giving at the same time to American glove manufacturers as much protection as they now or ever have had.

COST PRICES OF WORKMANSHIP OF LAMBSKIN GLOVES MADE IN MILLAU AND EXPORTED TO THE UNITED STATES.

	Cutting.	Sewing.	Total.
Ladies' 2-clasp lamb overseam, Brosser embroidery Ladies' 6-button Biarritz overseam Mosquetaire 8-button overseam Mosquetaire 12-button overseam Mosquetaire 16-button overseam	3.90	Francs. 4.60 2.50 5.95 5.95 5.95	Francs. 8.10 6.40 10.70 11.70 12.70

Respectfully submitted for your kind and valuable consideration.

[SEAL.] PAUL FABRE,

President of the Chamber of Commerce of Millau.

Aîmé Buissard,

Secretary of the Chamber of Commerce.

CHICAGO GLOVE IMPORTERS OBJECT TO THE PROVISIONS OF SCHEDULE OF RATES SUGGESTED BY THE GLOVE MANUFACTURERS' ASSOCIATION OF UNITED STATES.

CHICAGO, ILL., January 27, 1909.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: We, the undersigned importers of the city of Chicago, desire to refer to the recommendations of the Glove Manufacturers' Association, of Gloversville and Johnstown, N. Y., as to

the duty on leather gloves and to enter our most eriphatic protest

against its adoption by your committee.

The attached statement of the present and proposed rates on gloves will illustrate the practical operation of the proposed schedule as applied to ladies' gloves. The rates contained therein are increases over the present rate of from 33 to 385 per cent and will approximate 60 to 90 per cent ad valorem on ladies' kid gloves, 75 to 100 per cent on ladies' lamb gloves, and 100 to 150 per cent on ladies schmaschen gloves.

Further, it would mean the levying of a tax upon every woman

who wears leather gloves of from 33 cents to \$1.15 per pair.

Such advances are in direct opposition to the wishes of the people of the United States, who have declared themselves emphatically in

favor of reductions in the present rates of duty.

We therefore urge your committee to disregard the recommendations of the glove manufacturers, who we believe have ample protection under the present act, and to incorporate in the new law no higher rates nor any change in the phraseology of paragraphs 439 to 444 of the present act.

> Marshall Field & Co. Carson, Piril, Scott & Co. John V. Farwell Company, By John V. Farwell, *Treasurer*. Mandel Brothers.

#### EXHIBIT A .- Ladies' leather gloves.

	Present duty on—						
Actual measurements.	Schmas- chen.	Lamb suede.	Lamb glace.	Kid.	Proposed rates.		
2 button, 11 inch 3 button, 1½ inch 6 button, 14 inch 8 button, 16 inch 12 button, 20 inch 16 button, 24 inch 20 button, 30 inch	1.75 1.75 2.25 2.75 2.75	\$2.50 2.50 2.50 2.50 3.50 3.50 3.50	\$2.50 2.50 2.50 3.50 4.50 4.50 4.50	\$3.00 3.00 3.00 3.75 4.75 4.75 4.75			

#### PROPOSED AMENDMENTS TO GLOVE SCHEDULE.

The following are the proposed amendments to the glove schedule prepared by the Glove Manufacturers' Association, of Gloversville and Johnstown, N. Y.:

[Paragraph 439—paragraph as amended or reconstructed.]

Gloves.—Made wholly or in part of leather, whether wholly or partly manufactured, shall pay duty at the following rates, namely: On gloves not exceeding 11 inches in length, \$4 per dozen pairs; on gloves exceeding 11 inches in length an additional duty of 50 cents per dozen pairs for each inch or major portion of an inch in excess of said 11 inches, the length in each case being the extreme length when stretched to its full extent.

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## LUCIUS N. LITTAUER, GLOVERSVILLE, N. Y., WRITES RELATIVE TO WOMEN'S AND CHILDREN'S LAMBSKIN GLOVES.

Washington, D. C., February 18, 1909.

Hon. SERENO E. PAYNE, M. C.,

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

My Dear Mr. Payne: I trust there will be no change in the rates

of duty covering men's gloves.

On women's gloves there are but two items which are of essential and vital importance if protection is to be granted so that the women's glove industry may start. They are the items in paragraphs 441 and 443, which concern women's and children's lambskin gloves, either glace finish or with exterior grain surface removed, not over 14 inches

in length.

The Dingley rate on both these items is \$2.50. This must be changed to \$4, the same as on men's gloves. These are the only two items of the ladies' schedule that concern us. All the rest are secondary and of no importance to the American workingman or manufacturer. We care not for the classification of schmaschen gloves. We care not for the rates that are placed on long gloves, but we do care for these two items of women's lamb and sheep gloves, and if they be placed at \$4 the result will be similar to what has happened under protection on men's gloves, the importations will continue, the revenue will be increased, and the American industry established.

We appeal to you to grant us what is essentially necessary of these

two items.

Faithfully, yours,

Lucius N. Littauer, Gloversville, N. Y.

## GOLDSCHMIDT BROTHERS COMPANY, NEW YORK CITY, IMPORT-ERS, CLAIM THAT THE SUGGESTED DUTIES FOR GLOVES WOULD BE PROHIBITIVE.

514-516 Broadway, New York, February 6, 1909.

Hon. SERENO PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

Sin: Kindly permit me to address you in relation to prospective changes in the tariff on leather gloves now under consideration by

your committee.

Having been engaged in the business of importing gloves at this port uninterruptedly since the year 1867, I have lived through several tariff changes and therefore believe I am competent to form a fairly reliable opinion on the subject, especially as regards the article in which I am chiefly concerned.

which I am chiefly concerned.

I may say at once that I am in favor of a protective tariff, a tariff which properly protects American industries. I believe it would be better to have the rates of duty a little higher than is necessary for protection, than to leave them just a trifle below the safe line of demarkation.

I learn however from newspaper reports that the association of American glove manufacturers is urging upon your committee such extraordinary high rates of duties on leather gloves that, if they should become law, they would virtually prohibit the importation of women's schmaschen gloves, which is the glove of those who are obliged to live economically, a discrimination which I am sure your committee would not tolerate.

Permit me to illustrate: The present tariff as far as leather gloves are concerned is purely specific, but it is so constructed that the specific rates for women's gloves not over 14 inches in length (which is the ordinary length, except when dresses with short sleeves are fashionable) equal nearly 50 per cent of their foreign market value.

These rates are:

On women's schmaschen gloves, plain, not over 14 inches, \$1.75 per dozen.

On women's lambskin gloves, plain, not over 14 inches, \$2.50 per dozen.

On women's goatskin gloves, plain, not over 14 inches, \$3 per dozen. The additional rates of duties for three-strand embroidery, pique

sewing, lining, etc., need not be considered in this connection.

The statement that the above rates practically equal 50 per cent of the foreign market value of the article will be borne out by an examination of glove entries at the custom-house. The present average price of women's schmaschen gloves in the foreign market is about 15 marks per dozen, at the rate of 23 % cents for the mark, equal to \$3.57, which at the rate of 50 per cent would yield a duty of \$1.87\$, as compared to the present specific rate of \$1.75.

If it were conceivable that a new tariff would raise the duty on this glove to the figure which the American glove manufacturers are reported to urge upon your committee, namely to \$4 per dozen pairs,

it would be equal to an ad valorem duty of 112 per cent.

On lambskin gloves it would be equal to about 80 per cent ad valorem and on goatskin gloves to about 58 per cent. Thus it is plainly evident that those who can least afford it would have to pay the highest duties, nearly twice as much as the well-to-do would have to pay.

It will probably be urged that the schmaschen glove is without merit and that it would be a benefit for the poor and those economically inclined if the law would take care of them and prevent them

from spending money on a worthless article.

That this is a false proposition is easily proved by the fact that there is a large and increasing demand in spite of the prejudice which interested parties have sought to create against this kind of glove.

The schmaschen glove will serve well the purpose of those who wear it. It will last as long as a lambskin glove, even though it may not fit the hand quite as snugly, but it will give the desired effect and finish to the dress. Moreover, there is absolutely no substitute for this glove. Nowhere outside of Germany has the schmaschen glove been manufactured with any degree of success.

The cost of labor on this glove in Germany is approximately \$1.85 per dozen pairs. This includes 25 cents for general expense, but it does not include the cost of tanning the skins. Assuming the cost

of labor and expense in this country to be twice as large as in Germany, it would seem that the present specific rate of duty of \$1.75

would be fully protective.

In the case of schmaschen gloves, however, it is not so much a question of protection of American labor, because it will be found impossible to manufacture this glove here even under a tariff of

more than twice as high as the one now in force.

It must be admitted that the present rates of duties on leather gloves of the ordinary length are just and equitable and that no good reason exists why they should be changed. The present additional rates for embroidery, pique sewing, lining, etc., are somewhat higher than is necessary, being more than 50 per cent of the cost of labor and material required to produce them.

On the other hand, it seems to me that the present rates of duties for gloves longer than 14 inches could be somewhat increased, per-

haps as follows:

On women's schmaschen gloves 25 cents per dozen for each addi-

tional inch above 14 inches.

On women's lambskin gloves 30 cents per dozen for each additional inch above 14 inches.

On women's goatskin gloves 35 cents per dozen for each additional

inch above 14 inches.

The tariff in force has been and is now working satisfactorily. The government obtains from it a large revenue, at least as large as from any of the former tariffs; American manufacturers are prospering under it, and importers are able to exist and to supply to the market gloves which can not be made here in the same perfection, beauty, and elegance, or are not made here at all, as in the case of schmaschen gloves. There is a large enough and growing outlet in the American market for all—for the manufacturer as well as for the importer—and there is no need for either to seek to undermine the existence of the other.

I beg to apologize for occupying so much of your valuable time and to thank you if you should deem my views worthy of your consideration. Any information which I may possess I hold cheerfully

at your disposal.

Very respectfully, your most obedient servant,

DANIEL GOLDSCHMIDT.

## HARNESS AND SADDLERY.

[Paragraph 447.]

L. KIPER & SONS, OF CHICAGO, ILL., THINK THE PRESENT DUTY ON SADDLERY SHOULD BE MAINTAINED.

Corner of Congress and Peoria Streets, Chicago, November 19, 1908.

The Ways and Means Committee,

United States Congress, Washington, D. C.

Gentlemen: Referring to the import duty on manufactured harness, saddles, and kindred goods, in view of the fact that labor for

that class of work receives more than twice as much pay in this country than in England, we believe that the present duty should be

maintained in order to protect American workmen.

We are not vitally interested in this proposition, as we make but few goods such as are made abroad, but for reasons given we desire to enter our protest against a reduction in the existing tariff rate.

Respectfully,

L. KIPER & SONS.

## THE SMITH-WORTHINGTON COMPANY, HARTFORD, CONN., ASKS FOR HIGHER DUTIES ON ALL HORSE EQUIPMENTS.

HARTFORD, CONN., November 24, 1908.

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

Gentlemen: We are strongly opposed to any reduction of the present tariff of 45 per cent on saddlery goods. With this duty in force we can produce the finer grades of leather goods in competition with England only to a limited extent. We now import quantities of saddlery, being forced to do so because of the difference in cost, being able to purchase lower in England than we can manufacture here. We have been striving for some years to produce the goods that we import, but with only 45 per cent protection we find it impossible.

With a higher tariff a large proportion of the goods now imported could be manufactured here. The mechanics are here to do it. The finest work is produced here, but the quantity is limited mostly to special work, while the larger quantity is imported. The saddlery trade has never been sufficiently protected so the bulk of the better grades could be manufactured here. We can import finished saddlery goods at 45 per cent duty, but when we import some of the materials for manufacturing this line, such as wool serges, etc., we have to pay 50 per cent ad valorem and 44 cents per pound specific, equaling 142 per cent. This favors importation of the finished product. The difference in wages paid in England and in this country can not be

successfully overcome with this 45 per cent duty.
United States Consul Halstead, in his Birmingham report on wages, as published by the Department of Commerce and Labor in Daily Consular Reports of July 13, 1905, says regarding English saddlers: "None of them are half paid, considering the quality of work produced and the excellent workmanship. A very good man on the best work, under favorable circumstances, earns \$9.73 to \$10.94 per week." The foreman of a large English shop (recently arrived in Hartford) states saddle and harness makers now earn \$1 to \$1.17 per day in England. In this country their wages are \$2.50 to \$3.50 a day. In England the hand stitching is done by girls earning \$2.67 to \$2.91 per week—see Consular Report of July 13, 1905 while here this work is done by men averaging \$14 per week. This shows the low wage in England, and if the 45 per cent duty is reduced it will stop the manufacturing of these finer goods in this country and affect labor materially. It is fair to say that journeymen here get more than twice as much as in England, and hand stitchers four to five times.

SADDLERY. 7145

If the present tariff is left undisturbed we can continue to produce a limited quantity of the better grades of English styles; but the larger quantity will continue to be imported to the detriment of the

American manufacturer and the American mechanic.

The goods we speak in favor of are the better grades of saddlery, all hand made, fine quality; in fact, as used by the consumers who demand and must have the finest that can be produced so it can readily be seen the retention of the present duty would bring no hardship to that class of consumers.

In closing we desire to advocate a higher duty than 45 per cent in order to develop the saddlery industry—thus enabling manufacturers to produce the better goods, and giving more work to American mechanics. We request your favorable consideration of this idea.

Respectfully submitted.

The Smith-Worthington Company, Charles A. Rogers, Secretary.

## STATEMENT MADE BY E. J. BAKER, GENERAL PRESIDENT OF LEATHER WORKERS' UNION RELATIVE TO SADDLERY.

Saturday, November 28, 1908.

Mr. Baker. Mr. Chairman and gentlemen of the committee, we have come here for the simple reason that during the last Congress there were appeals introduced to reduce the present rate of 45 per cent, which is merely a protective tariff to the wage-workers. In fact, it does not protect us in competition with English mechanics.

I will quote from the Daily Consular Report a report by Mr. Halstead, United States consul at Birmingham, England, whom I requested to get me the wages paid to leather workers in England.

#### WHOLESALE SADDLERS.

Brown saddlers work fifty-six hours per week at piecework and their wages are based on a long and intricate scale or list brought out by the society (labor union). None of them are half paid considering the quality of work produced and the excellent workmanship. A very good man on the best work under favorable circumstances earns \$9.73 to \$10.94 per week.

Saddlers making general and middle-class saddles earn from \$7.29 to \$8.50 per week, but sometimes for certain markets which give, as does South Africa, big orders for some kinds of saddles with little finish a quick worker can make

as much as the better class worker referred to.

Commoner quality workers can make from \$7.29 to \$8.50, because they can

work away without much measurement or thought, etc.

Sidesaddle hands average the same as workers on men's saddles. They can not make as many sidesaddles per week, but make higher prices per saddle.

The foregoing are wages for goods known as "factory made." While in some few factories there is no piecework, and the employees are paid so much a week, the results are practically the same.

A London factory man earns from \$1.21 to \$2.43 more a week, owing to

increased cost of living there.

#### RETAIL SADDLERS.

In London and the country towns throughout Great Britain the all-round man employed on fine retail saddles commands the highest wages, and by an all-round man is meant a man who is of more use in a saddler's shop than the man who can make a saddle only. Men of this class come in a different wage category and are worth \$14.59 a week, and perhaps more. In the Walsall

district a saddler only makes the saddle. Some of the lighter portions of the work, such as the stitching, etc., are done by women, and these women earn from \$4.86 to \$6.07 a week, according to ability and the amount of work that is forthcoming.

By gig saddlers are meant makers of saddle pads for harness of all kinds. The foreman gig or black saddler gets from about \$8.50 to \$12.16 a week, day work; \$12.16 commands the service of a good man, while an inferior man earns no more than \$8.52. The foreman selects the material and cuts out, etc., taking the responsibility for the work being done properly. He knows how to select the leather and cut it economically. A black saddler fits up at piecework prices and earns about \$8.74 a week.

Panel makers, at piecework, net about \$6.07 a week. Women stitchers on best work earn at piecework \$3.64 to \$4.37 a week, according to aptitude and

ability.

#### HARNESS MAKERS.

Cutters, day work, fifty-four hours per week, average about \$9.73. A few get \$12.16 to \$14.59 on account of ability. A foreman and supervisor of the shops gets from \$9.73 to \$24.33 per week, day work, according to ability, number of hands employed, and class of work turned out. Preparers and finishers get about \$7.79 to \$17.77 for fifty-four hours. If harness makers are on best work and trade is good, they get \$1.21 to \$3.64 per week more, according to the class of work they are engaged on.

Women hand stitchers, working fifty-four hours, get, if trade is fairly good and they work steadily, \$3.64 a week without much trouble, but there are few who actually earn more than \$2.91. A girl is content to earn \$2.67 to \$2.91, but a widow will earn \$3.64 to \$4.37. This is on best work, the women stitchers

taking heavy and light together.

Women machinists, using sewing machines, earn \$3.64 to \$4.37 per week, according to the class of work. There are no men stitchers in Walsall, but in London retail shops the stitching on the best harness is done by the harness makers, the work being less subdivided in London than in the wholesale manu-

factories in the provinces. There are no men machinists.

The following weekly wages are for men and women who have learned their trades: Women stitchers in harness and saddlery trades, \$2.67 to \$3.64; bridle cutters, men, \$5.83 to \$7.77; gig saddlers, men, \$6.68; riding-saddle makers, gentlemen's work, men, \$6.80 to \$7.30; side hands, \$7.77 to \$10.94; purse makers, men, on saddle-style stuff, \$5.83 to \$7.77, and turned edge, men, \$7.29 to \$9.23; bag makers, including trunk and suit-case making, \$8.26 to \$9.73.

The figures given are for journeymen. There are, of course, apprentices in all these trades, and in some of them disproportionate numbers, depending on

the strength of the labor unions.

Stitching is largely done by learners, girls from 14 to 17 years of age. Their wages I shall not go into, as I know very little about them. I am not able to give you a printed list for the various trades; if I did have a list I fear the prices would not be authentic at the present time. Work is slack now, and in many cases men are working for altogether insufficient sums, not being able to get full-time work, but so far as possible the figures I give you are what would be earned in ordinary times. I happen to have a very good knowledge of what workers can earn here and in the United States. In my opinion a man can not produce as much work per week here as can a man of equal caliber in the United States, and women stitchers here are not able to do as much work as male stitchers in the United States. To the best of my knowledge women are not employed in these trades to any great extent in the United States.

I will simply say that the present 45 per cent does not cover the difference in wages. I have here a report which I sent out to my organization, which was taken up last summer, not with the intention of using it here, but merely as information for my own organization. This is from 41 different cities throughout the country, including the common mechanic that works in the cheap shops and the factories.

During the month of June statistical blanks were sent to each local for the purpose of obtaining information upon which to base a report to the jurisdiction as to the condition of wages, hours, apprentices, and other matters, and to have a record here in the office for use as

a source of information to be used by the executive officers when they had any question to decide where such matters were involved. Not only were these facts to be a source of information to the jurisdiction, but also were to be a reference in shaping the future policy of the brotherhood. But for some reason or other only 51 locals saw fit to fill out the blanks; 46 did not. Now, this places us in a position to be able to report on a little over one-half, which is a very bad showing. If information is to be given out from this office we must receive the cooperation of all the locals to make it complete and have it of some value.

Fifty-one locals report a total of 2,380 U. B. men, 50 locals report a total of 3,841 journeymen in the cities, 51 locals report a total of 1,545 non-U. B. men in the cities, which shows that there is room for a large amount of work in the way of getting new members to

be done by the locals in their own localities.

Forty-four locals report 309 apprentices. The total members reported by the 44 locals was 2,034, or an average of 1 apprentice to 61 men. In some locals the average is above the ratio of 1 to 10 set by our constitution, but as a rule it is below. Forty-six locals report 95 wholesale factories and 49 locals report 974 retail shops. Twenty locals have 22 agreements with wholesale factories and 24 locals have 126 agreements with retail shops. Twenty-one locals do not allow overtime; 25 locals allow overtime. Of these, 16 demand time and one-half; 2, time and one-quarter; 7 do not demand anything extra. Forty-seven locals report 1,274 men working piecework; 4 locals have no pieceworkers; 51 locals report week workers. All locals give the spring and fall as the busy seasons with a few exceptions. one locals report on hours employed per week, which gives an average of 573. Twenty-five locals report 60 hours; 4, 59; 3, 58; 1, 57; 1, 56; 2, 55; 13, 54, and 2, 53. This great difference in the hours employed is one of the causes of a great amount of dissatisfaction, as the locals that secure the shorter hours are in direct competition with those working longer hours, and they are held back and can not secure an advancement of wages, as their products must be put on the market to compete with those made in the factories working long hours.

Forty-one locals report on the number of days employed per year, which runs from 225 to 312. The average is 241 days per year.

Locals reported average wage-working piecework as follows:

45	locals, harness makers	\$13.66
34	locals, collar makers	14.00
27	locals, saddle makers	17.00
11	locals, gig makers	14.59
	locals, harness cutters	16.43
45	locals, machine operators	
27	locals, saddle cutters	16.69
31	locals, collar cutters	15.44

Forty-one locals reported an average increase of wages since they were organized of 17 per cent. The lowest was 5 per cent and the

highest 33\frac{1}{3} per cent.

While these figures are incomplete on account of the number of locals not reporting, they will give the members an idea of the trade throughout the country. It is to be hoped that we will receive better cooperation in the future when a matter of this kind is taken up.

You can see that the difference in wages between England and here is such that the 45 per cent does not even cover the wages alone.

Take, for instance, a man in New York who is making fine work. He will get \$16 for making a pair of fine coach bridles. He will make those in five days. A man on the same class of work in England, where the minimum wage is about \$8 a week, or, we will say he is a better class workman and gets 40s. or about \$10 a week, will make those same bridles in five days.

There you have the same goods produced for \$10 that cost us \$16 here, even for the labor alone. And add 50 per cent on that \$10 and you have got the best of the American mechanic, the English have, at that, not counting a word about their sending goods in here under value and the different tricks that they use, which have been followed up by the Treasury Department. In that connection, I will say that an agent of the Treasury Department made an investigation about three years ago, largely at my request; he examined into what was being done at New York, Boston, Philadelphia, and other ports.

Now, the cities that are brought in direct competition with the English mechanics are Hartford, Newark, New York City, Philadelphia, Boston, Charleston, and Wheeling, W. Va. The average wage for a harness maker in those cities is about \$15.08; the average wage for a collar maker is \$17; the average wage for a saddle maker is \$17.25; the average wage for a gig saddle maker is \$16.60; the average wage for a harness cutter is \$16.26; the average wage for machine operator is \$16.57; the average wage for a saddle cutter is \$15, and the average wage for a collar cutter is \$15. I have here a table showing the average wages of all these workers.

Average wages of different branches of the harness trade in eastern cities.

	Averag	Average wages of pieceworkers.				e wages o	of week w	orkers.
	Harness maker.	Collar maker.	Saddle maker.	Gig saddle maker.	Harness cutter.	Machine operator.	Saddle cutter.	Collar cutter.
No. 60, Wheeling, W. Va No. 79, Hartford, Conn No. 91, Newark, N. J No. 95, New York City No. 100, Philadelphia. Pa No. 105, Boston, Mass No. 127, Charleston, W. Va.	12.00 16.50 18.00 17.00	\$12.00 12.00 18.00 21.00 21.00 18.00	\$15.00 18.00 18.00	\$12.00 17.00 13.00 18.00 18.00	\$18.00 15.00 18.00 17.00 17.00 18.00 15.00	\$15.00 16.50 20.00 18.00 18.00 15.00	\$15.00 16.50	\$15.00
Average.	15.08	17.00	17.25	16.60	16.28	16.57	15.00	15.00

Mr. Baker (continuing). The great opposition that our trade has is the work done by girls on the other side, where we have to have a man. Our man would be getting from \$13 to \$16 a week as a stitcher, and the same work is done, on saddles and riding bridles, by girls who get according to this report, from \$2.65 up to \$3.50 a week.

That has been proven by a harness that was brought in by a firm that I worked for in New York City. I want to say, gentlemen, that I know these things because I have worked in New York City at the bench since 1868, and I know what I have been up against. That was a fine harness, and the stitches and buckles in that harness alone would cost more in New York City than the whole thing did landed from England, and I paid 45 per cent duty.

The CHAIRMAN. Notwithstanding all that, we export \$670,000

worth and import only \$160,000 worth.

Mr. Baker. But if you will notice the exportations are almost entirely to the Philippine Islands and such places.

The CHAIRMAN. No, these figures are for our whole exports and

imports.

Mr. Griggs. You say the working girls on the other side are in your way?

Mr. BAKER. Yes, sir.

Mr. Griggs. What are you going to do with the working girls on

Mr. Baker. We have had girls in Hartford stitching that made \$8, \$9, and \$10 a week. We do not propose to starve our girls over here and let them do the work in England.

Mr. Griggs. No, I do not; but I know they always work cheaper

than men are willing to work for.

Mr. Baker. We know that. We expect that. But we want our American girls to do that instead of having it done over there, and we want to give our American mechanics enough wages so that they can take care of the girls and not make it necessary for the girls to go to work to help support the families.

Mr. GRIGGS. You want this duty of 45 per cent?
Mr. Baker. We would like to have it 60 per cent, and then we

can put more men to work.

A shop in New York City used to employ some 45 or 50 harness makers, and he took his patterns to England and had a big lot brought over, and all ready to put the buckles in, so if you wanted a silver-mounted harness or a brass-mounted harness he could put the buckles in in a couple of days.

The CHAIRMAN. The importations for the last ten years have

amounted to about \$150,000 a year-

Mr. Cockran. And the exports to about five times that much.

The CHAIRMAN. Yes.

Mr. Baker. But the exports are mostly harness of the cheaper

grades.

The CHAIRMAN. Well, how about the imports? One hundred and fifty thousand dollars is a very small percentage, compared with our whole consumption in the United States.

Mr. Baker. You must remember, Mr. Chairman, that the imported English goods are used almost exclusively in the East. A few of

them get as far west as Chicago-

The CHAIRMAN. It doesn't make any difference where they are used; that is all that came in, according to the government reports.

Mr. Baker. I know, and if you were acquainted with the trade you would know that the English imported harness is used almost entirely in Boston, New York, Philadelphia, and that section of the country.

Mr. Griggs. Is that a finer harness than we make?

Mr. Baker. Yes; we can make it, but to compete with them we

have to do the stitching by machine, where they do it by hand.

Mr. Dalzell. That harness would come in anyhow, would it not? People who buy that kind of harness would buy it, no matter what

Mr. Baker. It is a luxury.

Mr. DALZELL. I know it is, and people that use that kind of harness would not have anything else, no matter what the cost was. I suppose that that is a fact, is it not?

Mr. Baker. Then let that class pay for it.

Mr. Dalzell. All right.

Mr. Baker. You put the tariff high enough and we will get the

goods.

The CHAIRMAN. The difference in the revenue between a duty of 45 per cent and 60 per cent does not amount to much on this \$150,000 that is imported. I do not see how that would do you any good.

Mr. Baker. It would give us more work for the men in the United

States

The CHAIRMAN. I do not see how.

Mr. Baker. They would get this work, making this harness and saddles—

The CHAIRMAN. That is the whole thing under that schedule, har-

ness and saddles and the whole thing. That is the report.

Mr. Boutell. What factories in this country supply the great southwestern part of our country with harness and saddles, that great section of the country where nearly everybody rides or drives?

Mr. Baker. Most of them come from Chicago, St. Louis, and Cin-

cinnati

Mr. Boutell. Do they manufacture any saddles or harness in that section of the country?

Mr. Baker. In Kansas City we have two good factories, and in St. Louis they manufacture harness.

Mr. CLARK. And in St. Joe.

Mr. Baker. Yes, in St. Joe they have a big factory; and they also

have a big factory in Atchison and one in Leavenworth.

The CHAIRMAN. And there are small factories almost everywhere; every town of any size in the country, I suppose, has a harness factory?

Mr. Baker. When I speak of large factories I mean factories

that employ 40 or 50 men.

The CHAIRMAN. Oh, yes; but the factories make a lot of harness too.

Mr. Baker. But that is only for the local trade.

The CHAIRMAN. But that is a part of the trade, and a very con-

siderable part of the trade.

Mr. Clark. In the sum total of the output of American harness, these small workers that work one or two hands make more than the big factories make, do they not?

Mr. Baker. Not as a rule; no, sir.

Mr. CLARK. But take it altogether. Nearly every town has somebody that makes harness, and if you add all the little fellows together, you would find that altogether they make more harness than the big factories?

Mr. Baker. No; not by a long shot. One of these large factories

turns out more work-

Mr. COCKRAN. Do you not think it is a very prosperous industry as it stands?

Mr. Baker. Prosperous? No.

Mr. Cockran. An industry that supplies the entire wants of the American market, except about \$160,000 worth, and exports \$760.000?

Mr. Baker. We have more men out of work to-day——

Mr. COCKRAN. But you would not get them to work by increasing the cost of production?

Mr. Baker. We would by preventing this stuff coming in from

England.

Mr. Cockran. Preventing \$160,000 worth of goods coming in? You think that that would largely increase the production in the United States? Suppose you shut it all out—

Mr. Baker. It would not shut it all off.

Mr. Cockran. But suppose we did shut out all this \$160,000 worth that comes in now. That would not make a very appreciable difference, would it?

Mr. Baker. You would be surprised how many men it would take

to make that \$160,000 worth of goods.

Mr. Cockran. Your proposition is to increase the tariff? Mr. Baker. No; I am satisfied to have it stay as it is.

## CHARLES A. ROGERS, OF HARTFORD, CONN., ADVOCATES RETEN-TION OF PRESENT DUTY ON SADDLERY GOODS.

Saturday, November 28, 1908.

Mr. Chairman and members, what I have to say I can boil down

into two or three minutes.

I represent the Smith-Worthington Company, of Hartford, Conn., and New York City, manufacturers of saddlery goods, including harness, riding saddles, and all other leather goods pertaining to the horse.

We are strongly opposed to any reduction of the present tariff of 45 per cent on saddlery goods. With this duty in force we can produce the finer grades of leather goods in competition with England only to a limited extent. We now import quantities of saddlery, being forced to do so because of the difference in cost, being able to purchase lower in England that we can manufacture here. We have been striving for some years to produce the goods that we import,

but with only 45 per cent protection we find it impossible.

With a higher tariff, a large proportion of the goods now imported could be manufactured here. The mechanics are here to do it. The finest work is produced here, but the quantity is limited mostly to special work, while the larger quantity is imported. The saddlery trade has never been sufficiently protected so the bulk of better grades could be manufactured here. We can import finished saddlery goods at 45 per cent duty, but when we import some of the materials for manufacturing this line, such as wool serges, etc., we have to pay 50 per cent ad valorem and 44 cents per pound specific, making about 142 per cent. This favors importation of the finished product. The difference in wages paid in England and in this country can not be successfully overcome with this 45 per cent duty.

United States Consul Halstead, in his Birmingham report on wages, as published by the Department of Commerce and Labor in Daily Consular Reports of July 13, 1905, says, regarding English saddlers: "None of them are half paid, considering the quality of work produced and the excellent workmanship. A very good man on the best work, under favorable circumstances, earns \$9.73 to \$10.94 per week." The foreman of a large English shop (recently arrived in Hartford) states saddle and harness makers now earn \$1 to \$1.17

per day in England. In this country their wages are \$2.50 to \$3.50 per day. In England the hand stitching is done by girls, earning \$2.67 to \$2.91 per week (see Consular Report of July 13, 1905), while here this work of hand stitching is done by men averaging \$14 per week. This shows the low wage in England, and if the 45 per cent duty is reduced, it will stop the manufacturing of these finer goods in this country and affect labor accordingly. It is fair to say that journeymen here get more than twice as much as in England, and hand stitchers four to five times.

If the present tariff is left undisturbed we can continue to produce a limited quantity of the better grades of English styles; but the

larger quantity will continue to be imported.

The goods we speak in favor of are the better grades of saddlery, all handmade, fine quality; in fact, as used by the consumers who demand and must have the finest that can be produced; so it can readily be seen the retention of the present duty would bring no hardships to that class of consumers.

In closing, we desire to advocate a higher duty than 45 per cent, in order to develop the saddlery industry, thus enabling manufacturers to produce the better goods, and give more work to American mechanics. We request your favorable consideration of this idea.

You may have noticed that the figures I have given correspond exactly with the figures given by the gentleman who preceded me. I simply want to say that that happens, evidently, because they were taken from the same consular report. I do not want you to think there was any collusion. It just happened that way.

Mr. CLARK. It was accidental?

Mr. Rogers. Yes.

Mr. Griggs. It was a coincidence.

Mr. Rogers. Yes.

Mr. Griggs. What is the annual output of your company in dollars? Mr. Rogers. That is something I would not like to say exactly. Mr. Griggs. In your annual output, you would not undertake to

say?

Mr. Rogers. No; in the trade one manufacturer would not like to say to another one exactly what his output was.

Mr. Griggs. Well, you do not have to answer it if you do not

want to.

Mr. Rogers. I would not like to go on record——Mr. Griggs. Could you give it in round numbers?

Mr. Rogers. Between three-quarters of a million and a million.

Mr. Griggs. That is your annual output?

Mr. Rogers. Not last year, which was a bad year, but when times are good.

Mr. CLARK. You pay 50 per cent and above that for some of your

raw material, as I understand you?

Mr. Rogers. Fifty per cent ad valorem, and 44 cents per pound specific duty for wool serges.

Mr. Clark. How would it strike you to put that on the free list? Mr. Rogers. As far as I am concerned, of course it would suit me. Mr. Clark. Would you be willing to take the tariff off the manu-

factured article too?

Mr. Rogers. No; because the wool serges enter into the manufactured article only to a very small extent. I was simply quoting it as one of the things that we have to pay a great deal for.

Mr. CLARK. What you would like really would be that Congress should pass a law prohibiting any harness from being brought in here at all?

Mr. Rocers. That would give more work to the American work-

Mr. Clark. You have the market now except \$160,000 worth of goods?

Mr. Rogers. The report I got from New York was that the average of the last ten years, imported saddlery goods into the port of New

York, amounted to \$195,000.

Mr. CLARK. But the trouble about that report you have got is that it is not true. We have the government figures here. I suppose somebody has misinformed you—has been "stuffing" you—in popular parlance, "stringing" you or "rigging" you.

Mr. Rogers. I am not quite willing to accept that, because I want

to verify this-

Mr. ČLARK. Does your business cover anything except making

Mr. Rogers. Harness, saddles—everything that pertains to the

Mr. Clark. Do you make ordinary harness for the ordinary consumer?

Mr. Rogers. Yes, sir.

Mr. Clark. Now, how much less would a set of harness cost us, say a set of harness that cost \$25 or \$30 now-a single harness-how much would it come to if this whole tariff business, so far as you are concerned, on your raw materials and manufactured products was

wiped out?

Mr. Rogers. I do not think it would make any difference on the lower class of goods, because English goods are all handmade; they do not have any machines or anything of that kind, and the goods that they send here are all fine goods and do not touch the common goods or come in competition with them at all.

Mr. CLARK. They surely do make cheap goods over there. The ordinary run of people over in England can not use those fine bridles

and saddles, can they?

Mr. Rogers. They are all handmade; that is, figuratively speaking,

they are all handmade.

Mr. Clark. Don't they make any harness over there by machinery at all?

Mr. Rogers. I think not.

Mr. Clark. And could you not afford to put down the price of harness, harness that now costs \$25 or \$30 to, say, \$15 or \$20, if you didn't have to pay any tariff on the raw material or finished product? That is taking an extreme case; that I do not suppose will happen, but what would be your answer?

Mr. Rogers. That is rather a large question to answer offhand. Mr. CLARK. You must have thought about it at some time or other?

Mr. ROGERS. Yes.
Mr. CLARK. The truth about this whole harness business is that the bulk of it is made in small towns, towns of from 1,500 to 2,500 inhabitants. Nearly every town of that size has a harness factory of its own, has it not?

Mr. Rogers. No; I do not understand that that is so.

Mr. Clark. It is strange if that is true where I live it is not true in

other sections of the country.

Mr. Rogers. I will tell you. My information goes to show that the bulk of the harness to-day is made in the large factories. They are sold quite largely to the harness makers scattered over the country. They can not compete with the harness factories, because the harness factories have machines and all the latest appliances that pertain to

Mr. CLARK. Well, all these things come to the small manufacturer and he puts them together, and then he does a business that employs one or two men at all these places. Now, how much of a profit do

you make in a good year?

Mr. Rogers. Well, sir, I can not answer you that question. Mr. Clark. Did you not ever cipher it out?

Mr. Rogers. We know what we make, but the stock of our corporation is owned by seven persons, and we do not tell anybody-

Mr. CLARK. But we want the information, and you are here asking an increase of the tariff, and you are not willing to give us the figures on which such an increase ought to be based?

Mr. Rogers. I am not really, in one sense of the word, asking for

an increase; I am objecting to a reduction.

Mr. CLARK. Well, that comes to the same thing in the end. This committee is charged with revising the tariff, as I understand it, and Congress is engaged in that business, and yet you come here and are not willing to give the facts to inform anybody as to whether you ought to be put up or put down as to rates.

Mr. Rogers. The tariff question, as I understand it, affects only the

fine goods—

Mr. Clark. The tariff question affects the cheap grade of goods more than it does fine goods. I do not care three whoops as to the fine goods.

Mr. Rogers. The fine goods are the only goods that are imported

to any extent from England.

Mr. Clark. There are some of these fashionable people that would buy English goods if they cost ten times as much as American-made goods. They are the kind of people I am not very much interested in in legislating for. They could live no matter what Congress does.

Mr. Rogers. If we could manufacture the goods imported from

England, it would give more work to laboring people.

Mr. Griggs. Let me ask a question right on that point. Your output annually is \$750,000, say? Mr. Rogers. We will call it that.

Mr. Griggs. How many laborers do you employ?

Mr. Rogers. About two hundred.

Mr. Griggs. One hundred and sixty thousand dollars' worth of harness is imported a year. How many laborers would it take, in proportion to the laborers you use, to make that much harness? It would take about one-fifth, would it not?

Mr. Rogers. It figures out that way, I should think; yes, sir.

Mr. GRIGGS. If we fix this duty as you want it, you will be able to put 40 more men to work in the whole United States?

Mr. Rogers. Our industry, I am frank to say, is small compared to a great many of the other industries that have been presented here

to-day.

Mr. Griggs. No; the importations are small. It is not the industry. Your industry is big enough. You have the whole country for your trade.

Mr. Rogers. But it is not as large a business as a great many others. Mr. Griggs. You want us to tax everybody in the United States to enable you to put 40 men to work somewhere in the United States.

Mr. Rogers. I think it would be more than that.

Mr. Cockran. Did you hear the gentleman testify to-day concerning saddlery business, who said so far as the general run of the product was concerned, it was supplied by American manufacturers who could not be competed with by any foreign producers. You heard that, did you not?

Mr. Rogers. I do not know that I did.

Mr. Cockran. You agree to that yourself, do you not? In the machine-made goods, you say the American producers surpass everybody?

Mr. Rogers. Yes, sir.

Mr. Cockran. They have no protection?

Mr. Rogers. No, sir.

Mr. Cockran. The amount you speak of now is that small amount that is used by persons whom Mr. Clark describes as wealthy, who naturally would be more inclined to buy a foreign article anyway?

Mr. Rogers. Some of them would purchase a foreign article any-

way.

Mr. Cockran. You are merely desiring to keep this duty as against the fine goods?

Mr. Rogers. Yes, sir.

Mr. Cockran. You are not applying to maintain this duty against common, ordinary goods?

Mr. Rogers. The common, ordinary goods are not purchased and

brought from England.

Mr. COCKRAN. Therefore they need no protection whatever? Mr. ROGERS. There are not any of them brought in at all. Mr. COCKRAN. They are not even produced here?

Mr. COCKRAN. They are not even produced here?
Mr. ROGERS. The fine goods, which Mr. Clark spoke of as purchased by the wealthy classes, compose the class of goods brought into this country.

into this country.

Mr. Cockran. Your argument was about saddlery generally. I wanted to make it clear that you merely wish to retain this tariff on

the highly finished goods or handmade goods.

Mr. ROGERS. The English goods have always been hand stitched, and if the tariff was taken off entirely they might all get to making machine-made goods.

Mr. COCKRAN. You are merely seeking to maintain this tariff on

the high-priced goods?

Mr. Rogers. On the high-priced goods, as I spoke here.

KRAEMER & FOSTER, NEW YORK CITY, FILE STATEMENT OF BARTLEY BROTHERS & HALL, GIVING COMPARATIVE COSTS OF SADDLES AND HALTERS.

24-26 STONE STREET, New York, January 21, 1909.

Mr. WILLIAM K. PAYNE,

Clerk of the Ways and Means Committee,

Washington, D. C.

Dear Sir: We have herewith forwarded a statement from Bartley Brothers & Hall on saddles and halters in comparison with the American manufacturers' prices. We trust you will file this for us if it is not too late.

Respectfully, yours,

Kraemer & Foster. F. S. K.

	Cost in England.	Duty 45 per cent.	Expenses, insurance, freight, etc.	Total.	Sold to trade.
English demisaddle, complete English all-over pig saddle, complete Brass-mounted 1½-inch halters, less fronts Tinned halter, 1½-inch, 2-row	\$6.70	\$3.02	\$0.97	\$10.69	\$14.00
	9.00	4.05	1.30	14.35	19.00
	13.00	5.85	1.88	20.73	a 27.00
	9.00	4.05	1.30	14.35	19.00

a Less fronts.

For comparison, prices of similar goods made in the United States.

. 4	Catalogue price.	Trade discount.	Net trade price.
Demisaddle, complete. All-over pig saddle Brass-mounted halter, with buff front, 1½-inch XC trinnmed halter, 1½-inch, 2-row	23.00 50.00	Per cent.  33½ 33½ 33½ 33½ 33½	\$11.53 15.23 4 33.33 18.66

a With fronts.

January 19, 1909.

Sworn to before me this 21st day of January, 1909.

[SEAL.]

Fredek. S. Kraemer,
Notary Public, Queens County.

BARTLEY BROTHERS & HALL. A. F. BARTLEY.

Certificate filed in New York County.

# SADDLERY AND LEATHER GOODS.

[Paragraphs 447 and 450.1

## NEW YORK IMPORTERS ASK FOR CONSIDERABLE REDUCTION IN PRESENT DUTIES ON LEATHER MANUFACTURES.

NEW YORK, N. Y., December 17, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

DEAR SIRS: We, the undersigned, importers of saddlery and leather goods, respectfully call your attention to the tariff act of June, 1897. in which paragraph 447 covers saddlery at 45 per cent and paragraph 450 covers manufactured leather at 35 per cent.

We believe this tariff should be reduced in the revision of tariff now

being considered by you. We set forth the following reasons, namely:
First. The tariff on saddlery is prohibitive and has barred out of
this country all the low priced, cheaply made saddlery and leather goods. We are suffering from this excessive tariff, and if continued it is only a question of time when the importations will cease entirely.

Second. We claim a reduction of duty will increase the importations. and consequently will increase the revenue and will bring these

imported goods within reach of the consumers.

Third. Saddlery is not considered a luxury. We are selling saddlery and leather goods to the retail stores throughout this country, placing it within reach of any person who wishes a well-made article at a resonable price.

Fourth. If you were to increase the duty on this class of merchandise, it would be instrumental in raising the prices to the consumer on American-made goods. It is this little foreign competition of ours

that keeps the prices within reasonable figures.

Fifth. We are importers and jobbers of saddlery and leather goods, and will file separately the wholesale prices on some of these goods purchased in the English market, and our figures can be com-

pared with the American-made goods.

Sixth. Imported English saddlery are hand and machine sewed. English leather is considered to be superior to American dressed leather. We are selling dressed leather to some of the American manufacturers, and under the present tariff they can compete and sell their goods at lower prices than we can sell our simliar English goods, for the reason that dressed leather is assessed at 20 per cent ad valorem. Saddlery is assessed at 45 per cent ad valorem, thereby allowing the American manufacturer a protection of nearly 30 per cent on the made-up articles after using the English leather.

Seventh. The importation of saddlery is gradually decreasing. Almost all the parts which go to make a complete harness are made in this country, with the exception of a small quantity of expensive harness which is imported. Statistical records show that the valua-

tions of imported saddlery and harness are as follows:

J	
In the year of—	0007 015
1900	\$201,847
1901	191, 812
1002	246, 355
1903	262, 111
1904.	226, 820
1905	203, 578
1906	216, 631
1906	101 363
1907	101,000

Eighth. Saddlery manufacturers have enjoyed a protective tariff since 1890 and are now supplying this country with the cheaper grades. They export almost five times as much saddlery as we import. There are only a few items in our stock that can be imported, for the reason that the workmanship and style appeals to the Amer-

ican purchaser.

Ninth. The increase of duty advocated by a leather manufacturer is based on a selfish motive. The American manufacturers supply the great consuming market with nearly all leather goods. If you increase this duty it will prevent our importing the medium-priced leather novelties and, therefore, the average purchaser here will not have an opportunity to purchase a good leather article without paying an exorbitant price. The manufacturer advocating an increase of duty naturally does so for the purpose of raising the prices of the products to the consumer.

In conclusion we beg to present our earnest protest against any increase of duty in the revised tariff. Saddlery and leather manufacturers are not in need of any further protection. This is confirmed by statistical records. We recognize the principle that this country should tax foreign-made articles for the purpose of protection and revenue, but the tariff must not be prohibitive nor at such a rate as to

put the imported article beyond the reach of the consumer.

We respectfully ask for a reduction on the present tariff rates. We believe that if you will place saddlery at 35 per cent and manufactured leather at 30 per cent it will afford an ample protection to our manufacturers and result in an increase in revenue.

Yours, respectfully,

BARTLEY BROS. & HALL. CHAS. CALEB BARTLEY. MARTIN & MARTIN. GEO. HARRIS. WALTER J. LEE.

## CATGUT.

[Paragraphs 448 and 517.]

JOHN W. SHIELDS, BROOKLINE, MASS., PETITIONS FOR ADDITIONAL PROTECTION FOR SNELLED FISHHOOKS.

Brookline, Mass., December 2, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: I ask your kind consideration of the following matter: I am a small manufacturer of fishing tackle and located in Brookline, Mass. One branch of the business is the tying of hooks to silkworm gut by hand, commonly known as snelled hooks. Now, I import these hooks from Redditch, England, on which there is a duty of 45 per cent ad valorem. The gut which I tie on the hooks is a raw material to me and there is no duty on it.

Now, my competitor on the other side sends into this country hooks tied on gut and the duty is but 25 per cent. Now, I protest against the existing state of affairs, and have for the past few years,

but can get no redress. As the majority of the fishhooks used in this country are made in Redditch, England, I can not understand where my protection comes in.

All I ask is an equitable or fair rate, so I can compete better with my competitor on the other side. As things now exist he has much

the better of it.

I have and my father before me spent the best part of our lives in this business, and I consider myself an expert in matters pertaining to it. Hoping you will consider my great interest in this matter, I am,

Very truly, yours,

John W. Shields.

## THE AMERICAN SURGICAL TRADE ASSOCIATION WISHES UN-MANUFACTURED CATGUT KEPT ON FREE LIST.

727 BOYLSTON STREET, Boston, January 6, 1909.

WAYS AND MEANS COMMITTEE,

Washington, D. C.

Gentlemen: It has been called to my attention that certain manufacturers have appeared before your committee and advocated a duty on raw catgut, a suture material which enters largely into the experience of most physicians throughout the country. I wish to protest against any duty on catgut, for the reason that it is being made successfully in this country at present, and therefore I can not see any reason why a duty should be added to one of the necessities which is used largely by physicians and charitable institutions.

Yours, very truly,

F. H. THOMAS, Secretary American Surgical Trade Association.

## HORN COMBS.

[Paragraph 449.]

## JACOB W. WALTON SONS, FRANKFORD, PA., ASK A SPECIAL PARA-GRAPH AND INCREASED RATE FOR HORN COMBS.

Frankford, Pa., December 3, 1908.

COMMITTEE ON WAYS AND MEANS.

Washington, D. C.

Gentlemen: The manufacturing firms of W. H. Noyes & Bro., of Newburyport, Mass.; of G. W. Richardson, of the same city, together with my own firm, Jacob W. Walton Sons, of Frankford, Pa., have requested the writer to present to your committee the situation regarding the horn-comb industry as affected by the tariff.

Horn combs are made of cattle horns, and some years ago the production in this country supplied us with all our raw material at a moderate price; but owing to the breeding of short-horn cattle and the process of dehorning, the quantity and quality of American horns have fallen so low that it has been necessary for some years for American

can manufacturers to buy a large part of their material in European markets, where the foreign manufacturers have the advantage of

being on the ground.

The product of the foreign comb manufacturers has always found a market in this country, but under present conditions there is an increase in the number of sizes and styles, many of them copies of our makes, which enter our market and drive out the domestic goods. This competition is more keen and difficult to meet each year, particularly in view of the fact that the scale of wages we are required

to pay has advanced.

A very considerable item of comb imports consists of fine hand-made combs, which sell in all the department stores and among the dealers in better goods. Some of these goods, manufactured in France, are made in a manner that we could not presume to have sufficient tariff to enable us to compete. In these goods the item of hand labor figures very largely. While in France in 1904 I was informed by horn brokers and other men familiar with the business that it is the custom of the large manufacturers to prepare the horn stock up to a certain point and then farm it out to families, who take the work home and there put upon it the fine hand labor which produces the superior article. For this work the families, consisting of father, mother, and several children (sometimes five or six), receive the equivalent of about \$5 for a full week's work. This statement had previously been made to me by Frenchmen in this country who were familiar with the comb industry of France.

There is also a line of very cheap combs coming here from Italy, Scotland, and the Netherlands which we can hardly expect to compete with. Among these are pocket combs in cases, which are delivered in New York for \$1.25 per gross, duty paid, or of a line of fine-

teeth combs at ridiculously low prices.

While thousands of dollars of these goods are continually shipped here, we do not advocate such protection as would give the American

manufacturers a monopoly in this market.

ment to a goodly number of workmen.

The burden of our plea is that the tariff should be high enough to enable the American manufacturer, paying decent wages to workmen, to make reasonable profits and retain the market which legitimately

belongs to them.

While there has been a large increase in the consumption of horn combs in this country, the industry has not advanced correspondingly. The decline in the cleared horn line of dressing and fine-teeth combs is particularly marked, the foreign manufacturers having this field practically to themselves, although most of our factories are equipped for this work, and if it were possible to compete could give employ-

Within a month the representative of the Aberdeen Comb Works, which we understand is a large consolidation of English and Scotch comb factories, came to this country and is now in the West offering a comb known as a metal-end tooth dressing comb, quoting prices that forbid competition by domestic makers. These goods, which were invented by one of the American firms and sold under patent rights, and since then for a number of years have been a free-selling article, furnishing the factories from 25 per cent to 50 per cent of their business, are mounted with nicoline, which the foreigner buys in Europe free of duty, but on which the American manufacturer must pay 45

per cent duty. The loss of this trade will be a very severe blow to our industry. A proper value for this comb in 7-inch length, which is the predominant size, would be \$7.25 net per gross. The foreign comb is offered at \$5.70 per gross in New York or Chicago, duty and all expenses paid.

If this were a new move the American manufacturers would undoubtedly follow this price down and, even at a loss, hold the trade, but it has occurred so frequently of late that we have to submit to the

loss of our customers.

We can submit to you the original invoices of goods shipped from Aberdeen, Scotland, covering a variety of combs, of which we have a few samples. We also have the price lists of French combs received

in this country soliciting trade.

We can also furnish combs made by our own factories which correspond closely with the foreign article, also the printed price lists, which have been in use for several years, so as to show a comparison of goods and prices between the American and European manufacturers.

A comparison shows that in many cases the prices quoted from abroad are below the cost of manufacturing the domestic article, which can be accounted for to a very large extent by the low wage

scale of the foreign manufacturers.

To manufacture the class of combs made in this country successfully, requires large experience in buying the raw material and inventive skill in order to devise and install the best labor-saving devices, besides close attention to details such as is required in but few lines of manufacture. The amount of invested capital required is large in view of the aggregate production, so that the experience

of the manufacturers has not been encouraging.

If a change were made in the tariff schedule either lowering or increasing the rate it would not change the price of the combs to the consumer except in a limited group of the article. The price that is charged for the comb at retail in this country, for probably 75 per cent of the combs sold, is 10 cents. The only effect of lowering the duty would be to enrich the dealer at the expense of the manufacturer, and by the increase of importations reduce the output of our factories, which would result in the employment of less workmen and possibly the retirement of the industry, in which case the foreigner would undoubtedly increase his prices to this market.

On the other hand, an increase of duty would not increase the price to consumers, the revenue to the Government would probably not be materially diminished, and there would be an enlargement of the industry, which would give employment to more American labor.

Our industry has suffered long and severely from the competition of the foreign goods, and domestic manufacturers have often been compelled to lower their standards of quality in an attempt to meet

this competition.

We believe the present revision of the tariff gives us the opportunity of securing a just measure of protection, and that good policy and fairness dictate that the interests of the larger number will be conserved by a substantial increase in the duty on horn combs.

We would urge that horn combs be given a special paragraph, and that the duty be made 45 per cent ad valorem and specific duty of

6 cents per dozen.

JOHN WALTON.

JACOB W. WALTON & SONS.

# DE GRAFF & PALMER, NEW YORK CITY, RECOMMEND A SPECIFIC ENUMERATION FOR HORN COMBS.

NEW YORK, December 3, 1908.

Hon. SERENO E. PAYNE, M. C.,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: In behalf of the American manufacturers of horn, and representing the Noyes Comb Company, of Binghamton, N. Y., I present for your consideration the following radical changes in connection with the importation of articles manufactured from horn. The present law reads:

449. Manufactures of bone, chip, grass, horn, india rubber, palm leaf, straw, weeds or whalebone, or of which these substances or either of them is the component material of chief value, not specially provided for in this act, thirty per centum ad valorem; but the terms "grass" and "straw" shall be understood to mean these substances in their natural form and structure, and not the separated fiber thereof.

I respectfully recommend that the "manufactures of horn" be separated from the articles covered by paragraph 449, and a special paragraph covering our product (horn combs) be formed, substituting for that portion of section 449 regarding the manufacture of horn to read:

Manufactures of horn, or of which horn is the component material of chief value, not specially provided for in this act, six cents per dozen on combs, and forty-five per cent ad valorem.

This increase seems to be absolutely necessary if the industry in

this country shall prosper or even be allowed to exist.

About fifteen years ago there were 11 horn-comb factories in this country, and to-day there are but 4, as the inadequate duty of 30 per cent does not allow the American manufacturer sufficient protection to enable him to compete with the low wages paid in Aberdeen, Scot-

land, and in Germany.

Most of the importations into this country come from one horn-comb works in Aberdeen, Scotland. Our factory obtained a United States patent on a metal-back comb, where the back extended over the ends, forming the end teeth, which patent expired a number of years ago, and the fair market value for this article is \$7.25 net, but the competing comb offered by the Aberdeen Comb Works can now be landed in New York City, freight and duty paid, for \$5.70, and beg to say that this comb can not be made in America to meet the foreign price mentioned above. Taking 100 as a unit, the wages amount to 45 per cent and a superintendent's charge of 5 per cent. Notwithstanding the fact that foreign combs are brought into this market at the price mentioned above, the consumer pays exactly the same price at retail for his goods as he does for ours, as the comb can not be retailed at 5 cents, and is universally sold at 10 cents, so that the difference in cost to the wholesale merchant is absorbed by him and the retailer at the expense of American labor.

At our factory we have a large stock of raw material on hand suitable for making combs, which can not be made up at a profit owing to the above conditions. We are prepared to submit samples

and substantiate the above facts, if requested.

Praying that your committee may see the justice of making the proposed substitute for that portion of section 449 as outlined, I remain,

Yours, respectfully,

James W. De Graff. De Graff & Palmer.

## JOHN WALTON, FRANKFORD, PHILADELPHIA, SUBMITS SUPPLE-MENTAL STATEMENT RELATIVE TO HORN COMBS.

Frankford, Philadelphia, January 1, 1909.

Hon. SERENO E. PAYNE,

Chairman of Ways and Means Committee,

Washington, D. C.

DEAR SIR: On December 3, 1908, I sent you a statement or brief in the interest of the horn-comb industry, which was duly receipted

for by the clerk of your committee.

Information of vital importance to the presentation of our plea has subsequently come to my knowledge, and I inclose a supplemental statement, which I trust you will have properly filed, so as to be considered in connection with the brief now filed with the committee.

You will also find attached to this statement a sworn affidavit by

the party furnishing the information.

Trusting this matter will receive adequate attention, in which case we feel sure our plea will be granted, I remain,

Very respectfully, yours,

JOHN WALTON.

Frankford, Philadelphia, Pa., January 1, 1909.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: Since the presentation of the brief filed with the Ways and Means Committee, December 3, 1908, a number of facts have come to our knowledge bearing on the horn-comb industry which are important and should be added to the previous statement,

and are hereby submitted.

The wage scale in the Aberdeen Comb Works, Scotland, of which we have positive information, as per attached sworn affidavit, is as follows: Managers receive salaries not exceeding \$15 per week; foremen from \$6 to \$7.50 per week; the best workmen from \$4 to \$6.50 per week. Women earn an average of from \$2 to \$3, and boys, who must be 14 years old, start at \$1 per week, and they receive this rate for a considerable period.

As comb making is not considered a man's work in Scotland, outside of manager, foremen, machinists, and a few men for very hard work, the large proportion of employees are women and minors.

On the contrary, our labor is principally men.

A conservative estimate of the relative amount of the labor cost as between the foreign and domestic manufacturers is that the foreign wages for the same amount of labor would be less than 33½ per cent of the American wage cost. These figures relate particularly to Scotland, and are well within the facts. In other countries the rates would probably be lower.

From these facts we claim that the plea for 45 per cent ad valorem and 6 cents per dozen specific duty on horn combs is a very reasonable request by the American horn-comb manufacturers.

Respectfully submitted.

JOHN WALTON, Of Jacob W. Walton Sons, Manufacturers of Horn Dressing Combs.

#### EXHIBIT A.

Frankford, Philadelphia, Pa., December 31, 1908.

I, John Rogers, of 4151 Paul street, Frankford, Philadelphia, Pa., was in the employ of the Aberdeen Comb Works Company, Aberdeen, Scotland, for forty-two years. During this time I worked in the various departments, and for a number of years I was employed as foreman.

The rates of wages paid by this firm at the time my employment with the said

firm ceased were as follows:

Managers, average wages not over 60 shillings, or about \$15 per week.

Foremen, average wages not over 25 to 30 shillings, or about \$6 to \$7.50 per week. Men, average wages not over 16 to 27.shillings, or about \$4 to \$6.50 per week. Women, average wages not over 8 to 12 shillings, or about \$2 to \$3 per week. Boys, average wages not over 4 to 5 shillings, or about \$1 to \$2 per week; this latter

rate gradually increasing as the boys reach manhood.

I have been in constant correspondence since I left Aberdeen with employees of the comb works who are my old friends and neighbors, and I am sure that rates have not advanced, but rather have decreased since that time.

JOHN R. ROGERS.

John Rogers being duly sworn according to law, deposes and says that the facts set forth in the above statement to which he has attached his signature are true to the best of his knowledge and belief.

JOHN R. ROGERS.

Sworn and subscribed to before me this 31st day of December, 1908.

[SEAL.]

THOS. B. FOULKROD, Notary Public.

Commission expires January 27, 1909.

## THE G. W. RICHARDSON COMPANY, NEWBURYPORT, MASS., ASKS FOR INCREASE OF DUTY ON HORN COMBS.

NEWBURYPORT, Mass., January 2, 1909.

Hon. Samuel W. McCall, M. C., Washington, D. C.

DEAR SIR: As manufacturers of horn combs, we would like to call your attention to the tariff on this article under Schedule N, para-

graph 449, of the tariff law.

The situation in this industry has been presented to the Committee on Ways and Means by Mr. John Walton, of Philadelphia, by a brief filed on December 3, and by a supplement just submitted, and as a representative of this State on that committee we desire to call your personal attention to the arguments and to add a few words on the subject.

This industry is principally carried on in the States of Massachusetts, Pennsylvania, and New York, and although the various parties engaged in same have given strict attention to the details of the business and have been energetic and ingenious in inventing labor-saving devices, the business has not kept pace with the growth of the country.

This is largely due, in our opinion, to the strong competition of the foreign manufacturers, notably those of Great Britain, France, Italy, and the Netherlands, who are sending large quantities of combs to this country and underselling us, notwithstanding the present duty.

We consider that the low wage scale and low cost of supplies abroad is the secret of their ability to do this, and the cost of the above items

is fully 50 per cent of the total cost.

The supplementary brief recently submitted by Mr. Walton gives facts in relation to the wage scale in Scotland which are of great importance when considering what is a fair measure of protection, and we call your especial attention to same.

As women perform much of the heavy work in Scotland, for which we employ men at a rate of \$10.50 to \$13.50 per week, it is clear to us that the total labor cost in Aberdeen would not exceed 30 to 33½ per

cent of what it is in this country.

One of our principal items is a 7-inch metal guard tooth comb, with a metal back of nicolene. This comb has been copied by the Aberdeen people and is now sold in this country by them at \$5.70 per gross, duty and freight paid.

A fair price for this is from \$7 to \$7.50 per gross. The comb retails at 10 cents. The nicolene used in this article by the American manu-

facturer is increased in price by a duty of 45 per cent.

The industry in this city gives employment to about 200 hands, which number might be materially increased if the American market

could be retained for the American manufacturer.

We appreciate that the general tendency is toward a lowering of the tariff, and have no doubt that the rate on many articles can be reduced without hardship to the manufacturer or his employees; but we assume that the committee will judge each article on its merits, and we earnestly believe that the situation in the horn-comb industry is such as to entitle it to a higher rate.

As the present duty had proved inadequate to protect us, we feel that the ad valorem rate should be increased to 45 per cent, and

that a specific duty of 6 cents per dozen be added.

This would not increase the cost to the consumer, and would be of great aid in building up the industry in this country.

Yours, very truly,

G. W. RICHARDSON COMPANY, G. W. RICHARDSON, *Treasurer*. W. H. NOYES & BRO. CO.,

W. HERBERT NOYES, Treasurer.

## RUBBER SPONGES.

[Paragraph 449.]

# THE N. TIRE RUBBER SPONGE COMPANY, CHICAGO, ASKS FOR SPECIFIC CLASSIFICATION FOR RUBBER SPONGES.

CHICAGO, ILL., November 28, 1908.

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

Gentlemen: We ask your committee to give consideration to a new industry which we are endeavoring to establish in the United States, namely, the manufacture of toilet sponges made from a compound of india rubber and known as rubber sponges.

This industry, both here and abroad, has had its origin since the last tariff was enacted, and therefore they are not enumerated under it and the duty has been ruled to be under the head of "Manufactures

of india rubber."

Paragraph 449 is very broad in its nature and varying greatly as to the percentage that wages play in arriving at the cost. Many articles under a head so broad as this are made practically wholly by machinery, and labor is but a small part in computing the outlay for the manufacture. With goods of the nature of ours, in which labor is the most important item, we hold that they should be separated from and taxed under an entirely different heading and upon an entirely different basis than in which the art is old and machinery has been made in a large measure to supplant hand labor.

Our principal competition comes from Russia, where the factories are under government patronage, if not actual government ownership (authorities consulted differ on this point), but as near as we have been able to ascertain workmen and workwomen of a corresponding class of skill and intelligence to those employed to do the same work as we engage them for take the following comparative schedule

of wages:

	Russia per day.		United States per day.			
Girls Boys: Second class First class Men: Second class First class	\$0.23 .23 .25	to				\$1.25 1.67 3.00 5.00

Assuming the same number of people are employed in handling and making each sponge in both countries, the average weekly wage paid in Russia would be \$2.05 as against \$10 in this country, or an advance in the pay roll of the United States manufacturer of nearly 500 per cent over that of his Russian competitor.

There is no duty on crude rubber into this country, but there is on other materials employed in the compound (antimony 20 per cent; vermilion, 10 cents per pound, which equals at present price 20 per cent). These materials are subject to wide fluctuations in price and we concede can be obtained in this country at only a small difference in cost as against the foreign market, the only difference being the duty as given.

We therefore base our claim for a change in duty upon the difference in cost of labor, as well as the well-known difference in cost of doing

business in this country over that of any other.

Now, having conceded that there is but slight difference in cost of materials, but great difference in cost of labor, machinery, and general expenses, we ask that we be given the benefit of a duty which will more nearly meet our competitive conditions, by fixing a duty at a given rate per pound. We can then rely to some extent upon the duty as offsetting the added expense of labor, etc., which change but seldom, and still have the cost of materials on a competitive basis.

Assuming the foregoing table of comparative cost of labor is the actual difference, you will readily see that it is on the difference of

labor, not material, that we should be given protection.

We, therefore, ask a fixed duty of \$1.25 per pound as an offset for our fixed difference in cost of labor. Based on the present price of the foreign-made article it would be equal to a duty of 50 per cent in place of 30 per cent, as now fixed, and would, we believe, assure us of an equalized competitive basis. To illustrate our point: During the late panic the price of crude rubber declined from \$1.30 per pound to 65 cents without any corresponding reduction in the cost of labor. It is evident, therefore, with such a reduction in the cost of crude materials and in reduction in labor that the percentage of labor cost increases as the price of materials decreases, and that a duty fixed upon a percentage basis of value becomes nonprotective every time the relation of cost of material and labor are out of exact balance, a condition that they are frequently subject to with a change in the crude material markets.

We regret that we can not give exact figures as to the cost of foreign production, but our best endeavors have been unrewarded on

this point.

As to the value of these goods imported to this country we are unable to give you any definite figures, as both custom-house and the Department of Commerce and Labor, Bureau of Statistics, have been unable to give us any information, but from the best trade information the importation amounts to between \$300,000 and \$500,000 per year.

Under the conditions as they exist under the present tariff act we have been unable to secure any return whatsoever on our investment, though we have been in operation nearly three years, and have at all times practiced the most rigid economy in the policy of our business. We shall be pleased to furnish any other information that your com-

mittee may desire and which we are able to secure.

Respectfully,

N. TIRE RUBBER SPONGE COMPANY, By B. B. Felix.

# THE ALFRED H. SMITH COMPANY, NEW YORK CITY, WISHES A LOWER RATE OF DUTY ON RUBBER SPONGES.

NEW YORK CITY, January 12, 1909.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: We are engaged in the importation of rubber sponges, for which there is no specific provision in the tariff act of July 24, 1897, but which are classified for duty under the general provision for manufactures of rubber in paragraph 449 of Schedule N at the rate of 30 per cent ad valorem.

We desire to submit for the consideration of your committee certain statements of fact and reasons which we believe will convince you that we are entitled to a lower rate of duty than that now

assessed on these goods.

Our attention has been called to a brief submitted by the N. Tire Rubber Sponge Company, and published in the hearings. We call your attention to the following statements in said brief to which we take exception, namely:

1. Labor is the most important item in the production of rubber

sponges.

2. Russian factories are under government patronage if not actual government ownership.

3. Wages paid to workers in factories in Russia and this country.
4. Importations amount to between \$300,000 and \$500,000 per

annum.

5. A duty of \$1.25 per pound is equivalent to a duty of 50 per cent ad valorem based upon the present price of the foreign-made article.

#### LABOR.

Labor is not the most important item in the manufacture of rubber sponges; the process of manufacture is a secret one known to the factory only as far as the admixture of chemicals and the proportions thereof, but we know of our own knowledge that the article is produced in the following manner, namely: Crude rubber is mixed with certain chemicals, then heated to a certain temperature, the heat acting upon the chemicals and forming gases which force their way through the rubber, leaving it in a porous condition. After this process is completed, there is a crust on the outside similar to that on a loaf of bread. The material is then cut by knives in the various shapes and sizes desired. All of this work is done by machine with the exception of the cutting to shapes and sizes, and it therefore appears that by far the greater proportion of cost of production is machine labor and not hand work.

#### GOVERNMENT OWNERSHIP.

We are the direct agents and only representatives of the factory producing the article we import, and we know that said factory is not under government ownership.

#### COMPARISON OF WAGES PAID.

We are not in a position at this late date to obtain the actual wages paid to operatives in Russia or in this country, but we do know that during the last few years there have been successive advances in the scale of wages paid to operatives in Russia in factories which we believe was caused by the changed labor conditions there since the advent of the Douma and the agitation amongst the laboring classes, and prices to us have been correspondingly raised because of said facts.

They give the following schedule for wages paid in this country in

their factory.

		Per da	ay.
Gir.	ls	\$1.00 to	\$1.25
Boy			
	Second class	<b>1.17</b> to	1.25
	First class		1.67
Mei			
	Second class		3.00
	First class		5.00
	·		

We have no positive knowledge what they pay their help, but it is confidently asserted that if they pay any such prices for labor they pay much higher wages than the average American manufacturer for work of this kind, for we know that boys and girls that work in mills frequently receive not more than 50 cents to \$1 per day, and that men, outside of the foremen and the heads of departments, are glad to work for \$2 to \$2.50 per day, and we have no hesitancy in stating that only the very skilled operatives receive as high as \$3 per day, which is the wage given for second-class workmen in their statement.

It will be noted that they give no authority for the Russian wage schedule which they submit, and that in the third from the last paragraph they state that they can not give exact figures as to the cost of foreign production. If they are in a position to give the prevailing rate of wages paid in Russia, and as they concede that raw materials can be obtained in this country at only a small difference in cost as against the foreign market, we fail to see why they can not give the actual cost of production in Russia, unless they do not have any confidence in their own figures. It would, therefore, appear that said figures are manifestly mere guesswork and entitled to no considera-

tion whatever from your committee.

It is urged that the only just and equitable protection is that protection which compensates the American manufacturer for the difference in the cost of labor in this country and abroad, and it is submitted that your committee should consider the difference in the labor cost per piece, not wages per man. This distinction is essential and can not with justice and safety be ignored, for we believe it is conceded that American workmen who operate machines or who perform any labor in mills in this country produce greater results in a given time than a like number of the underpaid and lower-class workmen employed in foreign factories, and, therefore, if for sake of argument we concede the prevailing rate of wages even to be 100 per cent higher in this country than in Russia, if the American operative can produce twice as much results from his labor, the net cost per piece to his employer is not more than the net cost per piece to the employer of foreign labor.

#### AMOUNT OF IMPORTATIONS.

They state that between \$300,000 and \$500,000 in value of these articles are imported per annum. We estimate we import at least

90 per cent of all the rubber sponges brought into this country and for your information we submit the following amounts in quantity and value of said sponges sold by us for the last six years:

	Dozen.	Amount.
1903	14,476	Not obtainable,
1904	16,557	\$71, 598
1905	12,193	51, 076
1906	9,890	46, 379
1907	7,931	34, 195
1907	5,576	26, 600

These are actual figures from our books and may be proven to the satisfaction of your committee in any manner that you may deem necessary, and we insist that they speak for themselves and will prove that their further statement in the last paragraph of their brief that they have been unable to secure any return on their investment would seem to be incorrect, for the reason that it will be noted that our sales have decreased each successive year as our domestic competitors have been able to put upon the market an article which is a substitute for ours, and which they have sold in very large quantities, because they are in a position to quote prices 50 per cent lower than our prices. Under these circumstances, it can not be said that the domestic interests are entitled to even the protection they now receive of 30 per cent ad valorem.

### AD VALOREM EQUIVALENT OF \$1.25 PER POUND.

Our sponges all weigh about the same and we have taken for example a case we entered in the steamship *Bovic*, case No. 683, of the value of \$230, upon which we paid 30 per cent duty, namely, \$69. The sponges in said case weighed 130 pounds. Taken at \$1.25 per pound equals \$162, or equivalent to approximately 75 per cent of the value of said case. We give this one instance so that it can be referred to, but we may state, however, that 75 per cent ad valorem would be approximately the equivalent of \$1.25 per pound on all of our sponges.

We have imported this article from Russia for about seven years, but did not push the sale vigorously until 1903, when we gave it the name of "Kleanwell," and built up a considerable business through extensive advertising for a number of years. The article then became well known and was asked for by its name in the various retail

shops where they were on sale.

Our prices on the average are 50 per cent higher than those of the domestic article, as will appear from the following table of prices at which the goods are sold in this country at wholesale:

	N. tire per dozen.	Ours per dozen.
Size No. 1 Size No. 2 Size No. 3 Size No. 4 Size No. 5	2. 25 2. 75 3. 25 4. 25	\$2.03 3.06 3.69 5.45 6.62
Size No. 6	5, 25 19, 50	32.19

#### NEW PARAGRAPH SUGGESTED.

As it appears that the domestic interests are able to quote wholesale prices 50 per cent less than we can quote them for the same article, it would seem that we are entitled to a reduction of at least 50 per cent of the present rate of duty, and it is therefore suggested that a specific provision be placed in the tariff act now in the course of preparation in the following language:

"Sponges made wholly or in chief value of rubber, twenty per

centum ad valorem."

If your committee is not disposed to give these articles a paragraph by themselves, we would suggest that the provision in paragraph 82,

Schedule A, which now provides for

"Sponges, twenty per centum ad valorem," and which has been judicially determined does not not include rubber sponges (see G. A. 5944, T. D. 26091, affirmed by the circuit court of appeals in Alfred H. Smith Company v. United States, 149 Fed. Rep., 1022), be changed so as to read as follows:

"Sponges, including sponges made wholly or in chief value of

rubber, twenty per centum ad valorem."

We believe that we have shown in the foregoing that we are entitled to at least this reduction in duty so that we can compete with the domestic interests on an equal footing, and unless it is granted we fear that our sponges will be gradually driven from the market, as our sales have been decreasing each year and our profit becomes correspondingly smaller, so that we are not in a position to spend the amount of money that we have heretofore for advertising, and we believe that there is no better object lesson than the statement of our sales given herein, from which it will be seen that from a business in 1904 of 16,557 dozen, in value \$71,598, our sales have decreased by approximately 65 per cent, until in 1908 our sales were but 5,576 dozen of a value of \$26,600.

From the standpoint of revenue we insist that there is no answer to our argument, for manifestly if our business continues to decrease as it has in the past five years it is a matter of but a very short time when the Treasury of the United States will receive practically no duties from importations of rubber sponges, and unless our request for a lower duty is granted we can see no future to this business

except in the hands of the domestic manufacturers.

Respectfully submitted.

ALFRED H. SMITH COMPANY.

# STRAW BOTTLE COVERINGS.

[Paragraph 449.]

HON. J. H. DAVIDSON, M. C., WRITES RELATIVE TO THE FREE IMPORTATION OF STRAW COVERINGS FOR BOTTLES.

Washington, D. C., December 16, 1908.

CHAIRMAN COMMITTEE ON WAYS AND MEANS,

House of Representatives.

Sir: I had hoped by this time to be able to present to you a brief on the subject of the duty on manufactured hay and straw products. My constituents have not yet been able to submit their statements

to me. Briefly stated, the situation is as follows:

In Wisconsin we have an immense acreage of marsh grass, a wiry coarse grass which grows on the lowlands along the rivers and is not suitable and can not be used as hay for stock feeding. This grass is now being used very largely in making mattings and also for packing furniture and other such goods.

There is also what is known as the straw bottle covering industry,

in which some of my constituents are engaged.

There is at present, I believe, a duty upon straw products. This

ought to be continued.

The present law permits to be entered free of duty straw coverings when used on bottles imported. There is, I think, no objection to this provision when the covering is used upon filled bottles and the bottles are resold to the consumer, the cover continuing thereon.

There are, however, large quantities of empty glass bottles imported into this country for the drug and other trades which use bottles. These bottles have never been filled or used. While the straw covering may be an additional protection in the shipping of empty bottles, yet after the bottles are received in this country, I understand the practice is to remove these straw coverings, bale them, and put them upon the market in competition with straw coverings manufactured in this country.

In foreign countries straw coverings are manufactured by hand, and largely in the family, where all members of the family take part in the work, thus reducing the cost of manufacture to the minimum.

In this country they are largely manufactured by machinery, the

machines being operated by girls who receive good wages.

A suitable duty should therefore be imposed sufficient to protect this industry. At the same time provision should be made so as to prevent that improper and unfair competition which comes from placing upon the market in this country straw coverings which have been heretofore used on bottles imported, and which on this account have not paid duty.

Yours, very respectfully,

J. H. DAVIDSON, M. C.

# Ехнівіт А.

OSHKOSH, Wis., December 17, 1908.

Hon. J. H. DAVIDSON, Washington, D. C.

DEAR SIR: I have been running a straw-bottle-cover factory in this city for the past twenty years. The fact of the matter is that the only time I could get into the market with my wrappers was when

there was a shortage of straw in the old country.

I have a large amount of money invested in machinery, buildings, and equipment, that in the past twenty years has laid idle more than half the time. My factory could have been running the year round at a profit if I was given a proper protection; that is, if the tariff on imported bottle wrappers was so placed as to equalize the cost of manufacture. In the United States and Germany, with a low price of labor and straw in Germany and the high price of labor and straw

in the United States, it is impossible for me to meet the prices made on imported straw wrappers. Hoping you will give us relief, I remain, Very truly, yours,

LOUIS SCHNEIDER.

### EXHIBIT B.

Oshkosh, Wis., December 17, 1908.

Hon. J. H. DAVIDSON, Washington, D. C.

DEAR SIR: As you will note, we, the Oshkosh Bottle Wrapper Company, have been making bottle wrappers for the last five years. We started in making hay wrappers, but found in the course of business that a large bulk of the trade insisted on having straw wrappers, for the reason that straw wrappers have been used in the packing of wines, etc., for over one hundred years and that it would be necessary for us to make straw wrappers, which we have attempted to do and have been obliged to discontinue manufacturing straw wrappers for the reason that the imported straw wrapper has been laid down in our market for less money than we can make a straw wrapper for.

The girl operators that run our machines earn from \$7.50 to \$9 a week; the helpers, that is, the girls who take away from the machines, earning from \$5 to \$6 per week. All of this work is done by girls over 16 years old, while in Germany, where most of the imported bottle wrappers are made, the operator earns not exceeding 30 cents of our money per day and the helper is not paid, this being an industry done by the family where all the children help to get

these goods out.

We have to comply with the state labor law, and can not employ children under labor age. If we had protection to cover only the difference of the cost of production, we know that a large industry could be established in our country, and this would help not only the manufacturer and laborer, but would help the farmer by giving him an increased price for his rye straw, which they could thrash with a special constructed thrashing machine such as they are using in some parts of this country to-day to secure long rye straw for the manufacturing of harness collars. Under the present tariff conditions it is impossible for us to manufacture straw wrappers and compete in price with the German product.

Another great factor in keeping the price of bottle wrappers down below our cost of production here is the fact that annually large quantities of bottles are imported into this country with straw wrap-These wrappers covering these bottles come in duty free, are then baled up and put on the market as new wrappers. These

wrappers should certainly pay a duty.
We inclose you here a letter received a few days ago from the Schlitz Brewing Company, of Milwaukee, and this is only a sample of the many that we receive in trying to do business with large buyers in straw wrappers.

OSHKOSH BOTTLE WRAPPER Co., Yours, very truly, Per WM. DICHMANN, President.

### EXHIBIT C.

MILWAUKEE, December 12, 1908.

Mr. WILLIAM DICHMAN,

Oshkosh Bottle Wrapper Co., Oshkosh, Wis.

DEAR SIR: Your favor of the 10th instant to hand; also sample wrapper. While this wrapper is a good and safe one, we fear that you will have but little sale unless you will be able to considerably reduce price. The ordinary straw wrapper gives full protection and, as you are aware, is much lower in price.

Yours, truly,

Jos. Schlitz Brewing Co., Bottling Department.

MAYVILLE, WIS., December 17, 1908.

Hon. J. H. DAVIDSON, M. C.,

Washington, D. C.

DEAR SIR: I have a factory here for the manufacture of straw bottle covers, and tried to compete with the imported straw covers, but could not do so. In 1905 I went to Europe and investigated the manufacture there, and found it was a house industry. Their raw material is cheaper and better than we can get, because we have to use a machine-thrashed straw, while they get a flail-thrashed straw, of which they can use all for covers, while our machine-thrashed straw is half waste. The wages of the operator is also against us. I found that the people over there were satisfied with an earning of 20 to 25 cents per day of our money, while we have to pay \$1 to \$1.50 per day for our operators.

If we could have protection, a large industry could be developed in that branch, but as it is now there is nothing can be done. My factory has been closed for the last five years, and I can not use the factory for the manufacture of bottle covers unless we get a protective tariff that will nearly offset the difference in cost of manufacture in Europe and this country. The people over in Europe use a very similar machine for the manufacture as we use here. The only difference that I could see was that their machines were operated by foot power while ours are operated by steam power. An expert operator will turn out as many covers on their machines as an ordinary operator will turn out on ours.

Very respectfully,

A. F. Schoen.

# FANCY LEATHER GOODS.

[Paragraph 450.]

STATEMENT OF EDWARD J. DEITSCH, 14 EAST SEVENTH ST., NEW YORK CITY, RELATIVE TO FANCY LEATHER GOODS.

Saturday, November 28, 1908.

Mr. Deitsch. I have a very severe cold, and you will have to bear with me, Mr. Chairman.

The Chairman. Perhaps you had better file your brief. Mr. Deitsch. No; I will try not to distress you, sir.

The CHAIRMAN. It will distress you; I am not distressed.

Mr. Deitsch. I come here to represent the fancy leather goods manufacturers of New York City and vicinity. The headquarters of this branch of the industry are in New York City. Next in importance is Philadelphia, and after that comes Chicago and some cities in Massachusetts, and more or less all over the country.

The capital invested in this industry is roughly estimated at \$2,-000,000, and the industry employs altogether probably 5,000 wage-earners, with an annual product from all factories of about \$8,000,000.

I wish to say in starting that the statistics on fancy leather goods are very difficult to secure. When I speak of fancy leather goods I mean small bags and traveling requisites. They are submerged in the tariff schedules, and it is almost impossible to ascertain the quantities that have come into the country or the quantities that are made.

The wage-earner in this country gets about one and one-half to two times the wages he gets for the same work abroad. The materials cost about 20 per cent more here than they do abroad, if they can be procured at all, but in many cases they can not be procured.

I have some exhibits to show you, gentlemen, which will probably result in a considerable saving of time. I will present them in a few

moments.

Leather goods—called familiarly fancy leather goods, meaning thereby ladies' bags, jewel boxes, toilet rolls, and so forth—are as much articles of luxury as jewelry, though they come in at 35 per cent.

It is a simple and easily understood proposition without the assistance of statistics, which, however, I unfortunately could not obtain. Nevertheless, the facts are unquestioned that this line of business has suffered largely within the last ten years by being brought in direct competition with European manufacturers. Ten years ago the manufacturers of leather goods in New York City and vicinity were amply able to manufacture successfully in competition with the foreigner. The cities of Offenbach, in Germany, and Wallsal, in England, and Paris, in France, and Vienna supplied our help.

Mr. Griggs. Nothing in Belgium?

Mr. Deitsch. No, sir; there are no small leather goods made in

Belgium.

The goods made abroad have crowded this market in the last year or two to such an extent that I am prepared to say that to-day there is in the neighborhood of \$2,500,000 or \$3,000,000 imported, where ten years ago there probably was not \$150,000 of these goods brought into the country. This comes from two reasons: One is the unfairness in the way of figuring, which is best explained from a sample I will show you, which will only take a moment.

I now show to the committee a toilet roll made in this country. The same thing made abroad pays 35 per cent duty when it comes in. If a manufacturer in this country wants to produce this same article—and we do produce it—we have to pay an average of nearly 50 per cent for the materials that go toward making this completed

article.

Mr. GRIGGS. Is that case manufactured here?

Mr. Deitsch. Yes, sir.

Mr. Cockran. What is the name of your firm?

Mr. Deitsch. Deitsch Brothers.

Mr. Cockran. Where is your place of business?

Mr. Deitsch. 14 East Seventh street. You have been in it, Mr. Congressman.

Mr. Cockran. Oh, yes.

Mr. Griggs. How long has this business been established in this country?

Mr. Deitsch. Fifty years.

Mr. GRIGGS. And you flourished up to ten years ago?

Mr. Deitsch. For the investment, it has not been a very flourishing trade.

Mr. Griggs. Not for the last ten years?

Mr. Deitsch. No. sir.

Mr. Griggs. Do you object to stating the percentage of profit you have made?

Mr. Deitsch. Gross or net?

Mr. Griggs. Net.

Mr. Deitsch. About 7½ per cent.

Mr. Griggs. Now?

Mr. Deitsch. Not this year; no, sir. This is an off year.

Mr. Griggs. During the past ten years? Mr. Deitsch. In the past ten years; no, sir. Mr. Griggs. When did you make it? Mr. Deitsch. Up to about ten years ago. Mr. Griggs. Up until about ten years ago?

Mr. Deitsch. Yes.

Mr. Griggs. What has been your percentage of profit during the

past ten years?

Mr. Deitsch. Four and one-half to 5 per cent. The articles which come in here, if we buy them in this country, whether made here or made abroad, will cost us——

Mr. Griggs. Your firm is composed of how many individuals?

Mr. Deitsch. Two.

Mr. Griggs. Both of them drawing good salaries?

Mr. Deitsch. It depends on what you call good. We have always been able to make a living.

Mr. Griggs. I am simply trying to ascertain the condition of the

industry.

Mr. Deitsch. I am trying to explain that the industry is suffering to-day from a peculiar condition. It seems but an unimportant thing for you gentlemen, I presume, but ten years ago we could beat the foreigner. We can not do it now.

Mr. Griggs. What is the trouble?

Mr. Deitsch. Because they have come over here and learned our methods and bought our machinery and gone abroad with our workmen, and, with some of their own they have sent over here, they are now in a position to manufacture goods that ten years ago they could not make in competition.

Mr. Griggs. They have taken our workmen over there? Mr. Deitsch. Taken Americans into their firms; yes, sir. Mr. Cockran. What do you mean by "over there?" Mr. Deitsch. Germany.

Mr. Griggs. Do they not pay as good prices to American labor over there as you do over here?

Mr. Deitsch. To one or two merely to superintend the factories, but not to any quantity of American workmen. Most of these are manufactured in Germany, and the foreign manufacturer sends into this market and offers his goods freely. They come in as a completed article.

Mr. Griggs. Do you want to increase the tariff?

Mr. Deitsch. Yes, sir. Mr. Griggs. I am willing to vote for that, even though I am a

Democrat. That is a luxury.

Mr. Deitsch. The foreigners send their salesmen into this market and take an order and send in the completed article under a 35 per cent duty, and if I want to sell the same article here it costs 50 to 60 per cent for the fittings that go to make the article. That is unfair on the face of it, because their articles come into this country as completed articles and only pay 35 per cent.

## BRIEF FILED BY EDWARD J. DEITSCH, NEW YORK CITY, RELA-TIVE TO DUTIES ON FANCY LEATHER GOODS.

Washington, D. C., November 28, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: Fancy leather goods have been manufactured in America for over sixty years. The headquarters of this branch of industry is New York City. Next in importance is Philadelphia; and after that Chicago and some cities in Massachusetts, and more or less all over the country. The capital invested is, roughly, \$2,000,000, and employs altogether probably 5,000 wage-earners; annual product of all factories about \$8,000,000; and the wage-earner here gets about one-half or two times the wages he does for the same work abroad. The materials cost about 20 per cent more here than they do abroad, if they can be procured at all, but in many cases they can not be procured. There is no combination among the leathergoods manufacturers, and the business is largely in the hands of small manufacturers, whose profits, in comparison to the amount invested, makes the business difficult enough under ordinary conditions, but when placed in competition with European cheap labor makes it almost impossible.

Leather goods, called familiarly fancy leathers—goods meant thereby ladies' bags, jewel boxes, toilet rolls, etc.—are as much articles of luxury as jewelry. If not another piece was made in all the world, there would be no absolute necessity for it; but in spite of the fact of being undeniably a luxury there is a duty only of 35 per cent

placed on them.

Now, let us take an article such as is designated as fancy leather goods-a lady's bag. It is composed of the outside cover of leather and inside leather articles, value \$2, and pays 20 per cent duty; silk lining of all four pieces, value \$1, and pays 60 per cent; frame, value \$0.50, and pays 45 per cent; smelling bottle, value \$1.50, pays 60 per cent duty; the mirror, value \$0.25, pays 45 per cent; puff, value \$0.25, pays 40 per cent duty; total cost of materials in the article being about \$5.50, without labor, which is \$3, making total \$8.50; and the average duty which an American factory pays for these materials is 40 per cent; or, in other words, 55 per cent on a little less than one-third of his materials, 45 per cent on one-sixth of his materials, and 20 per cent on about one-fourth of his materials; and the article comes in complete when imported at 35 per cent duty—and we pay twice as much for labor. This ratio will about apply to the jewel box, as its materials are leather, 20 per cent; velvet, 60 per cent; hinge, 45 per cent; and lock, 45 per cent; and labor is a much larger item. This will also apply to the toilet roll, with hair and cloth brushes, 40 per cent; glassware, 60 per cent; cutlery, 45 per cent; all metal ware, 45 per cent; outside leather, 20 per cent; and the completed article comes in at 35 per cent—the 20 per cent article being about one-fifth the total cost.

The question comes quite naturally, Why not buy the fittings and leather in this country and compete only on the labor? And we answer that the articles, if they can be had in America at all, cost as much or more than the foreign, but the difference on our labor being from 50 to 100 per cent higher here than abroad, their foreign-made article comes into direct and easy competition with our article.

I come before you without the usual statistics, without the usual array of figures, for the reason that the Government, in compiling its lists of importations, does not separate them, but puts everything under one heading, i. e., as manufactures of leather. It is impossible to give you figures of the amount made and sold to this country from abroad. It is, however, a simple and easily understood proposition without the assistance of statistics to help emphasize truths. Nevertheless unquestioned facts, self-evident facts, are before us, and unless the conditions now existing are altered the loss of the fancy leather goods trade in the country will come sooner or later and without a question. When the old tariff went into practice, the fancy leather goods manufacturers in the United States were flourishing and amply protected and few foreign-made goods were imported, for the simple reason that we had American machinery and American methods of working which the foreigner could not or did not try to compete with. We sold in this country leather goods better made than they did for less money. Our help came from Offenbach, in Germany; from Vienna, in Austria; and from Wallsal and London, in England; and Paris, France. They were hired on their arrival at a minimum salary of, say, \$12 a week, and before they had been with us six months earned from \$16 to \$24 per week; worked quicker and better than ever they did in Europe.

Offenbach, in Germany, was the largest leather-goods supply market in Europe, but then exportations to America of fancy leather goods were very small, but their exportation of workmen was large. American shops held their arms open for foreign workmen and got them. Paris, Vienna, Offenbach, and Walsall for the first ten years of the McKinley tariff were comparatively dead in the leather-goods lines, simply because we could beat them at manufacturing and had their labor. Their help left them and found work without trouble here. How different the conditions are now. Offenbach has become a boom manufacturing city, Walsall in England a boom leather city, Paris and Vienna have been manufacturing leather goods in enor-

mous quantities for the American market, and naturally we get no workmen, no artisans, no high-class finished skilled labor. We must hire the lowest and most ignorant class of labor from Russia and agricultural Europe, unskilled and uneducated, and teach them. In former days the shops held artists. Now they hold ignorance.

The reverse picture is shown by many of those former workmen having gone back to their old homes. One asks, quite naturally, What has brought about the change? The cause has been that the foreigner, pressed by necessity, has copied American machinery, American methods; has hired American-trained foreigners on their return home, and have taken expatriated Americans into their partnerships; then makes his articles conform with American needs; hence has increased their business and their employees stay home where their labor is in demand. Merchants in this country ten years ago bought American leather goods with little or no thought of the foreign-made articles. Now the merchants send their buyers to the markets of Europe and buy freely. The foreign-made article competes without trouble, and the styles and wants of American buyers are invited and catered to and designs and patterns are as quickly altered and furnished to meet the wants of the American trade by factories in Offenbach and Paris almost as quickly as in New York or Philadelphia. The cable and the express steamers make foreign markets a little more than a week from the American factory. Houses in Europe have a regular staff of salesmen who visit here, even calling in the smaller cities, and they solicit and get orders on leather wares which cost from 45 to 60 per cent less to make and tell their customer 35 per cent duty covers all. Ten years ago hardly three American dry-goods establishments sent buyers abroad in those lines or sold or carried any quantity of foreign fancy goods. Now most of them make one and possibly two trips per year abroad, and the foreigner supplies their wants because we have few of the workmen, and we pay them more if we have them, and pay an excess duty on our supplies.

Retailers advertise foreign-made leather goods. Retail stores are flourishing who make a specialty of foreign leather goods, and the American maker finds it difficult to compete. Our labor costs from 30 to 50 per cent as much as theirs and our supplies cost more by 15

to 20 per cent, whether made in Europe or America.

On every side you find an enormous increase in the manufacturing trades, and why not in the leather-goods business? Hardly a firm in business here has increased in proportion to its natural growth and the growth of our population. The individual manufacturers in Europe have become fat and flourishing, and America has supplied the means. First we supply him with the styles and models and then supply him with an easy market. He not only sells the articles to us, but offers them all over the world with success, for they are American in style and appearance.

In conclusion, the whole matter can be summed up: We did get his skilled labor and he kept his goods; now we get his goods and he

keeps his skilled labor. The explanation is simple.

Edward J. Deitsch, Of Deitsch Bros., 14 East 17th Street, New York City.

#### HAT LEATHER SWEATS.

[Paragraph 450.]

### ADOLPH WIMPFHEIMER & CO., NEW YORK CITY, WISH PRESENT DUTY RETAINED ON HAT LEATHER SWEATS.

NEW YORK, December 26, 1908.

Hon. S. E. PAYNE.

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

DEAR SIR: In making up your schedule for the new tariff, we would respectfully draw your attention to the article of hat leather sweats. These are goods which are cut out of skivers (sheepskins) for hat leathers, and they now pay a duty of 35 per cent. We are large manufacturers of these goods.

While we understand that the committee do not intend to raise the duty, we would respectfully ask you that this rate be maintained, for the reason that if it is lowered the industry here will suffer considerably owing to the enormous difference in the labor of manufacturing

these goods in Europe and here.

Our American labor is a great deal higher, at least 60 per cent, than the European labor; also our expenses, such as rent and running the factory; also the ingredients that go into the manufacturing of these goods.

Should the duty be lowered it will be impossible for American manufacturers to compete in any way with the European manufacturers.

For this reason we ask that the duty be maintained.

Should your committee require any further information on this subject, we would be only too pleased to give it to you or will appear before you at any time which may be convenient to you.

Very truly, yours,

ADOLPH WIMPFHEIMER & Co., Importers and Commission Merchants.

### DRUEDING BROTHERS COMPANY, PHILADELPHIA, URGES RETEN-TION OF PRESENT DUTY ON HAT LEATHER SWEATS.

PHILADELPHIA, PA., December 23, 1908.

The Hon, S. E. PAYNE,

Chairman Committee on Revision of Tariff,

Washington, D. C.

DEAR SIR: We wrote you under date of November 28 regarding chamois leather, skivers, hatters' leather, and other sheep leathers. At that time we did not mention anything about the finished hat leather sweats, which is now on the dutiable list at the rate of 35 per cent ad valorem.

This article is now manufactured largely in the United States, our company being one of the manufacturers. We think it is very important that the present rate of duty (35 per cent) should be retained on this article, so that this industry can be continued here sucessfully. We fear very much that if duty should be removed or lowered it will seriously cripple our American manufacturers of this article. Our

only reason is the lower cost of labor in European countries. If labor could be obtained as cheaply here as in European countries, we think we would not require any protection. Some of these goods represent as much as 40 per cent of the total value of the goods in cost of labor. It is impossible for American manufacturers to compete successfully with the very cheap European labor. For this reason we would respectfully request your committee to fix rate of duty on hat leather sweats same as before, 35 per cent ad valorem.

Should your committee require any further information on this subject, the writer or another officer of our company will make it convenient to meet you at any time or place that you may name.

Respectfully submitted.

We remain, yours, very truly,

Drueding Brothers Company, Chas. C. Drueding, Treasurer.

#### TRAVELING BAGS.

[Paragraph 450.]

HON. R. WAYNE PARKER, M. C., SUBMITS LETTER OF HEADLEY & FARMER CO., NEWARK, N. J., RELATIVE TO DUTIES ON TRAVELING BAGS.

NEWARK, N. J., December 10, 1908.

Hon. R. WAYNE PARKER, M. C.,

Washington, D. C.

Honorable Sir: We have been informed that an effort is being made to put finished traveling bags on a free list, or to reduce the tariff on same.

If this report be correct and same were carried out in the tariff revision now being considered by the tariff commission, it would

mean a great detriment to our business.

We are told that the present tariff on finished bags is 35 per cent. This is now 10 per cent lower than the tariff on the raw bag frames.

There are quite a number of bags made every year, especially English kit bags, with which we come in direct competition, and this is a difficult matter to meet on account of the lower price of labor abroad.

While we all agree that it is to the advantage of the manufacturing interest of this country to get our raw material as cheaply as possible, we certainly would not favor the free entry of manufactured articles into this country which are essentially handmade, as bags; it is a different proposition on articles manufactured by machinery.

We therefore write to you, not only for information but to ask that you use your very best efforts in protesting against such a course.

We are in favor of the duty being taken off raw hides, as experience has taught us that this would result in a decided benefit to manufacturers of bags in this country; but so far as duty on handmade bags is concerned, it should not only not be removed, but should be increased to at least 50 per cent, with free hides, and doubled under present conditions.

We should like to hear from you at your early convenience, and

remain,

Respectfully, yours,

HEADLEY & FARMER Co., ALBERT O. HEADLEY, President.

#### SHEET GELATIN.

[Paragraph 450.]

## THE BRIGHAM SHEET GELATIN COMPANY, NEW YORK CITY, ASKS AN INCREASE OF DUTY ON ITS PRODUCT.

New York, N. Y., December 5, 1908.

GENTLEMEN OF THE COMMITTEE ON WAYS AND MEANS:

We respectfully ask for an increase of duty on sheet gelatin from the present duty of 35 per cent (par. 450) to 60 per cent in order to equalize the difference in cost between American labor and German labor.

Capital invested in the manufacturing of sheet gelatin, \$50,000; relative cost of labor, 50 per cent; relative cost of raw material, 50 per cent; cost of German sheet gelatin, duty paid, \$24 per 1,000 sheets; cost of manufacturing sheet gelatin in this country, \$25 per 1,000 sheets.

All the raw material used in the manufacturing of sheet gelatin is imported, on which we pay a duty of 25 per cent, hence the more sheet gelatin we can manufacture the larger the revenue to the Government from the raw material we import.

Impossible to use any other raw material but the imported for the making of sheet gelatin, owing to the superior quality of the foreign raw material, due to a secret process.

Very respectfully,

BRIGHAM SHEET GELATIN COMPANY.

#### GUTTA-PERCHA GOODS.

[Paragraph 450.]

# STATEMENT OF W. B. REED, OF NEW YORK CITY, REPRESENTING THE BISHOP GUTTA-PERCHA COMPANY.

Saturday, November 28, 1908.

Mr. Reed. We are engaged in the manufacture of gutta-percha goods, and we make all articles that are made of gutta-percha, and have been making those goods in New York City for something like sixty years. These goods may be d. .ded into three general classes vessels used for acids, insulated wires and cables, and gutta-percha sheets and tissue. For the first there is a small demand. We manufacture only a few vessels, those of special design or required for prompt delivery. Stock vessels that are used in this country are imported. We manufacture gutta-percha pipe, used in the State of Massachusetts. I think, only, for conveying malt liquors. With that article we are able under the present tariff to at times compete with the foreign manufacturer. On competitive bids we are occasionally successful in receiving orders. Sometimes they go abroad. Guttapercha is considered the best material for insulating submarine cables and for telegraph work. We have, I believe, made all that are used in the United States for rivers and harbors. The price is kept down by the competition with rubber-insulated wire. There never has been made in this country any of the ocean cables. They are all made

and laid by either England or Germany. Gutta-percha sheet or tissue is rolled and calendered from a quarter of an inch or more in thickness to one one-thousandth of an inch, the latter weighing a pound to 24 square yards. Under the existing tariff we are able to meet importers' prices, though still considerable is imported. With tissue—and this seems to be the most extensive branch of the guttapercha trade with us at present—the greater percentage is labor cost. With tissue running from 4 square yards to 12 square yards per pound we are able to meet foreign competition with the aid of the present duty, but were the duty reduced to even 25 per cent there would be nothing attractive in that business. A very large percentage of these goods of this weight are used by the clothing manufacturer in the bottoms of trousers, and at present prices it requires about a fourth of a cent's worth of tissue for each pair of trousers; so that the duty one way or another makes little or no difference to the consumer.

The manufacturers of hats, shoes, and furs, or certain fur garments, use tissue running from 16 to 24 yards per pound, and there is a considerable amount of material of this weight used in this country. It is made of identically the same material as the heavier grade goods, the only difference in the cost being the cost of labor. We have never been able, or have not for some years been able, to compete with the foreign manufacturers on this weight of tissue.

Bearing all of these things in mind, we simply ask that the present duty remain as it is. We know that if it were increased, especially on this lighter-weight material, we would be able to compete with the foreigner, but we will be satisfied with such trade as we can

now take care of and can now get.

# THE BISHOP GUTTA-PERCHA COMPANY, NEW YORK CITY, WISHES RETENTION OF PRESENT DUTY ON ITS GOODS.

NEW YORK, December 1, 1908.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee,

House of Representatives, Washington, D. C.

DEAR SIR: Supplementing remarks made by the writer before your committee on November 28 with reference to tariff on guttapercha goods under article 450 of the tariff of 1897, we respectfully

submit for your consideration the following:

This company and its predecessors have been engaged in the manufacture of all kinds of gutta-percha goods since 1847. These goods, as stated, may be divided into three general classes: First, vessels, etc., which are used in connection with the manufacture or shipping of certain acids and alkalies; second, insulated wires and cables, used for conveying electric currents at low potential under water, especially for telegraph purposes; third, gutta-percha sheet and tissue.

The price of such qualities of crude gutta-percha as is required for the manufacture of the first class of articles has increased so much within the past fifteen or twenty years that articles made of other materials have to quite an extent taken the place of those previously made of gutta-percha. This has decreased materially the demand for this class of gutta-percha goods, so that there are now manufactured in this country but comparatively few vessels of gutta-percha, and those only that are needed for prompt delivery or else articles of special design.

The percentage of labor to cost of manufacture of product is such that we have been unable to compete with the foreign manufacturers, even with the present tariff on articles of this description that are

made in stock sizes and shapes.

Gutta-percha pipe, used for conveying certain acids and alkalies, and to some extent for malt liquors, is imported under the present tariff, and we also make quite a quantity in this country, being able at times with the present protection to meet the competition of importers. Through competitive bids the orders sometimes come to us; at other times they go to the importers.

Heavy gutta-percha belting for conveying power under water is used, but for the past ten years we have seemed unable to meet the

prices made by foreign manufacturers.

We are the only manufacturers of gutta-percha insulated wires and cables in this country, and have always, we believe, been able to meet the competition of foreigners for such wires or cables as were required for exclusive use in this country when protected as at present.

Gutta-percha is considered the best insulating material for sub-

marine telegraph cables that are used in the Temperate Zone.

As an evidence that there is no great profit in the manufacture of this character of goods in this country, we would state that all of the larger cables crossing either the Atlantic or Pacific have been manufactured either in England or Germany, and we believe that all of

these cables are insulated with gutta-percha.

The removal of the present duty or even its reduction on this class of goods would open the market to foreign manufacturers, and undoubtedly prevent us from continuing this character of work, and we feel that since the United States Government requires, for certain purposes, these goods, it would not be wise to wipe out their manufacture in this country and thus compel the United States, in case of necessity, to go abroad for their requirements, especially since, from our past experience, we find that it is in times of war that the Government is in greatest need of this character of cables.

Gutta-percha sheet is used for many purposes, it being made into sheets largely for convenience in handling, the thickness of the sheet varying from one sixty-fourth to one-half inch or more. It is used by the Government for gun impressions; to a small extent by manufacturers of molded goods, such as fine electric or gas fixtures. With the present duty we are able to compete with the foreign manufacturers, though, we understand, at times more or less gutta-percha in

this shape is imported.

Gutta-percha tissue is manufactured varying in weight from 4 square yards per pound to 24 or more square yards per pound. It is made mostly of inferior grades of gum, and at present sells at a very low price compared with the prices of six or eight years ago, the reduction in price having been brought about by severe competition between the manufacturers of this country and the importers, manufacturers on both sides of the Atlantic having doubtless within

that time very much reduced the cost of manufacture by improve-

ments in methods and by the use of cheaper gums.

In the manufacture of all weights of tissue the same ingredients are used, but the percentage of labor cost to the total cost varies with the thickness of the goods. With the present tariff we find ourselves able to compete with importers on tissue weighing 1 pound per 10 or 12 square yards and heavier. This tissue is mostly used by manufacturers of trousers in the hem at the bottom, probably not less than 90 per cent of that used in this country being for this purpose, and at the present prices of these goods the amount of tissue necessary to make a pair of trousers costs the manufacturers of the trousers approximately one-fourth of a cent per pair, so that any diminution of the present tariff would not affect the price of trousers to the consumer, but its reduction to 25 per cent ad valorem, instead of 35 per cent, as at present, would make it questionable whether the manufacture of these goods could be continued in this country with the present price of labor.

There has been very little tissue manufactured in this country weighing 12 square yards per pound or less for some years—not since the reducing in price began some eight or ten years ago. We manufacture occasionally some lot for consumers who do not use

enough to warrant importation.

There is, however, considerable quantities of this material used by manufacturers of hats and furs and of certain grades of shoes, and practically all that is used is imported. To make this line of business at all attractive to the American manufacturer, paying, as he does, so much more for labor, and labor being the principal percentage of cost, probably 75 or 80 per cent, it would be necessary to increase the tariff to 50 per cent ad valorem.

Having in mind all of the above facts, and realizing that, with the present duties, there are considerable quantities of certain lines of gutta-percha goods that, with existing prices of labor and other expenses in this country, we are not able to make at a price that can meet foreign competition, yet we will be satisfied if the tariff is left as at present, and endeavor to continue to make, at a small profit, such goods as we have been making for the past six or eight years.

Respectfully, yours,

BISHOP GUTTA-PERCHA COMPANY, W. BRAIDMAN REED, Treasurer.

## VULCANIZED OR HARD RUBBER.

[Paragraph 450.]

BRIEF OF AMERICAN HARD RUBBER CO., NEW YORK CITY, RELA-TIVE TO MANUFACTURES OF HARD RUBBER.

> 9, 11, AND 13 MERCER STREET, New York, November 24, 1908.

Hon. Sereno E. Payne,

Chairman of the Ways and Means Committee,

Washington, D. C.

DEAR SIR: We respectfully call your attention to the manufacture of vulcanized rubber, commonly known as hard rubber, covered in

Schedule N, under the heading of "Miscellaneous articles," and on which the duty is now 35 per cent, and respectfully petition, for the benefit of the manufacturer and wage-earners in this country that

this duty be allowed to remain as it is.

While this rate of duty does not fully protect the goods manufactured in this country against those made in Germany, with their cheap labor and their extraordinarily cheap business expenses, it is only due to the prompt and better service which we render the purchasers of merchandise in this country that we are able to overcome

the lower prices of rubber goods imported from Germany.

We find, from a careful revision of our own business, that on the average, the cost of material used in making an article and the labor actually expended on it, are about equal. In Germany labor is approximately 40 to 50 per cent of the American labor, while the crude material (which is admitted free in this country) is the same; consequently, an article costing \$1 for labor and \$1 for material in the United States, costs in Germany 40 to 50 cents for labor and \$1 for material, showing apparently that the duty should be about 40 per cent in order to enable the American manufacturer to continue to pay the present wages.

In addition to the above figures it should be called to mind that the cost of goods manufactured and sold in this country is enhanced to a very large extent through the greater general business expenses in America. It is well known that such expenses, including rents, salesmen's salaries, traveling expenses, all the salaries of employees, insurance, and, in fact, all such business expenses are at least 50 per

cent higher here than in Germany.

All these facts and figures are respectfully submitted, and we trust will receive your careful consideration.

Yours, very respectfully,

FITZ G. CHEVIS, President.

STATEMENT OF M. DITTENHOEFFER, REPRESENTING THE VUL-CANIZED RUBBER COMPANY, WHO WISHES PRESENT DUTY MAINTAINED ON HARD-RUBBER GOODS.

Saturday, November 28, 1908.

The CHAIRMAN. How much time do you want?

Mr. Dittenhoeffer. I think five minutes will do for me. I represent the United Vulcanized Rubber Company. I intended to speak

half an hour, but I have sympathy for you.

Mr. Chairman and gentlemen of the committee, I appear before you as the representative of the Vulcanized Rubber Company, a corporation organized under the laws of New Jersey for the manufacture of hard rubber and goods made out of hard rubber, such as combs, syringes, syringe fittings, and telephone work, and so forth. I also represent other manufacturers in this line, and incidentally the wage-earners in this industry. I will take but a few minutes of your valuable time in striving to convince you that the duty of 35 per cent provided for in the tariff act under paragraph 450 should be left as it is. All we ask is that the foreign manufacturer, owing to his cheaper labor and very much cheaper expense account in manufacturing and conducting his business, shall have no undue advantage

over the American manufacturer. My own experience of over fifty years in this business, and that of other manufacturers I have consulted who agree with me, is that the average cost of material used in making an article and the labor actually expended on it are about equal. The foreign manufacturer pays for his labor from 40 to 45 per cent less than we do. The crude material, which is free here, costs the foreign manufacturer the same as it costs us. Assuming that the cost of producing an article is for labor \$1 and for material \$1 here in this country, making the total cost \$2, the foreigner, paying only 40 to 50 cents for labor and \$1 for the same material, produces his article at \$1.45, against our cost of \$2; and the duty, therefore, of 35 per cent, which we now have, would about enable the manufacturer to continue paying present wages to his people. That is the whole thing in a nutshell. The changing of this rate would mean ruin to the American hard-rubber industry unless the American wage-earner should be content to work and be satisfied at European wages, which I very much doubt. You must remember that on the cost of crude material the foreigner has no advantage over us, but he has a decided advantage in the cost of labor and the expense of runming his business.

In the long years that I have been connected with this business there never was a time, gentlemen, when we could compete with the foreigner in exporting our goods, for the very reason that their labor was so much cheaper than ours. To further illustrate the great advantage that the foreign manufacturer has over us, let me call your attention to one fact which came under my observation only a few weeks ago. We were selling to fountain-pen manufacturers the rubber tube and the rubber rod, and they took those things into their factory and turned them into fountain pens. One of our customers, who has the largest factory in his line, equipped with every laborsaving device, had to stop buying goods from us, and he went over to Europe and bought a finished article there cheaper than he could get it by producing it himself here. These are the facts of this case, and all I ask of you gentlemen is to protect the American wage-earner by giving us the duty you now have on. I thank you for giving me

your attention.

## THE VULCANIZED RUBBER COMPANY, NEW YORK CITY, FILES SUPPLEMENTAL STATEMENT URGING RETENTION OF PRESENT DUTY ON VULCANIZED RUBBER GOODS.

NEW YORK CITY, December 4, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: I had the honor of appearing before you on the evening of November 28, 1908, occupying only five minutes of your valuable time, but accorded the privilege of presenting a brief of the position we occupy in this matter, which I now have the honor to submit.

Representing the Vulcanized Rubber Company, a corporation organized ten years ago, and having a factory at Morrisville, Pa., and having office and wareroom at No. 488 Broadway, New York.

We manufacture exclusively hard rubber and goods made from it, such as combs, syringes, syringe fittings, telephone work, pipe bits, sheet, rod, and tubing, and other various articles made from hard rubber. I also represent other manufacturers of hard rubber,

and incidentally the wage-earners in this industry.

The tariff act of June 24, 1897, section N, under the head of "Miscellaneous manufactures" provided in paragraph 450, levies a duty of 35 per cent ad valorem on hard rubber, which we shall ask be left unchanged, and that you will so recommend it.

All that we ask is that the foreign manufacturer, owing to his cheaper labor and very much cheaper expense in running his business, shall have no undue advantage over us here in the United States.

My own experience of fifty years in manufacturing hard-rubber goods, as well as other manufacturers in this line whom I have consulted, have agreed with me that the average cost of material used in making an article and the labor actually expended on it are equal.

The foreign manufacturer pays for his labor from 40 per cent to

50 per cent less than we do here.

The crude material, which is free here, costs the foreigners the same

as it costs us.

Assuming, therefore, that the cost to produce an article in this country is \$1 for material and \$1 for labor, bringing up the whole cost to \$2, the foreigner paying only 40 cents to 50 cents for his labor and \$1 for the material, his total cost is about \$1.45 against our cost of \$2. The duty, therefore, of 35 per cent added on the \$1.45 would about equal our cost of \$2 and enable the American manufacturers to continue paying present wages.

Any lowering of the present rate would mean ruin to the hard-rubber industry of this country, unless the wage-earner would be content

to work for and be satisfied with the foreign rate of pay.

While the foreigner has no great advantage over us in the crude material, he has a great and very decided advantage in the cost of labor and the cost of expense in running his business.

In the long years that I have been connected with the business there was never a time when we would compete with the foreigner in

selling and exporting our goods to foreign countries.

Owing to their control of cheap labor and cheap expense they have been able to monopolize this trade, and only the present duty pre-

vents them from swamping us here.

The foreign manufacturers have the further advantage over us in so far that any labor-saving device or machine invented by the American mechanic is soon duplicated by them, and they still have the advantage of having this machine run by a cheaper man, and the machine itself if made abroad will cost probably one-half what it will cost here.

I desire to call your attention to the fact that the cost of a plant, building, machinery, etc., in Europe is very much less than the cost

to us.

The cost of selling goods abroad is very much less than our cost. There are about 3,000 to 4,000 employed in this industry in this country, and the capital invested is about from \$7,000,000 to \$8,000,000.

All of which is respectfully submitted.

Yours, truly,

THE VULCANIZED RUBBER Co., M. DITTENHOEFER, President.

#### COCOA OR RATTAN MATS.

[Paragraph 452.]

# STATEMENT OF FRED. M. CLEAVELAND, OF WAKEFIELD, MASS., WHO WISHES PRESENT DUTY RETAINED.

Friday, December 4, 1908.

The CHAIRMAN. What subject will you speak on?

Mr. CLEAVELAND. Upon mats, made of cocoa fiber and rattan, and mattings.

As manufacturers of cocoa fiber and rattan mats and mattings, we ask you to leave unchanged the present schedule in the tariff of 1897, which reads as follows:

Miscellaneous manufactures, par. 452: Matting made of cocoa fiber or rattan, 6 cents per square yard. Mats made of cocoa fiber or rattan, 4 cents per square foot.

Our reasons for asking this are as follows:

The difference between the labor costs of making these mats and mattings in the United States and in foreign countries is from 40 to

60 per cent in favor of the foreign manufacturers.

Of mats made in the United States the average total cost will be about 16 cents per square foot, of which the cost of labor will be 10 cents per square foot. If made in England, the cost of labor will be not over 6 cents on the average. The duty of 4 cents per square foot is, therefore, the protection needed by us to offset the cheaper foreign labor.

Of mattings made in the United States the average total cost will be about 30 cents per square yard, of which the labor will amount to 7 cents. If made in England, the cost of labor will be not over 3 cents per square yard. The duty of 6 cents per square yard is, therefore, a protection needed by us to off-set the cheaper foreign labor.

We have made the above comparisons with the prices of goods made in England. There are, however, on the Continent of Europe, particularly in Germany and Belgium, many cocoa mats and matting factories employing both free and convict labor, where the cost of labor is materially less than in England, and from which countries mats and mattings are being imported.

That the present tariff is not prohibitive is shown by the following

figures taken from the custom-house statistics:

8	
Mats:	Sq. ft.
Importations in 1899	13, 053
Importations in 1907	310, 817
An increase of 2,500 per cent.	~ -
Mattings:	Sq. yds.
Importations in 1899	. 89, 886
Importations in 1907	. 126, 033
An increase of 40 per cent	

In the face of this increasing foreign competition, this industry is confronted with a steadily increasing domestic competition from convict institutions, which has very seriously decreased the employment of free labor and reduced prices to a very low level. We feel that we might justly ask for an increase in the duties, but refrain from so doing out of deference to the general sentiment against the higher tariff, but with these conditions confronting us we respectfully ask

that the present duties be not reduced so that our business may not be wiped out.

Mr. Crumpacker. Do you import the material used in the manu-

facture?

Mr. CLEAVELAND. All of the cocoa fiber and the original rattan is imported, too.

Mr. CRUMPACKER. What else do you manufacture?

Mr. CLEAVELAND. Practically nothing.

Mr. Crumpacker. So practically all of the material is imported?

Mr. CLEAVELAND. Yes, sir.

Mr. CRUMPACKER. Is there any duty on the raw material? Mr. CLEAVELAND. There is not.

### MUSICAL INSTRUMENTS.

[Paragraph 453.]

STATEMENT OF GEORGE W. POUND, 213 GERMAN INSURANCE BUILDING, BUFFALO, N. Y., WHO WISHES PRESENT DUTY ON MUSICAL INSTRUMENTS MAINTAINED.

Monday, December 7, 1908.

Mr. Pound. I represent the Rudolph Wurlitzer Company, of Cincinnati, Ohio, the Rudolph Wurlitzer Manufacturing Company, and the De Kleist Musical Instrument Manufacturing Company, of North Tonawanda, N. Y. I also represent the Edison Phonograph Works

and the National Phonograph Company, of Orange, N. J.

Mr. Chairman and gentlemen, I wish to say that paragraph 453 of the tariff on imports provides a duty of 45 per cent ad valorem on musical instruments and appurtenances. We are here to urge the retention of the present duty. It is more particularly with reference to the automatic or mechanical musical instruments that we desire to direct your attention. Of course the committee can well imagine that when the previous or the present tariff act was enacted that this industry was not a commercial proposition. It was in its infancy, and very much so. The automatic piano, organ, and kindred instruments have had their development and their perfection, really, only within the past five years. They had their inception in the old-time music box of Switzerland and Bohemia and the pin cylinder or barrel organ of Germany and England. The magnitude of the business has been developed so rapidly that it is surprising. The number of establishments in the United States engaged in the manufacture of musical instruments (excluding phonographs) is 625.

The CHAIRMAN. What duty do they pay now?

Mr. Pound. Forty-five per cent.

The CHAIRMAN. The Board of General Appraisers says that phonographs and graphophones are not admitted as musical instruments with cylinders, and therefore are not dutiable as parts of musical instruments. Has there been any change in that? That was in 1902.

Mr. Pound. They have been paying a duty of 45 per cent. The musical instruments have been held under the general clause of that paragraph.

Mr. Boutell. Do you mean to say that the phonograph has been held to be a musical instrument?

Mr. Pound. That is our information; yes, sir.

The CHAIRMAN. But here is a decision directly to the contrary.

However, you may proceed, and I will look at this matter again.

Mr. Pound. As I have stated, the number of establishments in the United States making automatic instruments outside of the phonograph industry is 625-and it is to the automatic and mechanical instruments, excepting the phonographs, to which I am particularly directing your attention—and the amount of capital invested in this industry is \$72,225,379. The cost of materials used this year was \$29,116,566. The value of the product was \$69,574,340. All this is exclusive of the phonograph industry. If we were to include the phonograph the actual amount of capital invested in the United States, according to the last available reports, 1905, was almost \$83,000,000; and with the tremendous growth of business at the present time all these figures that I have given would be very much

The CHAIRMAN. What do you suggest as to the duty?

Mr. Pound. We ask that the duty be kept where it is. This industry is without any combination; it is entirely independent in its actions and in the production and sale of its products. Our machinery and methods of manufacture are easily and readily copied, but we can not reproduce here the foreigner's scale of wages or the mode

of life of his employees.

We have a peculiar condition in this industry, if the committee pleases. The ordinary mechanic we can not take and use. requires a special labor, an experienced labor, a skilled labor. have to take these men and educate them up in a peculiar line of work. It is a special and particular industry; and it is an industry that did not exist in the United States to any extent up to within the last few years. It has been an absolutely new industry. The Black Forest of Germany has for a great many years been actively engaged in the manufacture and export of automatic musical instruments to the United States. The United States was formerly a very large field.

The CHAIRMAN. Are there any imports of these things?

Mr. Pound. Yes, sir.
The Chairman. To what extent?

Mr. Pound. We imported last year to the value of one million and a half, and there is no question that if the financial condition which existed in this country had not taken place the imports during the past year would have been tremendous, because they have commenced an active campaign of advertising in the trade journals of this country. They have established representatives in New York City, and have started a campaign of active competition with the American

Mr. Boutell. You are speaking now of automatic instruments?

Mr. Pound. Yes, sir.

Mr. BOUTELL. What has been the importations of other musical

instruments?

Mr. Pound. I can not quite tell you. The statistics are very incomplete. The Department of Commerce and Labor and the Bureau of Statistics frankly say that they have not, owing to this being a new industry and not in contemplation practically at the time of the passage of this act—that they did not keep the statistics as they would in the future.

Mr. CRUMPACKER. The total importations of musical instruments and all things dutiable under this tariff act last year amounted to

\$1,458,000. Did that include all parts?

Mr. Pound. Yes.

The CHAIRMAN. Is that 1907?

Mr. Pound. Yes, sir; 1907. The importations of automatic and musical instruments have increased and will very largely increase all the time.

Mr. Crumpacker. And we exported of musical instruments to the

amount of three millions and a quarter.

Mr. Pound. But those are not mechanical. For instance, the very high class of upright pianos have been getting into some of the foreign markets, and, of course, there has been some South American trade.

Mr. Crumpacker. Have you imported quite a quantity of low-

priced organs?

Mr. Pound. Not of the automatic nature at all. I can not speak of the commercial organ itself. That is a business which has suffered much from even the domestic competition.

Mr. Boutell. Isn't it true that a very large number of orchestral

instruments are almost exclusively of foreign make?

Mr. Pound. Orchestrions, as such, and on all instruments of brass, of which brass is a large element—for instance, like the skating-rink organ. We have been entirely driven out of the market upon that by foreign production. They can produce an instrument in the Black Forest of Germany, or through the Bohemian districts, for less than the labor cost in this country. As an illustration, at the time of the passage of the Wilson bill putting the duty down to 25 per cent the North Tonawanda Company, one of the best equipped in the country for that particular class of work, lost \$12,000 that year in spite of every effort made to hold it up, and from that time we never have recovered business along those lines. We formerly made trumpets and bugles for the United States Army and cavalry, but upon those things we have been driven out of the market. We can buy those in the Black Forest, and in Bohemia, pay the manufacturer there for them, pay the consul invoice fee of 10 marks, pay the commission, the freight, pay 45 per cent duty in New York Harbor, and the freight by rail and save 20 per cent—in all cases 10 per cent, but usually 15 or 20 per cent—on actual cost of production in our factories.

The CHAIRMAN. Are these things protected by patents?

Mr. POUND. There are some patents, but they are not basic, and they do not interfere with competition.

The CHAIRMAN. How about these rolls of music?

Mr. Pound. They are made up in that way, and they are all—

The Chairman. They are not patented, are they?
Mr. Pound. Do you mean the perforated paper roll?

The CHAIRMAN. Any roll of music; any roll.

Mr. Pound. There is no patent at all upon the perforated paper roll used in the automatic instrument. The patents on the phonographs have expired, so far as they amount to anything, although there are patents on some particular minor details which do not interfere; and the patents on all other automatic instruments do not interfere.

The CHAIRMAN. I am referring to those rolls used on the pianola,

such as that?

Mr. Pound. Yes; there is no patent on that at all. They are made broadcast in this country.

The CHAIRMAN. How about the rolls of the phonographs; are they

not patented?

Mr. Pound. Not any basic principle at all. The different companies may have some little composition which they will keep secret.

The Chairman. Is there not an Edison patent on the phonographs in some of the latest improvements that practically controls the business?

ness?

Mr. Pound. No, sir; the patents have expired, the patents that amount to anything, on phonographs.

The CHAIRMAN. All of them?

Mr. Pound. All that interfere with competition.

Mr. RANDELL. As to the latest improved machine that has just been

made, how long does the patent on that run?

Mr. Pound. The latest improved machine is nothing at all but an arrangement which permits of a four-minute record instead of a two-minute record, as formerly. In other words, the last effort of the genius of Edison has been to double the length of the cylinder from two minutes to four minutes. But these records are made all over Europe and all over America.

Mr. RANDELL. Nobody would want anything but the best of a machine of that sort. Is not the latest machine protected by a patent,

one that really protects the machine?

Mr. Pound. No. sir. The Victor companies are very powerful and strong competitors, and they make far more expensive records than the Edison Company does. Then, again, there is the Columbia Company which makes a 25-cent record, and, if I remember right, there is a universal price of 25 cents upon the record that they make. It is a large concern.

Mr. Randell. What is the use of obtaining a patent if it does not

amount to anything?

Mr. Pound. I do not know that there is any patent on this last

proposition.

Mr. Randell. I thought there was a patent also on the composition that the records were made of, the composition to make it harder, so it would receive more talk and last longer, or being double the length would receive more, and that it was harder so that it would reproduce the sound much longer.

Mr. Pound. All those things are mere matters of mechanical perfection. There is nothing basic in the patents on any of them, and no patent, in fact, on the automatic or mechanical music industry to-day prevents the fullest competition, because there are no primary

basic patents.

The Chairman. And they pay a duty of 45 per cent as a manufactured article. They do not come in as musical instruments.

Mr. Boutell. It is a very delicate distinction.

Mr. Pound. My particular education along that line has been on other classes of instruments rather than the phonograph. We pay 45 per cent duty, I know, because we have to pay it. Of course, I

hope the committee will bear in mind, as I said before, that this whole industry was not in existence as a commercial proposition when this import act was passed and was not in contemplation by the committee. For instance, the cylinders used on the phonograph are held by the appraisers under a duty of 25 per cent.

The CHAIRMAN. But the total importations of all manufactures of iron and steel, when not otherwise specially provided for and under

which these instruments come in, were \$1,100,000 in 1907.

Mr. Pound. In the better class of phonographs, while our foreign competitors have driven the American goods out of the European market, they have not as yet obtained a strong foothold in America. On the cheaper class of phonographs, those which are given as prizes and in that way, they have got in; but they are not yet coming in

very heavily upon the better class of phonographs.

Now, the proposition here is purely one of labor, there is nothing else to it but the question of labor. The foreign manufacturer, in particular through the Black Forest and in Bohemia, in many cases, has no factory at all excepting the mere assembling room, or at most, usually only a small factory. He gives his work out at piecemeal, and much of it is done in the homes. The wife and the whole family help him. And it is done at a minimum of cost.

Mr. Boutell. How is it with the finer wood orchestral instruments, such as the flute, the clarinet, and the wooden string instruments—violins? Is it a mere question of labor? Can we make just

as good wooden flutes here as they can in Germany?

Mr. Pound. I can only speak of that from casual information. I am told that we can do that here. It is only because of the large amount of labor that is put on that kind of work abroad that it can not all be done here.

Mr. DALZELL. They make violins here?

Mr. Pound. Yes, sir; in fact, one of my own clients has established here, and is endeavoring to build up, a harp factory. It is a new enterprise. They are starting to make violins, making purely the better class and not attempting the cheap instruments.

Mr. BOUTELL. In my city—Chicago—Lyon & Healy are large manufacturers of all kinds of instruments, but I had an idea that there were high-grade orchestral instruments that we had not acquired the knack of making to such a degree of perfection as they

had in Germany.

Mr. Pound. If, sir, I might be permitted, I would like to direct your attention to what probably is the perfection of the automatic or mechanical musical instrument, the electrically operated piano, capable of being played by hand as the normal piano is played and capable of being operated electrically by means of the perforated paper roll as well, so that it combines both the manual and the power-operated instrument. There is no question at all but that it is the best instrument made in the world, and it is made in America. Nothing but the question of cheap foreign labor stands in the way of our holding and controlling the American market. We are not able to export along that line of work at all; we can not meet the competition—it is out of the question. And the South American and the Mexican markets have been entirely taken away from us.

Now, I can give some figures on this matter which I believe will corroborate my statement. The power in the Black Forest, given

usually in such amount as is necessary, is furnished by the municipality at mere nominal cost. The raw materials are right there at hand on the very best terms. These communities are very often very wealthy, deriving a large income from the forests. The taxes are usually nothing, or very low; occasionally even an actual dividend. Labor is abundant and very cheap. I find that the unemployed labor of Germany, in our lines of work, reaches the high percentage of 8.9 per cent. In Waldkisch, for instance, the rate of wages in our industry is 62 cents per day for ordinary labor. It is so abundant and cheap that two large musical instrument concerns from Paris, France, are now building there for the purpose of supplying their home market, and this although they must pay the French duty of 10 to 15 per cent; and right there it is interesting for us to observe that the parliamentary commission of France—the tariff commission, which has been sitting for the last three years—have recommended in their report, which the papers inform us has just been filed, an

advance all along the line of 20 per cent duty.

Now, at Forchtenberg a large number of instruments are made. Here the same prices of labor prevail. It is in the heart of the lumber district, and water power can be had for almost nothing. At Villingen, a center of this industry, they have the same wages. Wooden pipes for organs and small parts are made in the home of the laborer, the whole family helping, and the estimated earnings of children here is as low as 3 cents a day. I can imagine what would happen to us if we went out into the thriving, prosperous communities, as is the case in a number of instances, where large villages have been built up surrounding the factories, and should offer 3 cents per day for that character of help. This municipality has recently made overtures to our people to locate there. We have been offered the use of public land and electric power for almost nothing. These same conditions obtain through all the Black Forest and Baden districts. In Freiburg a large number of automatic instruments are specially made for export to this country, and they maintain a representative in New York City for that purpose. They make one of the best foreign instruments imported into this market.

Frankfort is regarded as more favorable for the wage-earner, and yet a large number of instruments are exported, one house alone in the United States taking annually from there instruments to the amount of 60,000 marks. These same conditions prevail all through Bohemia. In Saxony and northwest Bohemia brass parts are now produced so cheap that, although we have the very best approved machinery for their manufacture, we can purchase theirs, pay ocean and railroad freight and other charges, together with our duty of 45 per cent, and save from 10 to 20 per cent. We have been entirely driven out of that line of business. As I said, Saxony and northwest Bohemia are gradually working into all lines and departments of this class of work. Our scale of wages for corresponding work in the United States-bearing in mind as against 3 cents a day for the children, and up to 60 cents a day for ordinary labor, and \$1 for the highest skilled labor, and \$1 a day for the foremen-our price for common labor is \$1.75 per day, and for the ordinary or a little more experienced labor \$2.25 per day, when we start the man, up to \$3 per day. For skilled labor we pay from \$4.50 to \$8 per day, and our foremen get anywhere from fifteen hundred to twenty-five hundred

dollars a year and up to \$4,000 a year. In other words, our foreign competitor, with much less initial investment and with very much less "overhead" charges, is able to substantially get ten days' labor

for less than we get one.

The 45 per cent duty under the McKinley bill was reduced to 25 per cent in the Wilson bill and conditions then became ruinous, as I stated before, in our business. Our factory lost money and some lines that we never recovered, and are not recovering now. The manufacture of brass parts has never recovered, and the market to-day is in the hands of our foreign competitors. The Dingley bill restored the duty to 45 per cent. The imports last year amounted to \$1,500,000. These instruments are sold very largely to cafés, hotels, cigar stores, skating rinks, and other places of public resort. It is therefore believed that only the financial depression of the past year saved us from an avalanche of imported instruments. We have been just about able, with the universal depression and by continual adaptability to local conditions and the highest skill of production, to manufacture and just about hold our own. There is not any doubt at all if there is any lowering of duty that it would absolutely drive us out of busi-The question of the unemployed in Europe, particularly in England and Germany, is becoming serious, because our industry is one in which the foreign laborer, more particularly the German, has been trained and skilled in for centuries. The musical trade is something concerned with his whole environment, while with us we have to absolutely train every man. It takes time with us. We had to create a working force out of nothing. They get their apprentices for three years for nothing. We start them, paying the boy, the very cheapest boy we have, \$5.50 a week—the boy who picks up shavings and we pay the ordinary boy \$8 per week, and very quickly they expect \$1.75 to \$2 per day.

This pauper labor of Europe, I maintain, is a constant and increasing menace to the American workingmen. Only last week Herr Richard Calwer, one of the best authorities in Germany on social questions, in an article on the lack of employment in the Empire,

said:

Hardly a day passes in which it is not reported from some part of the country that working hours have been reduced or workmen dismissed. Conferences are holding all over the country to discuss what had best be done in the face of the hard times, both present and to come. Municipalities have been petitioned to take steps to alleviate the misery. The coming winter is looked forward to with the deepest anxiety. One-third of the total wage-earning class—4,633.000 persons—are unemployed.

That has reference to Germany only. You know what scenes are being enacted in the capital of England every day, and similarly all over Europe. These are actual trade conditions which we have to confront.

Mr. Randell. Does it not seem that the workingman is getting the worst of it everywhere? He produces an immense amount, while he has to about starve to death everywhere in the world.

Mr. Pound. Not with us.

Mr. Randell. One man came here representing labor who stated that he had 6,000 men looking for work half of the time, and that he wanted a tariff increase in order to get three weeks' more work in a year.

Mr. Pound. Well, my answer to that is that we employ in one of our factories alone 4,500 men, and ranging down to 150 men, which I believe is the lowest, and those men are able—that is, the majority of them are—to earn in excess of \$3.25 a day. Our average scale is \$3 to \$3.25 a day, including the girls and boys-

Mr. RANDELL. Do they get regular work?
Mr. POUND. All the time. We have, as I say, been absolutely driven out of the market on these cheaper grades of instruments, on the orchestrions and on the brass instruments, and those parts of instruments in which brass enters; and also on some certain cheaper grades of what used to be known as "merry-go-round" organs, in which we did at one time a tremendous business. Along all of those lines we have been substantially driven out of the market. We are just about holding our own in the better class of instruments; in other words, where American skill, American ingenuity, and where adaptability to local conditions occur, and where there is a perfect factory organization, we have held our own, but not otherwise. Never have we been able to do so where the question of labor alone enters into competition.

Mr. CRUMPACKER. Who are driving you out of the market, the

foreign manufacturers? Mr. Pound. Yes, sir.

Mr. CRUMPACKER. I notice that the total production of instruments during the last year amounted to \$66,092,000, while of all kinds of instruments and parts there came to this country only a million and a half dollars worth, all told.

Mr. Pound. That was in 1907.

Mr. CRUMPACKER. Yes; and in 1906 it was less.

Mr. Pound. In 1906 it was practically the same; a small difference.

Mr. CRUMPACKER. Somewhat less.

Mr. Pound. But you will bear in mind, as I say, that certain parts of these instruments we, even now, can not make. The instruments which have been imported so far have been the cheaper instruments. They are starting now a campaign of advertising in the trade journals to get our trade, and they have already gotten our South American and Mexican trade, as I said before, and which we had at one time. But on this better class of instruments we have been able to keep them back.

Mr. CRUMPACKER. We do not import 2½ per cent of the instruments

used in this country.

Mr. Pound. Because you will bear in mind our figures there include everything—upright and grand pianos, for instance, to which subject I am not addressing myself. The statistics available from the Bureau of Statistics and the Department of Commerce and Labor are · very deficient. At the time of the passage of this act, as I said before, this business was so small that it was not in contemplation, and they have not segregated their figures at all.

Mr. CRUMPACKER. If your argument is of any force, it would mean

that there ought to be an increase of duty.

Mr. Pound. There ought to be, really, yes, sir; there is no doubt

about it at all.

Now, upon this question of the American wage-earner, as to whether he is profiting by this tariff, I want to say that he surely is in our line of work. It may be that he is especially fortunate with

us, because we must have and do have the very highest skill and the best product. Last year the average cost of food per family in the United States was \$347.75. This one item is far more than the average yearly wage paid in Europe in our industry. The wages per hour in the principal manufacturing and mechanical industries of the United States during 1907 averaged 3.7 per cent higher than in 1906, and that in the year of the depression, too. Perhaps a fairer idea of where our wage-earners stood in 1907 is given by a comparison between the figures for that year and the averages for the ten years from 1890 to 1899, inclusive. In each case the average wages per hour in 1907 were 28.8 per cent higher, the number of employees 44.4 per cent greater, and the average hours of labor were 5 per cent lower. The price of food in 1907 was 20 per cent higher than the average for the ten-year period.

The CHAIRMAN. Well, now, you say that labor was so much higher. Do you mean for a day's work; and that the hours worked were

 $\operatorname{lower} ?$ 

Mr. Pound. Yes; that the American laborer, I mean, worked less hours and got 28.8 per cent more money for those less hours of work than he got the previous year.

The CHAIRMAN. Then he got 28.8 per cent more for a day's work?

Mr. Pound. Yes, sir.

The CHAIRMAN. And that day's work was so much per cent less hours than your competitor. It does not appear clear in your statement that was a day's work.

Mr. RANDELL. What about his productiveness in that day's work

as compared with the foreigner's productiveness?

Mr. Pound. That can hardly be estimated.

Mr. RANDELL. But that is really the gist of the whole thing.

Mr. Pound. No, sir; it is not, if you will pardon me. I believe that is one of the fallacies of that argument.

Mr. RANDELL. The amount you paid and the amount you get for that pay is certainly the question.

Mr. Pound. Not wholly; no.

The Chairman. Have you any comparison of the relative efficiency

of the American and the foreign labor?

Mr. Pound. I will say this: Formerly there was no question that the relative efficiency as to some departments, but not as a universal rule, was in favor of the American workingman, but there is not a week passes—and this many large manufacturers will tell you—but what some foreigner is studying our methods, our machines, and copying our methods of production; and that difference in the efficiency of output does not exist to-day as it existed ten years ago.

Mr. RANDELL. Is there a slight percentage in favor of the American

workingman?

Mr. Pound. I do not believe so in our industry. I think in our

industry it is probably against us.

Mr. RANDELL. I know the views of the various union labor people have been that they would accomplish more in eight hours than in ten because of their greater efficiency during the eight hours. What do you say as to that?

Mr. Pound. In the words of my late lamented townsman, Grover Cleveland, that is "a condition and not a theory." It is very beautiful for the union labor men to tell us that if we will give them wages for ten hours and let them work six and run our factory for us that

he is going to be a fresher man and do more work. Up to a certain point, to a certain number of hours, a man can only properly produce. But I believe it is true, as your experience as well as mine, professionally speaking, will show, that there is not a professional man in the country but who works more hours a day than the average wage-earner, in whatever capacity employed.

Mr. RANDELL. But I did not care to go into that question. I was only inquiring as to the relative efficiency of the men. How much

of this work is done by machinery?

Mr. Pound. Not a great deal.

Mr. RANDELL. Most of it is hand work?

Mr. Pound. Most of it is hand work. Now, on that question of efficiency, just what applies peculiarly with us is——

Mr. RANDELL. I understand that you have no statistics showing the

production per hour of individuals here and abroad?

Mr. Pound. No, sir. Such a thing could not be computed, because there are no two instruments identically alike.

Mr. RANDELL. What is your opinion of the production per hour

of the men engaged in this business?

Mr. Pound. We have studied this question for our own interests very thoroughly, but—

Mr. RANDELL. Have you studied it abroad?

Mr. Pound. No, sir.

Mr. RANDELL. Have you anyone who has studied it abroad?

Mr. Pound. Yes; we have.

Mr. RANDELL. Can you have him come here?

Mr. Pound. Yes, sir.

Mr. RANDELL. At some future date?

Mr. Pound. Mr. Howard Wurlitzer, of Cincinnati, a member of one of the largest concerns in the country, has just returned from Europe, and he, I am sure, could give you all the information you require.

Mr. Randell. We want somebody who has studied this subject abroad. We would like to have him come here, say, Saturday of this

week and bring those figures and statistics.

Mr. Boutell. I wish he would bring particularly the actual figures with reference to the decay of the brass-instrument manufacture in this country. What you said along that line seems to me to be significant.

Mr. Pound. I can speak of that from absolute personal experience. The Chairman. If there are two or three gentlemen, we can hear them all.

Mr. Pound. I will bring the Hon. Eugene De Kleist, of North

Tonawanda.

The CHAIRMAN. What we want is advice at first hand.

Mr. Pound. He is a manufacturer in Germany, in England, and in America, and Mr. Howard Wurlitzer is one of the foremost business men of the west, and fairly conversant with this subject.

The CHAIRMAN. We would like to have a man who has had the ex-

perience you speak of.

Mr. Pound. I have myself made a close study of this tariff question, and of all other tariff questions, for a great many years, although I have not been abroad; ordinary lawyers can not afford those luxuries.

Mr. Boutell. The detailed information which the Government reports contain do not show the amount of importations of different kinds of musical instruments. That matter that I spoke of, of brass instruments, and which you referred to, is extremely significant and interesting. Our reports do not show anything about that.

Mr. Pound. I tried to get that information at the Department of Commerce and Labor and the bureau of statistics, and at both places

I was informed that those matters were not separated.

The CHAIRMAN. Our reports throw them all together, musical instruments and everything else pertaining thereto. I do not mean musical instruments proper, but phonographic instruments, and the instruments that you are interested in, are all in one bracket, and the imports were only \$1,100,000 in 1907. You say a million and a half. There is a wide discrepancy there, and we would like to have the detailed information which you have in regard to the imports of these particular instruments.

Mr. Pound. Of course, the committee must bear one thing in mind, that this whole industry is, in its large present development, a matter of the past five years, really, and wholly the work of the past ten

years.

The Chairman. The reason I asked you about the past was that I visited the Edison works four years ago, and he was very much interested in developing the phonograph. I supposed he was getting patents on the later improvements that he was making—he has made some since—but according to your statement the patents do not protect.

Mr. Pound. They do not. On any automatic or hand mechanical instrument that I know of there are not any primary or basic patents

which in the slightest way prevent competition.

The CHAIRMAN. How about the automatic piano player?

Mr. Pound. No; and with the phonograph or talking machines it is the same way. The keenest competition exists in this country between the Edison, the Victor, and the Columbia phonograph and

graphophone companies.

Now, continuing my suggestion as to the American wage-earner, the purchasing power of an hour's wage in 1907, as measured in the purchase of food, was 6.8 per cent above the average for the decade which I mentioned. I have given these figures because I have found sometimes that it was the favorite theory of those who advocated the lowering of duties to say that the price of food and help had gone up and that the wages had not followed, relatively speaking. Statistics will not sustain that contention.

In conclusion, gentlemen, our position is this: That we, in common with others similarly occupied, have created a new industry in this country, one that did not in anywise detract or take from any existing enterprise; we have built large factories, given employment to whole communities of wage-earners, and we have made it so that it is now capable of an output of over \$69,000,000. We are paying out \$20,000,000 a year in wages; we are buying \$29,000,000 worth of raw material: we have built up great communities surrounding our factories—depending upon the factories—men that we have taken from boyhood and educated along these lines, and who are absolutely and wholly, so far as skilled trade is concerned, dependent upon us, and we are dependent upon them in this matter. We can not compete

with this foreign labor upon these instruments where the question of labor is the large item it is with us.

Mr. RANDELL. What increase do you want in the amount of duty? Mr. Pound. I did not come, sir, to ask an increase. Our people figured that they should have an increase of at least 5 per cent, but I did not---

Mr. Randell. Your purpose really is to hold the business as it is? Mr. Pound. Yes, sir. I will not say that we would be content, but we feel that on the better class of instruments we can hold our own.

Mr. RANDELL. What effect would the lower tariff have upon the

revenue, in your opinion? You have 45 per cent protection?

Mr. Pound. Yes, sir.

Mr. RANDELL. And you claim that is not enough?

Mr. Pound. It is really not enough.

Mr. Randell. Suppose it was lowered 10 per cent.

Mr. Pound. It would drive us out of business. We would go to Germany and manufacture.

Mr. RANDELL. You could not live in this country and have a duty of 35 per cent ad valorem?

Mr. Pound. No, sir.

Mr. Randell. Considering the cost of transportation and the efficiency of American labor and all that sort of thing?

Mr. Pound. No, sir; we could not.

Mr. RANDELL. What effect would it have on the revenues if the tariff was lowered to 35 per cent in place of the 45 per cent?

Mr. Pound. I can not answer that question.

Mr. RANDELL. It would increase them largely, would it not? Mr. Pound. I can not answer, because these figures are not separated, and it would be merely an estimate.

Mr. Randell. Would it increase it some, or would 35 per cent block

out the foreign competition?

Mr. Pound. Thirty-five per cent would not block out the foreign competition in our trade.

Mr. Randell. But very largely increase the revenue?

Mr. Pound. If the instruments were still bought it certainly would, I should think.

Mr. RANDELL. A change in the tariff would not keep the people from buying the instruments—a lowering of the tariff?

Mr. Pound. Why, no; I do not imagine it would.

Mr. RANDELL. You really do not think that a reduction of tariff down to 35 per cent would increase the revenues?

Mr. Pound. I think perhaps it would not make any great difference

in the result.

Mr. RANDELL. And you think the revenue would remain about the

Mr. Pound. I should think so, because a certain number of parts, like the brass parts, we import and put in our instruments now; we have to do it, paying 45 per cent duty.

Mr. RANDELL. If with 35 per cent the revenue would not be increased, then your competition would not be increased and you would

still have a monopoly in this market, as much so as now?

Mr. Pound. We would have?

Mr. RANDELL. Yes; if the revenue was not increased there would be no increase in the importations.

Mr. Pound. Well, it would take more importations to make up the difference.

Mr. Randell. The difference of 10 per cent?

Mr. Pound. Let me answer that question in this way, and see if I meet it, and this point is material: It is not necessary in order to affect a market that the importations should be a large percentage of the product used in this country. A very small percentage thrown in here will so disturb the market conditions that it would have a very bad effect.

Mr. RANDELL. It hurts your feelings?

Mr. Pound. It does not hurt our feelings, but our business.

Mr. RANDELL. If the instruments did not come in, then you would have no more competition than now, but if the instruments did come in it would increase the revenue?

Mr. Pound. There is very strong domestic competition now—625

factories in the country.

Mr. RANDELL. If the foreigner did not bring in any more instruments, that would not make the manufacturers go to Germany, would it?

Mr. Pound. If no more came in?

Mr. Randell. Yes.

Mr. Pound. No, sir; of course not.

Mr. RANDELL. The truth is that foreign competition is what holds the prices down?

Mr. Pound. Well, our competition is very strong.

Mr. RANDELL. The competition that holds you down is not from abroad but from home?

Mr. Pound. On the better class of instruments we can just about

hold them out now.

Mr. RANDELL. Then you have a monopoly on the better class of instruments, just about, now, and if the tariff was lowered, you would cease to have a monopoly on that and only have a monopoly on the lower class?

Mr. Pound. No, sir; that is not right. We do not have a monopoly now. Within the past year one of the best of foreign instruments, that known as the Mignon, has made arrangements to strongly enter the American market. They are now, as I personally know, seeking American contracts here for their output.

Mr. Randell. Your worst trouble is with the higher-class instru-

ments, is it not?

Mr. Pound. The trouble we now fear is of the higher-class in-

struments. In the lower-class instruments we can not compete.

Mr. Randell. You say that you have just about gotten the highclass instruments out now. Do you not call that a monopoly, when you have them "out?"

Mr. Pound. I did not mean we had them out, but we are just about

able to hold our own.

Mr. RANDELL. To hold them out?

Mr. Pound. Well. I did not mean that. We are able to hold our own on the higher class of instruments, but on the lower class of instruments, where the cheaper form of labor is employed, we are not able to hold our own.

Mr. Randell. In the statement which you furnish will you please give the cost of all the materials that are used here and in foreign countries, as well as the cost of labor, and also show wherein it costs you 45 per cent more than it does the foreigner to manufacture instruments?

Mr. Pound. I think, honestly, it costs us at least 60 per cent more to manufacture our instruments than the foreigner, if not more than

that

Mr. Randell. Put those facts in your statement, please.

Mr. Crumpacker. Has your material increased in cost in the last eight or ten years?

Mr. Pound. Yes, sir.

Mr. Crumpacker. How much has it increased?

Mr. Pound. For instance, our lumber has in many cases increased 200 per cent.

Mr. Crumpacker. What else do you use; brass?

Mr. Pound. We use brass and rubber.

Mr. CRUMPACKER. Iron?

Mr. Pound. Some iron, some steel, some forgings; and we use a great deal of leather of a very fine kind.

Mr. Crumpacker. Taking these materials generally, has there been

a material increase in cost?

Mr. Pound. Yes, sir.

Mr. CRUMPACKER. A gradual increase? Mr. Pound. Yes, sir; all the time.

Mr. CRUMPACKER. Are those materials more expensive now than they were three years ago?

Mr. Pound. Yes, sir.

Mr. Crumpacker. Do you know about the percentage of increase in the cost of materials that you use?

Mr. Pound. I can not give you the actual figures only as I have

heard it discussed at business meetings.

I would say, if the committee pleases, that I think this is a point sometimes overlooked. It is not alone that the large percentage shall be with us—for instance, that the importations into the country shall constitute the large percentage of the goods produced in this country. Any percentage coming in which, in itself, is large enough to create a volume of trade has an absolute disturbing effect upon the markets. And another element of danger is this: That where there is overproduction in any particular locality, where there is depression in labor in any business, then the surplus stock is always thrown in on the market somewhere, and it is those things that disturb business conditions and have a greater effect than they would seem to have from the mere perusal of the statistics on imports.

Mr. Crumpacker. There are two piano factories in the district that I represent. The superintendent of one of them told me about two weeks before the last election that the business at his factory in the spring and summer of 1908 was the best they had ever had in all their experience. They had to operate the factories day and night to meet

their orders.

Mr. Pound. What do they manufacture?

Mr. CRUMPACKER. Pianos; the Hobart M. Cable Company, of Laporte, Ind.

Mr. Pound. Yes; they manufacture regular pianos. I am not cognizant of the straight commercial manually operated pianos. It is a different business.

Mr. Crumpacker. He told me that all lines of production made to sell to farmers were prosperous during the panic, and referred par-

ticularly to his own.

Mr. Pound. I have heard the same argument made by the auto-

mobile people.

The CHAIRMAN. This has been a prosperous business, has it not?

Mr. Pound. Not excessively so; no. The profits have not been large in the business. The fact is that the business has required constant development, new machinery being continually devised to meet this competition.

The CHAIRMAN. Have the profits been turned into construction?

Mr. Pound. Entirely so.

The CHAIRMAN. And the profits have been large that have been turned into construction, have they not?

Mr. Pound. No; not excessively so.

The CHAIRMAN. Not too large. I never saw a manufacturer yet, or anybody else, who was willing to admit that his profits were too large.

Mr. Pound. Many of these companies that I have spoken of here

have not yet paid a dividend.

The CHAIRMAN. I wish you would furnish us a brief showing the amount of original capital and the amount of improvements added

to the business from year to year, and file such a brief later.

Mr. Boutell. It occurs to me that a good many of these questions, as you will see when you come to read this over, will be found to have been at cross purposes. I understood that Mr. Crumpacker was speaking exclusively of pianos without any automatic attachment. These questions have crept in right along as though you were talking about that branch of the business. I understand that you represent the automatic and mechanical instruments?

Mr. Pound. Yes. I do not profess to be able to talk intelligently upon what is known as the manually operated or commercial piano.

Mr. Boutell. It is the automatic musical instruments that my questions have been directed to. Are we going to have a brief covering such musical instruments as flutes, oboes, trombones, and instruments of that nature?

Mr. Pound. I have no connection with any house which manu-

factures them.

Mr. BOUTELL. What are the brass goods that you spoke of as hav-

ing been put out of business?

Mr. Pound. You have seen the large band organs, as some are termed—large organs 20 feet long perhaps and 10 feet high, where, facing you, you will see a large number of brass horns and brass parts, bell shaped.

Mr. Boutell. You mean the orchestral instruments?

Mr. POUND. Yes. In all of those things our concerns have been absolutely driven out of the market. We do not make one.

### C. W. PARKER, ABILENE, KANS., WISHES THE DUTY ON HAND ORGANS REDUCED TO TWENTY-FIVE PER CENT.

ABILENE, KANS., December 29, 1908.

SECRETARY WAYS AND MEANS COMMITTEE,

Washington, D. C.

DEAR SIR: I desire to call the attention of your honorable body to the 45 per cent duty on hand organs, and would recommend a

reduction to 25 per cent at least.

I have, at this point, the largest factory in the world devoted to the exclusive manufacture of amusement devices, including an organ department. It seems impossible to secure competent labor to construct organs; and, upon investigation, I find the Italians, Germans, and a few French, who seem to be the real organ builders, hand the art of building hand organs down from generation to generation. There are in New York City and vicinity concerns who build organs, but I do not think a reduction of tariff on organs would interfere with them in the slightest degree. In fact, if the duty was less, I am satisfied there would be a great many more organs used in this country, and, in fact, so many more would be imported more revenue would be received than now.

I shall take pleasure in answering any questions you may deem necessary, and trust this matter will have your favorable consideration. Thanking you for the time consumed by this letter, I beg to

remain, Very respectfully, yours,

C. W. PARKER, Manufacturer of Amusement Devices.

### WORKS OF ART.

[Paragraphs 454, 701, 702, and 703.]

## PROVISIONS OF ACT OF 1897, WHICH PROVIDE FOR IMPORTATION OF PAINTINGS AND OTHER WORKS OF ART.

Saturday, November 28, 1908.

The CHAIRMAN. We will hear the gentlemen who desire to be heard on works of art on the free list. I have a number of names here on the programme. The arrangement is that these gentlemen will be heard for five minutes. It will be necessary to do this because there are gentlemen here from a long distance who desire to be heard on other paragraphs which we hope to reach. The first speaker to be heard will be Mr. Robert W. de Forest, chairman executive committee, American Free Art League.

Note.—The present tariff provisions relating to works of art are

as follows:

"454. Paintings in oil or water colors, pastels, pen and ink drawings, and statuary, not specially provided for in this Act, twenty per centum ad valorem; but the term 'statuary' as used in this Act shall be understood to include only such statuary as is cut, carved, or otherwise wrought by hand from a solid block or mass of marble, stone, or alabaster, or from metal, and as is the professional production of a

statuary or sculptor only.

"701. Works of art, drawings, engravings, photographic pictures, and philosophical and scientific apparatus brought by professional artists, lecturers, or scientists arriving from abroad for use by them temporarily for exhibition and in illustration, promotion, and encouragement of art, science, or industry in the United States, and not for sale, shall be admitted free of duty, under such regulations as the Secretary of the Treasury shall prescribe; but bonds shall be given for the payment to the United States of such duties as may be imposed by law upon any and all such articles as shall not be exported within six months after such importation: Provided, That the Secretary of the Treasury may, in his discretion, extend such period for a further term of six months in cases where applications

therefor shall be made.

"702. Works of art, collections in illustration of the progress of the arts, sciences, or manufactures, photographs, works in terra cotta, parian, pottery, or porcelain, antiquities and artistic copies thereof in metal or other material, imported in good faith for exhibition at a fixed place by any State or by any society or institution established for the encouragement of the arts, science, or education, or for a municipal corporation, and all like articles imported in good faith by any society or association, or for a municipal corporation for the purpose of erecting a public monument, and not intended for sale, nor for any other purpose than herein expressed; but bonds shall be given under such rules and regulations as the Secretary of the Treasury may prescribe, for the payment of lawful duties which may accrue should any of the articles aforesaid be sold, transferred, or used contrary to this provision, and such articles shall be subject, at any time, to examination and inspection by the proper officers of the customs: Provided, That the privileges of this and the preceding section shall not be allowed to associations or corporations engaged in or connected with business of a private or commercial character.

"703. Works of art, the production of American artists residing temporarily abroad, or other works of art, including pictorial paintings on glass, imported expressly for presentation to a national institution, or to any State or municipal corporation, or incorporated religious society, college, or other public institution, except stained or painted window-glass or stained or painted glass windows; but such exemption shall be subject to such regulations as the Secretary

of the Treasury may prescribe."

STATEMENT OF ROBERT W. DE FOREST, PRESIDENT OF MUNICI-PAL ART COMMISSION AND CHAIRMAN EXECUTIVE COMMIT-TEE FREE ART LEAGUE, NEW YORK CITY.

Saturday, November 28, 1908.

Mr. DE Forest. Mr. Chairman and gentlemen of the committee, we know that your time is short and we do not mean to burden you with the reading of a brief which we have presented and which each of you gentlemen is presumed to have.

The Chairman. We will print the first 17 pages of that brief in the record. We can not print the whole pamphlet.

The brief referred to is as follows:

The changes proposed which are contained in the following paragraphs leave all mechanical and chemical art productions dutiable, while all works of art done by hand and antiquities produced prior

to 1850 are placed on the free list.

"703 (a). Works of art, including paintings in oil, mineral, water, or other colors, pastels, original drawings and sketches, etchings and engravings, and sculptures, but the term 'sculptures' as herein used shall be understood to include only professional productions of sculptors, whether round or in relief, in marble, stone, terra cotta, ivory, wood, or metal; and the word 'painting,' as used in this act, shall not be understood to include such as are made wholly or in part by stenciling or other mechanical process; and the words 'etchings' and 'engravings,' as used in this act, shall be understood to include only such as are printed by hand from plates or blocks etched or engraved with hand tools, and not such as are printed from plates or blocks etched or engraved by photochemical processes.

"703 (b). Objects of art of ornamental character or educational value which shall have been produced at any period prior to the year eighteen hundred and fifty, but the free importation of such objects shall be subject to such reasonable regulations as to proof of

antiquity as the Secretary of the Treasury may prescribe."

#### THE ART ARGUMENT.

I. It is the duty of the Government to encourage the fine arts as a branch of education as well as commerce, trade, manufactures, and

agriculture.

(a) The encouragement of industries is more important in a new nation, but, when they have been firmly established and proper protection for them is assured, then the Government should provide for the encouragement of the fine arts.

(b) The art of a nation is one of its most refining influences, and becomes in time its most enduring monument and the highest ex-

pression of its civilization.

(c) While the expenditures of the Federal Government are gigantic, its revenues from other sources are ample without resort to the inconsiderable return from a virtual penalty upon the introduction of works of art.

II. Ours is almost the only civilized nation which does not affirma-

tively lend its aid to the promotion of the fine arts.

(a) The following Governments have long since placed works of art on the free list: Great Britain, Germany, France, Russia, Italy, Holland, Belgium, Denmark, Sweden, Norway, Portugal, Greece, Roumania, Commonwealth of Australia, Dominion of Canada, Newfoundland, the South African Customs Union, and many smaller countries.

Note.—Canada, paintings and pastels valued at not less than \$20 each, free. Newfoundland, the work of artists of recognized merit, free. Italy, statuary, free. Paintings, etc., dutiable only on the material as material, regardless of the art value of the object.

(b) Most of the Governments of Europe have bureaus of fine arts

in their departments of education.

(c) They make liberal appropriations from the public treasury for the maintenance of art museums and art schools and for public exhibitions of art.

(d) They regard works of art as national treasures, whether owned publicly or privately. In Italy and Spain important works of art in private galleries are catalogued by the Government, and can not be sold or exported without the permission of the ministers of education.

III. The highest development of art in this country can only be attained by the most perfect freedom and unhampered exchange of ideas between the artists of this country and of other countries.

IV. Art is not indigenous, but the art of one country finds its inspiration in the art of the civilizations which have preceded it. Thus Greek art felt the powerful influence of Assyria and Egypt; Roman art, that of Greece and Etruria; French art, that of Italy;

Japanese art, that of China.

(a) The highest development of art in this country can only be attained through the fullest knowledge of the art of the past and the unhampered flow of ideas from other countries. Having no art traditions of its own, this young nation should have the benefit of all that the art treasures of the Old World can teach or suggest, without hindrance from tariff barriers.

(b) A governmental policy which, through the removal of such barriers, shall encourage the free admission of works of art to this country, will make the United States a much more beautiful and

pleasant place to live in for all its inhabitants.

(c) It is the superior opportunities of seeing great works of art in other countries which makes foreign travel so attractive to our citizens. The art treasures of the National Gallery of London, the Louvre in Paris, the Royal Art Museums at Berlin and Dresden, the Pitti and Uffizi Museums in Florence, the Vatican Galleries in Rome, and the Hermitage Gallery in St. Petersburg, are magnets constantly drawing travelers to them.

(d) With the inevitable growth of public and private art collections in this country, and consequent increase of opportunities of viewing them through permanent and loan exhibitions, there is no reason why every important city of this country should not become a

noted art center and point of popular attraction.

#### THE EDUCATIONAL ARGUMENT.

I. A proper regard for the advancement of the country in popular education makes it necessary that this tax on knowledge and good taste should be removed.

(a) The free introduction of works of art facilitates not only the teaching and study of art by the process of object-lessons, but also

the teaching of history and the record of civilization.

(b) The greater the number of art objects there are within the country, either in private or public possession, the easier it will be for our people to acquire a knowledge of art and of the place which art has held in other countries and other eras.

(c) The study of drawing or art is a recognized essential of a common school education, and educators are agreed that the study of art has a high educational value.

Note.—See Prof. Paul H. Hanus, of Harvard University, on "Educational Values."

(d) The educators of the country are a unit in their opinion that

works of art should be free of import duties.

(e) Short arguments by two hundred college presidents in favor of free art accompany this brief.

#### THE INDUSTRIAL ARGUMENT.

I. Free art, through education in art, will add greatly to the wealth of the country because it will benefit the industries in whose products form and design play an important part, such as dress goods of silk, cotton, and woolen, jewelry, carpets, furniture, wall papers, pottery, lace, glass, and china ware, architectural features in metal and stone manufactures, etc.

(a) Free art is the complement of protection with respect to such industries, and is absolutely essential to enable them to compete with foreign concerns whose governments have adopted the policy of

fostering the fine arts.

(b) European countries have applied art education to industry with such persistence that it has produced manufactured articles of

superior design.

(c) Such a policy has been followed for so many generations in France that the humblest artisan has an artistic taste and skill which gives greatly increased value to his work.

Mr. Mason, consul-general to France, in his 1907 report, gives the following as one of the reasons why France has held her own com-

mercially, notwithstanding her poverty of coal and iron:

"And, above all, the instinct of artistic taste fostered and developed by education and governmental influence until it has become a national attribute."

(d) Germany, through the liberal introduction of works of oriental art and consequent wide-spread knowledge of Eastern taste and standards, has secured and held an enormous trade in Japan. Nor are these the only examples that might have been adduced.

(e) Drawing was originally introduced in the common schools of America on the petition of manufacturers for the express purpose of

improving the manufactures of the country.

Note.—See petition to the legislature of Massachusetts, 1869.

(f) Free art will help to secure, through enlarged opportunities for art education by object study, the advantages to artisans and artists in this country which are now found in a superior measure in countries abroad.

II. Free art by multiplying the art objects of the country will develop an artistic taste among the people, which will in turn create a demand for artistic products, and so call into existence new domestic industries which will give employment at high wages to skilled laborers, both men and women.

#### THE ARTISTS' ARGUMENT.

I. Free art will be an unquestionable benefit to American artists.

(a) Through art education it will create an appreciation of art which will result in an increased demand for the product of the artists. It is a well-known fact that, as a knowledge of art has grown in this country within recent years, the intelligent patronage of American artists has increased, and collections composed specially of the works of American artists have grown in number and importance.

(b) The American artists, with few exceptions, for many years

have favored free art.

(c) Most of our leading artists have received their education in Europe. Free art will help to make this practice unnecessary by developing an art atmosphere in America which will provide the

necessary environment for the growth of the artist.

(d) Our artists have been warmly welcomed and generously treated in Europe. Foreign art schools, galleries, and exhibitions, including the French salon, are thrown open to them free of charge, and they compete on equal terms for the prizes offered by foreign governments. These privileges give prestige and standing in the art world to our artists.

(e) Our American painter, Edwin A. Abbey, says: "American artists and their work are so liberally received and hospitably treated by all other countries that it is a matter of chagrin and embarrassment to me that laws are made by my countrymen which keep the work of artists of other countries out of the United States, laws which hamper our own artists and benefit nobody else."

(f) The duty prejudices American artists in the eyes of American

purchasers by adding an artificial value to imported works of art.

(g) Art dealers here seeing the advantages certain to accrue not only from the more liberal importation of foreign works, but from the prospective growth of interest in art generally, are largely in favor of the removal of the present duty.

(h) Short arguments for free art by 250 artists and art dealers

accompany this brief.

#### THE MUSEUM ARGUMENT.

I. The educational value of our museums is inestimable.

(a) About 16,000,000 people have visited the Metropolitan Art Museum of New York since 1880.

(b) The number of visitors in a few of our museums for the year 1907 follows:

Metropolitan Art Museum, New York	800.763
Boston Museum of Fine Arts	
Chicago Art Institute	661,204
Pennsylvania Academy of Fine Arts, Philadelphia	199,259
Yale Art Museum, New Haven, Conn., average per Sunday	1.115
Rhode Island School of Design, Providence	
Cooper Union Museum, New York	6,286
Detroit Museum of Art	150,000
San Francisco Institute of Art, before destruction, average	
St. Louis Museum	142,769
Layton Art Gallery, Milwaukee	28,568
Buffalo Fine Arts Academy	120,683

Note.—Most of the museums have art schools in connection with them. The students of these schools and of other art schools use the museums, and are given permits to copy the paintings and other art objects. Other artists also have these privileges.

(c) Small museums are springing up everywhere, especially in the Central West, West, and South, and in a few years no important community will be without one.

II. Free art will contribute very greatly to the establishment and

growth of these museums.

(a) The present tariff law admits free only works of art imported directly for public museums. As only a small part of their accessions are obtained in this way, the evident purpose of Congress to encourage the collection of art for public museums is not attained.

(b) The most effective way of attaining this end is to permit individuals to import art free, because the public museums depend not only for their growth, but for their very existence, upon the gifts, bequests, and loans of individuals. The monthly bulletin of any museum makes this fact very evident. Private ownership is the great reservoir upon which they depend for their principal supply.

(c) Much more than one-half of the imported art in our public museums have been acquired by the gifts or loans of private collectors.

1. Four-fifths of the foreign collection of works of art in the Metropolitan Museum of the Fine Arts in New York have been thus acquired. The imported paintings are valued unofficially at \$5,000,000. Half of them are owned by private individuals and loaned to the museum. Two million dollars' worth of paintings have been given to the museum by individuals. Only half a million dollars' worth was purchased by or came directly to the museum.

2. One-half of the collection of the Corcoran Gallery at Washing-

ton, in value, was presented or is loaned by private individuals.

3. Of the 139 foreign paintings owned by the Boston Art Museum and on exhibition at a certain time, 57 were presented and 56 loaned to the museum.

4. Fifty per cent of the foreign collection of the Toledo Museum

of Fine Arts came to it in the same way.

5. And also the principal foreign paintings in the Worcester Art Museum.

6. Sixty per cent of the foreign collection of the Chicago Art Institute came from private collections; 175 of the 220 paintings owned by the institute were presented to it, and 100 of the 125 loaned

pictures came from private individuals.

III. It is perfectly evident that the public art collections would be richer to-day, but for the duty, by at least the amount of the duties paid, and this does not take into account the psychological effect of the duty in discouraging their purchase and importation, nor the art objects actually kept out of the country by the duty.

(a) Many American collectors, deterred from importation by the duty, keep their collections on the other side, where the people of other countries get the benefit of them through their loan for exhibition in the principal capitals of Europe. Thus the people of this country are deprived, so long as the duty remains, of the hope of

seeing publicly exhibited here, as unquestionably they would be, many of the most famous works of art of ancient and modern times.

(b) Nearly all of Mr. Charles Parsons's donation to the St. Louis Museum, which forms the chief part of the museum, was imported by him, and Prof. Halsey C. Ives, who knew Mr. Parsons personally, says that "but for the duty Mr. Parsons would have purchased twice as much and the museum would now be so much the gainer."

(c) The Springfield Museum, which will go to the city upon the death of Mr. George W. V. Smith, its owner, would be much larger

but for the duty.

(d) When the duty was raised from 10 per cent to 30 per cent in 1883, the works of art imported fell off in value from \$3,380,639.15 to \$1,191,206.67; when the duty was lowered in 1890 to 15 per cent, the value of the works of art imported increased from \$2,061,018.93 to \$2,559,308.43; when the duty was removed in 1894, the value of the works of art imported increased from \$1,518,688.63 to \$4,053,482.88; and, when the duty of 20 per cent was imposed in 1897, the value of the works of art imported fell off from \$4,628,713.84 to \$2,124,778.66.

IV. It is a well-established principle among art and museum experts that the important art works inevitably drift from private to public possession by gift or bequest. The individual collector be-

comes the conduit from private to public ownership.

(a) Thus the Chicago Art Institute came into possession of three out of the four most important private collections in Chicago in the first ten years of its existence.

(b) The Harriet Lane Johnson, the Charles L. Freer, and the William T. Evans collections have recently been given to the nation.

(c) In Philadelphia it is expected that the three most important private collections, containing 2,500 paintings, will be united and presented to the city.

V. In the last analysis the duty on art sacrifices the growth of our

own art museums to the increase of foreign museums.

(a) This is due to the fact that foreigners and the agents of foreign governments have a distinct advantage in the purchase of art works in foreign markets, because their governments do not put a duty on works of art.

The American collector must add the amount of the duty to the purchase price. This makes it easier for the foreigner to get the works of art, and, as our museums depend upon the private collector,

the obstacle of the duty impedes their growth.

VI. The American Association of Museums passed resolutions in favor of free art at its last annual meeting, and a petition signed by the officers of the art museums of the country accompany this brief.

#### ARGUMENT FROM PRECEDENT.

I. Congress has itself recognized the necessity of a policy of encouraging the fine arts, and it should carry this policy to its logical conclusion by putting works of art on the free list.

(a) This is demonstrated by the exemptions from duty which it has made, as shown in the notes to the tables showing the history

of the art duty, accompanying this brief.

(b) The phrase "encouragement of the fine arts" actually appears in the law.

(c) Congress has also recognized the validity of our arguments by always keeping the art duties below the level of the other duties.

1. The following table shows the low duty on art compared with the average rate on dutiable imports:

Tariff act.	Average rate.	Duties on art, omit- ting en- gravings and etch- ings.	Antiqui- ties.
1897. 1894. 1890. 1883. 1862–1833. 1861. 1857. 1846. 1841. 1832. 1828. 1828.	Per cent.  a 50 41. 44 48. 65 45. 62. 78 19. 10 20. 27 25. 54 36. 60 29. 80 41. 16 38. 53 a 20	Per cent. 15-20 Free. 15 30 10 Free. Free. Free. 15 51 10 10 Free. 15 15	(b) Free. Free. Free. Free. Free. Free. Free. (b) (b) (b) (b)

a About.
b According to material.

c Maximum 54.39 in 1865. d 1862-1878. · • Or 20 per cent if for sale.

NOTE.—(a) The art duty has remained about 15 per cent, while the other duties have increased from 20 to 50; (b) art has been free during twenty-seven years, since 1879, and antiquities during forty-six years; (c) when other art was taxed 30 per cent in 1883, antiquities were free; (d) the duty was not increased for war purposes in 1861.

2. In construing the art schedules, the courts have sometimes based their decisions upon the ground that it was the intent of Congress to encourage a taste for art by making the duties on art low, or by

putting art on the free list.

In Viti v. Tutton (14 Fed. Rep., 241, p. 246) the court said, "The object of the act is doubtless to encourage a taste for art, and hence to admit the work of professional artists at a low rate of duty," and in U. S. v. Tiffany & Co. (160 Fed. Rep., 408, p. 410), "That Congress, realizing the importance of art to a comparatively new country, has in all the later tariff acts discriminated in favor of paintings and statuary can not be denied."

#### THE TARIFF ARGUMENT.

I. The duty on art has no place in the tariff theories of any school of taxation.

(a) Works of art are not within the theory of protection.

1. The American artist who, if there were any protection in the duty on art, would be the beneficiary, repudiates the duty and is a most earnest petitioner for its repeal. (See Artists' argument.)

2. Under the theory of protection noncompetitive products which are also necessities, like coffee and tea, are not dutiable, while competitive products, even though they may be necessities, like sugar or wheat, are dutiable. The latter is based on the principle that the duty keeps American capital invested in the United States and provides employment for American laborers at high wages, and that these advantages outweigh any objections on account of their being necessities.

3. Works of art are in the first class, because they are educational necessities and because they are noncompetitive in the commercial

They are noncompetitive, because a work of art is a work of genius and not the product of a machine. There are no two alike, as in the case of manufactures, but each has its individuality. It is this individuality which attracts the purchaser. He asks not for a painting of a certain class or grade, but for the painting of a certain

4. No one who believes in the theory of protection can consistently say, "First take the duty off of necessities," because that ignores the very fundamental theory of protection.

5. What possible competition can there be between a Rembrandt

or a Valasquez and an American painting?
6. The act of 1832, passed by the Whigs, or National Republicans, was a distinctly protectionist measure, and it put art on the free list.

7. The act of 1861, as reported and passed by the House, put art

on the free list.

- 8. The McKinley bill of 1890, as reported by the committee, put art on the free list.
- (b) Art is not within the theory of taxing luxuries for revenue. 1. Art is an educational necessity, and becomes a luxury only in a primitive state of society.

2. The duty on art is a tax on knowledge and culture.

3. Almost no civilized nation of importance, as shown above, taxes

art as a luxury.

4. The act of 1846 was passed by the Democratic party with the avowed purpose of putting the principles of free trade into operation as far as possible. It was based on the report of the Secretary of the Treasury, Mr. Robert J. Walker, and one of its fundamental principles was that the maximum duty should be levied on luxuries. Art was made free in this act.

5. The act of 1857, a near approach to free trade, retained art on

the free list.

6. The Democratic Wilson bill of 1894 put art on the free list.

7. As a revenue producer, the duty on art is not important, but if it were a revenue obtained at the loss of the intellectual advancement of the people is too expensive to be endured.

8. The need of revenue was never greater than during the civil war, but it was not deemed good policy to raise any additional

amounts by increasing the duty on art.
9. It was estimated by the framers of the act of 1897 that the art duty would yield \$1,000,000 annually, but it has been a distinct failure in this respect. The first year it yielded only \$236,242.75; the halfmillion-dollar mark was not passed until 1905. In 1908, over ten years after, it had risen to less than \$600,000.

(c) The list of important men in both parties who are on record

in favor of free art is a most notable one.

1. Among others may be named Theodore Roosevelt, William Mc-Kinley, Grover Cleveland, Benjamin Harrison, Chester A. Arthur, John Hay, Richard Olney, James G. Blaine, Levi P. Morton, White-law Reid, George F. Hoar, Joseph H. Choate, William L. Wilson, George V. Vest, William B. Allison, John C. Spooner, Charles Sumner, George F. Edmunds, John J. Ingalls, Thomas F. Bayard, and Stephen A. Douglas.

#### THE PUBLIC-OPINION ARGUMENT.

I. Congress should put art on the free list because the whole

country is strongly in favor of such action.

(a) The 500 directors of the American Free Art League are distributed through all the States of the Union, and a glance at the personnel of the list, a copy of which accompanies this brief, will demonstrate that they represent the sentiment of the entire country.

(b) The newspapers of the country are practically a unit in favor

of the removal of the duty.

A collection of extracts from 300 different newspapers favoring free art accompanies this brief.

Respectfully submitted.

AMERICAN FREE ART LEAGUE, By Myron E. Pierce,

Organizing Secretary and Counsel, 50 State Street, Boston, Mass.

History of the art duties.

		1789.	1790.	1792.	1794.	1800.	1804.	1812.	
Paintings Statuary Drawings Ettchings Engravings. Antiquities		5 5 5 5 5 (a)	10 10 10 10 10 10 (a)	10 10 10 10 10 10 (a)	10 10 10 10 10 10 (a)	$12\frac{1}{4}$ $12\frac{1}{2}$ $12\frac{1}{4}$ $12\frac{1}{2}$ $12\frac{1}{4}$ $(a)$	15 15 15 15 15 15 (a)	30 30 30 30 30 30	
		1816.	1832.	1841.	1842.	1846.	1857.	1861.	
Paintings. Statuary. Drawings. Etchings Engravings. Antiquities.		15 15 15 15 15 15 (a)	Free. Free. Free. 15 15 (a)	20 20 20 20 20 20 (a)	20 c 30 d 20 20 20 20 (a)	b Free. b Free. 20 10 10 Free.	Free. 15 8 8 Free.	10 10 10 10 10 10 Free.	
	1862.	1864.	1870.	1872.	1883.	1890.	1894.	1897.	
Paintings Statuary Drawings Etchings Engravings Antiquities	10 10 10 20 20 Free.	10 10 10 25 25 Free.	10 10 10 25 25 Free.	10 10 10 25 25 7 Free.	30 30 20 25 25 Free.	15 15 20 25 25 Free.	Free. Free. Free. Free. Free.	20 20 20 25 25 (9)	

Marble.

As per material.

Dutiable according to material up to act of 1846. Free, if imported as an object of taste and not of merchandise.

Artist's proofs, and others twenty years old, free, otherwise 25. T. 1878.

Mr. De Forest. Now, gentlemen of the committee, you may ask what is the American Free Art League? Our board of directors numbers about 500. They are educators, men of affairs, artists, officers of universities or art museums, and represent every calling. They come from every State in the Union. A full list of them is presented to the committee. Our president is Bryan Lathrop, of Chicago. One of the most prominent members of our executive committee is Halsey C. Ives, director of the St. Louis Art Museum, who was art director of the Columbian Exposition at Chicago in 1893, and who occupied the same position at the more recent St. Louis Exposition. We have a large general membership throughout the country. None of us have any pecuniary interest in the duties on works of art.

We represent, as we believe, present and enlightened public sentiment on this subject. Quite aside from the representative position of our directors we present the opinions of some 200 college presidents and educators, the opinions of some 200 artists, and extracts from

over 300 newspapers and magazines.

The object of the league is to secure the removal of duties from all

works of art which have an educational value.

We ask that original works of art, including paintings and sculptures, shall be free of duty, and that objects of art of an ornamental character or of educational value, which shall have been produced more than fifty years ago, shall be likewise free of duty.

The particular amendment of the present tariff which we propose

is contained on the first page of our brief.

Why do we ask this?

(1) To promote the education of our people.

Art education is mainly conducted by object lessons. It is only by the presence of artistic objects in schools, colleges, and museums that knowledge of art and appreciation of art can be increased. It is only by such increased appreciation that a demand is created which our artists and artisans can supply. We must obtain our object lessons for the teaching of art in large measure from abroad, and encourage their importation by making them free of duty.

Many European nations which are anxious to possess them are trying to prevent our obtaining them by the imposition of export duties. Now naturally it is madness for us who need them to exclude them by import duties. Ours is almost the only civilized nation which raises any tariff wall against objects of art. Free art has long been the policy of France, Germany, Great Britain, Italy, Greece, Russia, Holland, Belgium, Denmark, Sweden, and Norway.

(2) To promote the development of our museums and through

them the art education of our people.

Almost all the material for our art museums must come from abroad. Most of it must reach the museum by private gift. Private ownership is the great reservoir upon which the museums depend for their principal supplies. Private ownership of art objects will be more or less, and the development of our museums will be rapid or slow, just in proportion as we do not discourage importations by the imposition of a duty.

True, direct importation by museums can now be made free of duty, but it is not by direct importations that our museums can grow. Unlike the museums of Europe, they have no government subsidies.

They can directly purchase but little. Their increase comes from gifts of those who have been tempted to acquire by a desire for acquisition and whose gift to the public is a second thought. All great works of art in our country will sooner or later become the property of the people by being given to our public institutions. The more we tempt in the more the people will ultimately have.

The possible objections to putting art on the free list, and answers

to them, are as follows:

(3) To promote the development of all our home industries in whose products artistic form and design play an important part.

(4) To benefit American artists by broadening the popular appre-

ciation of art and thus broadening their market.

"Art is a luxury of the rich, and therefore should be taxed."

If pictures and statuary, like wine and tobacco, could be selfishly consumed by the rich who acquire them then they could be so classed, but their enjoyment by the rich who originally acquired them, even if not shared, is after all but a brief enjoyment, and the people through our museums and other public institutions fall heir to the heritage.

"Free art means less revenue."

A little less. It was under \$600.000 during the last fiscal year—a paltry sum compared with the educational and artistic gain. It is much less than several European governments are paying out directly from their own treasuries to buy the very works of art which by this duty we are keeping out of our own country.

I desire, with the permission of the committee, to insert in the

record a letter from Mr. Cox.

The CHAIRMAN. That may be done. (The letter referred to is as follows:)

> 134 EAST SIXTY-SEVENTH STREET, NEW YORK, November 23, 1908.

Mr. ROBERT W. DE FOREST.

DEAR SIR: I regret exceedingly that my service to the National Academy of Design is likely to render it impossible for me to be with the committee of the American Free Art League at its hearing in Washington. I do not doubt that all the general arguments against a tariff on works of art-arguments which affect me in common with all art-loving citizens-will be admirably presented by others; and those arguments should be decisive. But there are arguments that affect me especially, as a working artist, which I should like to present to the Ways and Means Committee. I should like to say to them:

"GENTLEMEN: I am a practicing professional artist-that is, a workingman who gains a modest livelihood by the labor of his two hands as truly as does a carpenter or a plumber. And I ask you to believe that we artists are not fools, and that we have some understanding of the conditions under which we live; when we ask you to remove the tariff on works of art we are no more inclined to cut our own throats than is the manufacturer who asks you to place a tariff upon goods which compete with what he produces. If what we ask for is

different, it is because the conditions are different.

"Let me illustrate. Twenty-five years ago, when I had concluded my term of studentship and had to think of making a living, I determined to settle in the city of Cincinnati, on the theory that where there was little competition there should be less difficulty in finding work. Well, I tried it for a time, and I found that while there was little competition, there was no demand at all, at that time, for what I could do. I was like a corset maker on a South Sea Island before the missionaries came. So I thought I would go where there was more competition and more demand, and I came to New York with \$25 in my pocket. Since then I have had some hard times, and I have never made a fortune, but I have contrived to live on what I could earn.

"The point of this is, that art is not a natural want that must be supplied; that in art the supply has always preceded and created the demand; that the artist depends for his livelihood on educating his public to want what he can give them. That is why the artist always goes where there is the most art and where there are the most artists. A tax on works of art, so far as it is effective, tends to retard that general education in matters of art which creates the public on which the artist relies, and directly reduces his chance of selling his product. The more works of art that are brought into or produced in this country the more the people will want. The more the people are educated to know a good work of art when they see it, the more chance there will be of their patronizing native talent without fearing that it must be inferior to the imported article.

And I do not fear the importation of trash, for I believe that bad art has an educational value as well as good art. Most art lovers have begun by liking inferior things, which have gradually educated them to like something better. Let me illustrate again: I do not imagine that even the publishers of that estimable periodical will maintain that the illustrations in Harper's Weekly in the sixties were the highest manifestations of pictorial art. They represented painting to me when I was a boy in Ohio. As for sculpture, my notions of that art were derived from the wooden Indians in front of the cigar stores. This is literal fact. From the study of such things I went on, as opportunity offered, to the study of what was better until I determined that I must have the best, and went abroad, as was necessary then, to get it.

If you gentlemen have any care for the prosperity of American artists, throw the doors wide open to the competition of the world. I have confidence that our artists can meet it. The good things that come in will remain as an addition to the intellectual and material wealth of our country; the bad things will disappear, and in disappearing will have done their part in that education of the public on which the progress and prosperity of our native artists must

depend.

This is something like what I should wish to say to the Committee on Ways and Means, and I hope some one else will say it for me.

Yours, very sincerely,

(Signed) KENYON COX, N. A.

Mr. Griggs. May I ask one question, Mr. Chairman?

The CHAIRMAN. Certainly.

Mr. Griggs. You speak of this new country of ours; you lay special stress on that. How old was France when she put art on the free list?

Mr. DE FOREST. France has never had any duty on art.

Mr. Griggs. Never?

Mr. De Forest. No, sir.

Mr. Griggs. How old was Germany?

Mr. De Forest. Germany never had any duty on art.

Mr. Griggs. I do not mean the German Empire, but the German States.

Mr. DE FOREST. Never.

Mr. Griggs. Austria?

Mr. DE FOREST. Austria never had any duty on art.

Mr. Griggs. England?

Mr. De Forest. England never had any duty on art. Italy has an export duty, and we have to pay that duty in order to get art objects.

Mr. Griggs. I understand that.

### STATEMENT OF BRYAN LATHROP, OF CHICAGO, ILL., PRESIDENT OF THE AMERICAN FREE ART LEAGUE.

Saturday, November 28, 1908.

Mr. LATHROP. Mr. Chairman and gentlemen of the committee, I come from Chicago, and in behalf of Chicago and of the great West I appeal to you to put art on the free list.

The West has been called crude, raw, ugly, and materialistic. This was once entirely true and it is still partly true. But a change is taking place, an awakening has begun. The people have begun to realize their lack of a sense of beauty and the need to cultivate it, and the importance and value of beautiful things. Fifty years ago there was only one public park in America. Now every city and almost every town in the West has its park or is planning for one, and some of these can make a Bostonian blush for his public garden.

Fifty years ago there was, I believe, only one public art gallery in America, the Düsseldorf Gallery of New York, which would now be an object of derision, and to-day art museums are scattered all over

the land, and are multiplying.

Almost every country in Europe is spending large sums in buying pictures and statues, while we, the richest of the nations, impose a penalty on their introduction by individuals, and the greater the picture the greater the penalty. Within a few years England has paid about half a million dollars for two paintings. If any large-minded American had bought these pictures he would not have been allowed to bring them into this country until he had paid \$100,000 for the privilege of adding them to the scanty art treasures of the nation which stands most in need of them.

It is a truism that all fine pictures and statues owned by individuals are at some time shown to the public and that most of them in

time belong to the public museums.

The chief collections in the Art Institute of Chicago were made by individuals and given or bequeathed to the museum; and all of the best paintings owned in Chicago have been exhibited in the museum.

I shall cite only one illustration of the interest in art which the West is showing. Over 600,000 people visit the Art Museum of Chicago in a year, and last year over 4,000 students attended its art school, which is not free, but has always been sustained by the tuition fees. No other art school in existence has so many students. They come from all over the broad West.

The effect of this school can be seen in the improved designs of almost every kind of manufacture—in furniture, vehicles, street cars and railway cars, pottery, gas fixtures, agricultural implements, tools,

and a thousand other articles in common use.

The western people are beginning to hunger for beauty, and what the whole West really wants it is apt in time to get. They are not yet fully awake to their needs, but in the West things move quickly and the snowball soon becomes an avalanche. Our people are swarming over Europe in ever increasing numbers, and they come back with memories of art galleries, and they want more of them near home, which they and their children can see without crossing the ocean.

They are quite willing to forego their share of the pittance which the nation receives from duties on art, and, finally, Mr. Chairman and Gentlemen of the Ways and Means Committee, they implore you to open wide the door for works of art and to admit them as

freely as the air we breathe.

STATEMENT OF LESLIE W. MILLER, SECRETARY OF THE FAIR-MOUNT PARK ASSOCIATION, PRINCIPAL OF THE PENNSYL-VANIA MUSEUM AND SCHOOL OF INDUSTRIAL ART, AND VICE-PRESIDENT OF THE ART CLUB OF PHILADELPHIA.

Saturday, November 28, 1908.

Mr. Miller. Mr. Chairman and gentlemen, I have no right to claim your attention for what I think; I only claim it for a moment for what I represent. I represent, in the first place, three organizations which are. I believe, as representative as any other in a State, which, whatever else you may think of it, can not be charged with a want of loyalty to the idea of protection. I want it distinctly understood that we stand, or the organizations I represent stand, for free art, not from any want of loyalty to the idea of protection, but because we believe that art is very strictly and truly a thing apart from anything in connection with commercial considerations under which all our protective policy has been shaped. It is a thing not of material things; not of wages; not of time estimates; of quality values, or anything of the kind, but is simply and solely a matter of ideas. It is because art makes for the intellectual unlift of the people, for the improvement of the taste, and that kind of power in a people which depends upon its taste, that we plead for the removal of every restriction that hinders the development of this intellectual power; nothing else. I wish it distinctly kept from considerations of any commercial character whatever.

Art represents, in our estimation, that cultural element which is the chief uplifting and developing element in all educational effort. I speak especially, not for the school of fine art, but for the school of industrial art. My plea as directly as possible refers to the training of industrials, and art is the influence through which we seek the uplift of this class of endeavor. We believe that whatever makes for this influence should be welcomed; that we should extend an open hand toward whatever can bring in any form this leavening and inspiring element which is the main force on which we rely for the development of the higher classes of productive energy. It is not entirely a matter of paintings and statues as such; the important thing is the influence which works of art exert on the taste of a people and through their taste the development of that power upon which industrial efficiency depends. The history of all countries, I think, that have a history that can be worth anything to us on these grounds, is that their progress and their development has begun and has continued just in proportion to the hospitality which they have extended to this enlightening influence.

Even if the subject is considered from the point of view of the artist alone the case can hardly be different. What the American artist needs is not natural talent, of which he has his full share, or opportunities for study, for the best schools of the world are open to him and he has already made an excellent record in them, but an

appreciative public and an atmosphere in which he can live.

He can not expect to have these things in a country where there is not a great deal more art than there is here and attach no importance whatever to the plea for a duty "to keep out the trash." Our artists are not in competition with the producers of trash, and the more good things that our people see the more they will want.

But the subject must not be considered from this point alone. It is something that concerns our people as a whole. No work is better worth doing than that which is concerned with the elevation of public taste and the consequent advancement of the intellectual ideals of

a people.

Americans are hungering and thirsting for the kind of nourishment which is afforded only by the sight of beautiful things. It is inconceivable that the business of supplying it is in any danger of being overdone, and certainly the custom-houses of the country ought to be used for some better purpose than hindering and discouraging the free circulation of a current which makes so strongly and so unmistakably for enlightenment and progress.

# STATEMENT MADE BY GARDINER M. LANE, PRESIDENT OF THE BOSTON (MASS.) MUSEUM OF FINE ARTS.

Saturday, November 28, 1908.

Mr. Lane. Mr. Chairman and members of the committee, I represent here the Museum of Fine Arts, in Boston, Mass., one of the oldest museums in this country, and one which has collections of great value. The functions of our museum are twofold: First, collecting objects of art brought from all parts of the world and exhibiting them in the best possible manner; second, the practical use of such objects of art in education. I wish I could use the large figures that Mr. Lathrop has given you, but Boston is a small place; nevertheless, our museum is visited annually by over a quarter of a million people, coming largely from New England, but also in very considerable numbers from other parts of our country. It is supported in part by the income from invested funds, and also by subscriptions from generous, public-spirited citizens. No city or state aid is received. The sum available for increasing the collections is but a few thousand dollars a year. We must look, therefore, to gifts of objects of art if our museum is to progress in the future as it has in the past. These gifts will come from private collectors, who must pay, in purchasing pictures, the tariff now assessed by the Government. Such collectors can not buy pictures, statuary, and other objects of fine art free from duty, as can a museum, a university, or a school. The easier and cheaper it is made for private collectors to buy works of art the more rapidly will the collections of our museums be increased.

Our collections are benefited by legacies of pictures and other works of art. It is well known that no private collection in this country lasts for more than two generations. Generally it does not last longer than one. Such collections inevitably pass into our

museums.

The second function of our museum, to which I have referred, and one of great importance, is its educational work. We have trained men to conduct school children and all others interested through the museum and to explain the different objects, giving their history and pointing out in what respects they are beautiful and remarkable as works of art. We also give courses of popular lectures and publish at regular intervals a serial containing articles on art as illustrated by our collections. In addition to this, we have a flourishing school

of over two hundred where painting, sculpture, and designing are taught. Every pupil in this school uses the collections of the museum. The school would be of much less practical value without the museum. The effectiveness of the school is largely increased by the use of our collections. This is true of all departments, and perhaps especially of the department of design. A designer who wishes to do the best work must have a more or less general knowledge of all artistic objects. If he is to compete with foreign designers, he must be able to use the experience of others as expressed in works of art. He must, in short, acquire the museum habit—that is, he must study and visit works of art in the museum at frequent intervals.

I would like to read a very short list here of the kinds of work done by the graduates of our school of design: Ornamental iron work, decorative art, interior decorations, embroideries, art department of a magazine, picture frames, scenic artists, designer of posters, designer of stained glass, designer of general metal work, copying of pictures, architect's assistant, designing wall papers, tex-

tiles, etc.

### STATEMENT OF NEWTON H. CARPENTER, OF CHICAGO, SECRETARY OF THE CHICAGO ART INSTITUTE.

Saturday, November 28, 1908.

Mr. CARPENTER. Mr. Chairman and gentlemen of the committee, I am here representing the trustees of the Art Institution of Chicago. At a recent meeting they passed this resolution:

Resolved, That the trustees of the Art Institute of Chicago are in favor of the removal of all duties on works of art, as they believe it should be the policy of the United States to encourage as far as possible the bringing into this country of the works of art not only by public institutions and museums, but by individuals because of their great educational value. The principal additions to the public galleries have come from works of art brought into the country legitimately by individuals.

The Art Institute is engaged in two lines of work: First, in forming and exhibiting a collection of paintings, sculpture, and other objects of art, and in conducting a school. We have a very large museum, probably the largest west of New York, and we have a school of over 4.000 students. Now, if you will admit into this country pictures free of duty it will have a tendency to increase to a large extent the number of pictures being brought into the country, and if the pictures are brought into the country you can rest assured that they will drift naturally into the museums. There have been three important collections, each of them valued at over \$200,000, that have drifted in this manner into the Art Institute of Chicago. The collectors of those collections have paid in fees to the United States Government over \$100,000. As I understand the attitude of the foreign museums, it is to provide, first, the ground upon which the museums are erected; second, to provide the museums with buildings for the display of collections; and third, to provide the collection. The policy of the United States seems to be very different. The people of the United States are providing the ground; they are providing the buildings; they are providing the collections, and the United States Government is putting a penalty upon their work to the amount of the duties.

Now, with regard to our art school, it is an absolute necessity that our art school shall be surrounded with the best forms of art. The bulk of the fine art products in the United States are brought in and remain in the eastern part of the country. You know that the center of population of the United States is somewhere near Chicago, and it is at that point that we are the weakest in our art products, and if you gentlemen now remove the duty it will have a great tendency to increase the pictures and other objects of art coming into the country, and it will enable our art students to be surrounded by the proper environment to advance them in the work they are doing.

In conclusion, I ask that the duty on works of art be removed, in order that our museums may be more rapidly enriched and the love and knowledge of art more widely spread throughout our country.

I will not take up any more of the committee's time.

Mr. Clark. I would like to ask you one question. Are you a connoisseur of art yourself?

Mr. CARPENTER. That is not exactly my department. I attend to

the business part of the Art Institute.

Mr. CLARK. Have you ever looked over this collection of bronze horses here in Washington?

Mr. CARPENTER. I do not know that I have.

Mr. CLARK. Well, if we put art on the free list are they going to import anything like them? [Laughter.]

Mr. CARPENTER. I can not tell what you people in Washington will do. I might say what we would do in Chicago.

Mr. CLARK. There are only two bronze horses in Washington that ought to remain up, and they are the Thomas horse and the Hancock

Mr. Cockran. When you speak of the importation of works of art, you include horses as well as other departments?

Mr. CARPENTER. Yes, sir; that is one.

### STATEMENT OF GEORGE FREDERICK KUNZ, PRESIDENT OF THE AMERICAN SCENIC AND HISTORY PRESERVATION SOCIETY, ALSO VICE-PRESIDENT OF TIFFANY & CO.

Saturday, November 28, 1908.

Mr. Kunz. Mr. Chairman and gentlemen of the Ways and Means Committee, it is my object to urge upon you the necessity of giving us free art and free antiquities, so that our industrial artisans, whether they are employed in the manufacture of silks or other fabrics, or in the designing and shaping of articles of wood, ivory, iron, bronze, glass, porcelain, silver, or gold, may, through contact with the best models, give us a purer industrial art and at the same time command a higher compensation for their work. In this way America will be able to compete successfully with France and other older countries, where art is free, where the artisan, stimulated by the best examples of the art of all ages, is enabled to create works of art of permanent value and corresponding to the very highest standard of excellence.

As our tariff stands to-day, the mummy, the jewels, the furniture, and the utensils found in the tomb of an Egyptian princess are dutiable not only at their intrinsic worth, but also at their value as antiquities. If a statue by Praxiteles, a piece of die work from the hand of the great Kimon of Syracuse, a crown that had rested upon the head of a Cæsar, and the glass from which he drank were all brought to this country; if the Venus de Milo, even, were brought here, the value of these objects would be appraised and duty levied not only on the actual worth of the materials of which they are composed, but on the basis of the price at which they had been sold abroad. In other words, if some collector could buy the Venus de Milo for \$500,000, a duty of \$225,000 would be levied upon it. Not because of the worth of the marble, but simply because of its importance and prominence in the history of art, a statue intrinsically worth \$1,000 at most would be appraised as worth \$499,000 more on account of its value as an antique.

It is estimated that more than one-half of the five milliards paid by the French Government as war indemnity to Germany was paid in the products of its artist artisans, who derive a perpetual benefit from free art and free antiquities. These latter would prove of permanent value to our American art industries. At present the duty is a handicap on all such professions. A free importation of art objects would mean an advance in the character and quality of the graphic arts in our country, so that the poorest child in the most dis-

tant hamlet would derive benefits from this development.

To my own knowledge there are millions of dollars worth of paintings, sculpture, bronzes, miniatures, ivories, watches, and other choice art objects in London and Paris which the American collectors propose to keep, and have kept, in their European houses until the United States Government changes what they term an exorbitant

tarın.

The free and unrestricted importation of these art treasures would not only mean the enriching of our museums, but also of the collections of many private owners in Baltimore, New York, and other cities, who permit the public to view their art objects on certain days, allowing free access to their galleries for this purpose. All this means improvement of the beauty and attractiveness of our cities and results in the advancement of the national product, so that not only we ourselves, but those who are to come after us will derive benefit from the importation of the best art productions.

At present the models of the American artisans, in most instances, are taken from pictures that are only copies of the great originals. Instead of designing a Louis XIV or a Louis XVI room, or a bit of Renaissance jewelry from the original, their inspiration must come from a drawing or reproduction of some other kind, which is not calculated to produce the best work or educate the taste to a proper

appreciation of the designs of these celebrated periods.

# STATEMENT OF KARL BITTER, SCULPTOR, EX-PRESIDENT NATIONAL SCULPTURE SOCIETY, REGARDING WORKS OF ART.

Saturday, November 28, 1908.

Mr. Bitter. Mr. Chairman and gentlemen of the committee, I simply wish to indorse the views that have been expressed by the

other members of the Free Art League who have spoken before you, but, on behalf of a number of sculptors—and I may say a very large number of the foremost sculptors of our country—I wish to say that they do not desire protection; that they interpret protection more as seclusion.

If, as has been mentioned before, our art is perhaps a young art, it would be the worst thing we could do to exclude the art of other people from us. It would be very much like taking a boy and keeping other boys away from him. The only way in which our art can grow and become a national art is by measuring itself with other art; by seeing other art. That art atmosphere which is enjoyed by the national art of the various nations of Europe is the very thing we desire. We want great exhibitions here of contemporary art. We want to have our museums filled with the best things that past periods of art have produced, and the only way by which we can avoid these "bronze horses," that have been referred to, is by allowing intercourse with foreign art. We can then produce better things, but it will never be done if we keep away from our country those things to which we are entitled and which will never come under a very heavy tariff. I can only emphasize the fact that that protection is not wanted by those who are really entitled to speak as artists and sculptors. It is just the opposite. We feel that the moment you facilitate the importation of works of art you will create an increase in the demand for art, and this will be a great benefit, apart from the lesson that we artists will derive otherwise from measuring our powers and skill with those of European artists. That is all I desire to sav.

STATEMENT OF CARROLL BECKWITH, PAINTER, VICE-PRESIDENT FOR NEW YORK OF THE AMERICAN FREE ART LEAGUE, RELATIVE TO FREE ART.

Saturday, November 28, 1908.

Mr. Beckwith. Mr. Chairman and gentlemen of the committee, the day has passed in this country when we are pulling up stumps and doing chores. The fortune of America is made, and to-day we must be classed among the cultivated people of the world, and in that cultivation, gentlemen, art stands at the top. It is one of the great influences in the elevation of high thought and of culture, and as such it can only improve by having the best methods of the world.

I am a painter and I learned from those who preceded me. The fact that a Rembrandt may be brought into this country is of great benefit to me and to my fellow-workers. The painters are not idealists; we are not rainbow chasers, but practical men of labor, who strive to elevate in our country culture and high thought. Can we work well if you gentlemen prevent us from seeing the great master-pieces of the world which enable us to improve ourselves? Can we? It is not only your duty, gentlemen, but it is your privilege to enable us to elevate ourselves and to enable our country to elevate itself. You have the opportunity of enabling us to bring into this country the works of Michelangelo, of Rembrandt, of Raphael, Van Dyke, and others. We ask that you will take off this tariff which we object to, which curbs us, and which builds a wall around us and

prevents our developing ourselves. We American artists are men who represent what we feel is culture and talent and which you know elevates our civilization, and do not forget at the same time that there is a practical side to this question; that every part of the industries of our country are dependent indirectly upon art; that the very design upon the wall papers, upon carpets, upon the oil cloths, upon the curtains, and the silks are developed by the artistic taste, and it is only through your artists that they become valuable in the markets of the world.

Therefore, I urge the removal of this duty.

Mr. Cockran. You would go further and say that objects of art are reflected in furniture, and in buildings, and in almost every in-

dustry that is used in this country?

Mr. Beckwith. Yes, sir; in every industry. If you will pardon me a moment, I desire to make an illustration. An American girl designed on a piece of cotton a goldenrod. The piece of cotton sold for 4 or 5 cents a yard, while her design, the result of her mentality, printed on that cotton, which cost 4 cents, resulted in its being sold in the market for 75 cents a yard. Through her artistic intelligence, through her brain, that piece of cotton was made more valuable. That is why art is useful to us, and that is why you should help us to get art and have good art in this country.

# STATEMENT OF ROBERT UNDERWOOD JOHNSON, ASSOCIATE EDITOR OF THE CENTURY MAGAZINE, NEW YORK CITY, WHO WISHES DUTY REMOVED FROM WORKS OF ART.

Saturday, November 28, 1908.

Mr. Johnson. Mr. Chairman, and gentlemen of the committee, I come here to-night in two capacities, one as secretary of the National Institute of Arts and Letters, which is composed of prominent and representative men, painters, sculptors, literary men, composers, and others. It contains the most famous names in American art in its membership. It has three times memorialized Congress in favor of free art. Our resolution, passed last week, the 20th of November, has already been presented to the committee. I also appear here as representative of The Century Magazine, and I believe I am speaking in a representative capacity for all of the illustrated magazines,

although I have no authority from them.

Twenty years ago Mr. Gladstone said that the political interests of the world had been transferred to America. We are now in a period of communication with the world as a world power, and we can no longer maintain our provincial position as the excluder of the art of the world from our shores. I hope that the result of this committee's deliberations and of the deliberations of the Congress which shall have charge of this bill—whether it be the present Congress or the next—will be to place the United States in the position which it ought to occupy on this subject, and will in due time be the beginning of a great career which will make America the Mecca of art lovers, as Italy, France, and England have been the Mecca of art lovers heretofore.

In my opinion there are simply three points to be discussed with

reference to the question of the tariff on art.

First, the principal objection has been for a long time that art was a luxury of the rich and as such ought to be taxed like champagne and diamonds. I maintain, on the contrary, that art should be regarded as a luxury of the poor and of people in moderate circumstances, and if any member of this committee doubts the propriety of that attitude let him come to the Metropolitan Museum in New York or to the Boston Art Museum or to the Chicago Museum on a Sunday afternoon or on one of its other holidays and he will see there thousands of people of all stations—the rich, the well to do, most of all, the poor-flocking to the galleries in order to obtain amusement, education, and inspiration. I hope this committee will bear in mind that consideration—that art should be regarded not as a luxury of the rich, but as a luxury of the poor. In this hospitable country of ours we do not know where the next great artist is going to be found. Who would have said fifty years ago, when a French immigrant with an Irish wife arrived in New York almost in poverty, that the result of the art education of the infant child whom they brought with them would be the masterpieces of the American, Augustus St. Gaudens? Who knows where to-morrow's great artist is to come from, or the artists of next year, or the artists of ten years from now? What we want is that the conditions thrown about them shall be favorable to the development of art and the art instinct.

Secondly, I wish particularly to urge upon this committee one consideration which I have never seen set forth anywhere, and that is that free art is in the interest of rural communities. Why, you would think to hear people speak of such things that nobody wished free art in this country except the people of the large cities, such as Boston, New York, Chicago, St. Louis, and San Francisco; but it is the small cities and towns, the rural communities, the people who can not get their inspiration of art by travel abroad, who are entitled to

the consideration of their Government in this respect.

Plans of large importance are being set on foot to improve the condition and happiness of our farming population, most of whom are virtually anchored to the soil. One way to help the farmer is to give him a chance to see good painting and sculpture. To judge from the phenomenal growth of interest in art throughout the country it is only a question of time when no State of the Union will be without its gallery of art as a center of influence, accessible by rapid transit facilities. This time may be greatly hastened by the abolition of the duty on art. Now museums must be founded and sustained by rich men, and these men should be encouraged to import canvases that they may have the more to give or bequeath to the local museums, which will be sustained by State and municipal pride, of the sort which is characteristic of Boston, where, they say, it is not considered decent for a rich man to die without leaving a bequest to the art museum and Harvard University. A new spirit has taken hold of our men of large wealth, and they should be encouraged in their benevolent intent to give or leave their treasures for large public

Now it is not without knowledge that I have just spoken of the phenomenal growth of the popular interest in art. It is one of the

most promising signs in our current progress. The education of the people of France in the love and the production of beautiful things is one of the chief bases of its prosperity and happiness. Our people are hungry and thirsty for beauty. As an example of this I may mention that as a friend of the distinguished French painter, Mr. Maurice Boutet de Monvel, I have had the determination of the various places of exhibition in this country of his well-known collection of water-color paintings depicting the life of Joan of Arc. Brought over first of all by the Buffalo Art Gallery, these pictures, by permission of the Treasury authorities and of the bondsmen, have been exhibited also at the Herron Art Museum, Indianapolis; at the Museum of Art, St. Louis; at Pratt Institute, Brooklyn; at the College of the City of New York; at the Providence School of Design; at the Detroit and Toledo museums; and, now, at the Telfair Museum at Savannah. In every city the school authorities have been invited to avail themselves of the esthetic and historical influence of these beautiful pictures. I have been obliged to decline requests from Grand Rapids, and Madison, Wis., and other cities. The educational value of this peripatetic exhibition upon citizens and school children has been immense.

Again, The Century Company for many years has maintained a series of collections of drawings by leading American illustrators, and the American school of illustration leads the world, which are loaned to various art and women's clubs, to colleges, and small museums. The number of the pictures thus in circulation, shifting about from time to time, is 850, besides permanent loan collections of 550 pieces, in all, 1,400. The response of interest and appreciation which we get from small communities, particularly in the Middle West, is incalculable, and we have many requests with which it is

impossible to comply.

American invention.

These are but two evidences among many of the extraordinary and growing popular interest in art throughout the country. To make over this public interest into public taste we need the standard of the best art. No one is asking Congress to build up museums in every part of the land. They will be built up by private hands, if Congress will only keep hands off. Was it not Schiller who said: "Das Gesetz kann nur uns Freiheit geben" (Law can only give us freedom)? It is this freedom to grow which will ultimately make American art something to be as proud of as we are now proud of

This brings me to my third point: How are we to obtain the standard that is to direct this public interest into public taste? It is said that there ought to be a specific duty to keep out the trash of Europe. But let it be remembered that trash is not formative of public taste in any degree comparable to the great art which would be admitted by the entire abolition of the duty. If trash were decisive, we should now have nobody of educated artistic taste. It is seeing the best that cultivates the taste, not refraining from seeing the worst. Taste never goes backward. One may advance from the lower forms to the higher, but no amount of bad art can rob one of his admiration for Michelangelo or Rembrandt. Moreover, the work of many a great painter has in the beginning been regarded as trash. Our art will be the better for free acquaintance with contemporary art as well as with that of the great painters of the past.

In conclusion, is it not something for America to be proud of that the great body of her artists, like her writers, do not come to you asking for an artificial barrier against their foreign comrades, but with self-reliance and confidence in themselves? If you consider it materialistically, the writers compete with the literature of all ages and if you are going to consider a writer as a lame duck to be coddled and helped, you must put a tariff on Plato and Shakespeare. But you will not, for you recognize the higher uses of art and literature that give glory to a country. Every great age in art, whether of Greece or Italy or France or England, has followed a great commercial age, and there are already signs that the same sequence is to be ours. Art is long, and this may be a hundred years away, but come it must. The production and the appreciation of good art go hand in hand. Congress can aid both by removing the national handicap of this onerous tax.

### STATEMENT OF LOUIS R. EHRICH, OF NEW YORK CITY, WHO WISHES WORKS OF ART ADMITTED FREE OF DUTY.

Saturday, November 28, 1908.

Mr. Ehrich. Mr. Chairman and gentlemen, I had intended to present some views to the committee from the standpoint of an art dealer on the side of free art, but I understand that my friend Mr. Townsend has handed in to your committee this afternoon a brief which he has just permitted me to read, in which he makes the proposition that the present law should be modified, the present law being an ad valorem duty of from 15 to 20 per cent. He asks that it be modified so that there shall be a specific duty of \$100 on every work of art executed in the last one hundred years.

Mr. Townsend is in the room, and I understand desires to speak to that proposition, and I would suggest, if you please, that you permit him to speak and then permit me very briefly to reply to his argument. It seems to me it will give greater sequence to what I have in mind. If you will allow Mr. Townsend to speak now I will be glad

to make some reply to his suggestions. The Chairman. Very well.

### STATEMENT OF JAMES B. TOWNSEND, REPRESENTING THE AMER-ICAN ART NEWS, WHO RECOMMENDS A SPECIFIC DUTY ON ALL WORKS OF ART.

SATURDAY, November 28, 1908.

Mr. Townsend. Mr. Chairman and gentlemen of the committee, I appear here as the editor of the American Art News, the only weekly art journal-in fact the only American art newspaper now published—and as a representative of a number of artists and sculptors; it is not necessary for me to read their names, as they appear in their petition.

I am not necessarily myself opposed to free art. My theory is that the most intelligent people who have looked into the subject in a general way favor free art, but it seems to me that those artists that I represent and my constituency, if I may put it that way, are of the opinion that there must be some limitation, for the present at least, upon the importation of the cheap art of Europe from the fact that its artisans and artists can live much more cheaply there than we do here; and that they have a natural faculty for the production of art, particularly in the south of Europe. They are people who produce a kind of art that is brought in here at the present period at a very low rate and is sold for very large profit, very often having false names put upon their works, to the debasement of the taste of the people of this country and to the encouragement of fraud. After much consultation and much reflection upon this subject these artists and sculptors have asked me to appear here and ask for a specific duty of \$100 on every work of art produced in water colors, pastels, and statuary, not necessarily works in black and white, during the past one hundred years, which safely covers the life of all artists now living. We do not ask you to put a tax on Rembrandt or Vandyke.

Now, gentlemen, one hundred years will not be long for those gentlemen who wish to import pictures here of wealth and value. One hundred years will not shut out any of the old masters, but it will protect the struggling American artists who can not compete with the foreign artists, but will affect such so-called works of art which are bought in Paris for \$25, paying a duty of \$3.75 under the present tariff and sold for \$200 and \$300 in the auction houses of New York and on the streets of our larger cities. The fact that the museums now get their pictures all free, both by purchase and donation abroad, disposes, in my mind, of the argument that you would be injuring the museums. The Free Art League says that a great collection such as Mr. Morgan's in London can not be brought here under the present tariff. The specific duty would only apply to Mr. Morgan's modern works and would not affect the old

pictures in his collection.

Why should we not have a specific duty of \$100? Should we be deprived through it in any possible way of getting in free for the American people the work of a great many artists which are imported and which are worth having? I do not wish to dispute and I do not wish to deny some of the arguments that many gentlemen have advanced here; but when they come before you and tell you that all of the artists of the United States are in favor of a removal of this duty, that all the sculptors desire it, I beg to differ with them. It is not a dishonest statement that they make, but it is a mis-There are many people in this country who, rightly or wrongly, do not believe in taking off the duty from art. I do not say that I agree with those people. I myself believe, if possible, in free art; but I can see no objection to this substitute of a specific duty of \$100 during the last one hundred years.

Mr. Cockran. I would like to ask if you are going to file this petition with names of subscribing artists and sculptors.

Mr. Townsend. I certainly am, and a brief, and will add more to

Mr. CLARK. Would not that specific duty of \$100 shut out nine-

tenths of all the pictures that are brought in?

Mr. Townsend. No, sir; none of any importance. It would not shut out any good pictures whatever.

Mr. Clark. Is it not true that there are not 100 men in the United States who can tell a copy or a forgery of the work of an old master from the original?

Mr. Townsend. I would hardly say that.

Mr. CLARK. How does it happen that they work them off?

Mr. Townsend. It is because of the general ignorance of art in this country.

Mr. Clark. How about the experts; why do they not decide

whether or not it is a forgery?

Mr. Townsend. It is the same principle as exists between doctors; the experts disagree. It is very difficult to get experts at this time who can be relied upon.

The CHAIRMAN. It is a matter of such difficulty that even experts

disagree on it.

Mr. Townsend. Precisely.

Mr. Clark. Let me ask one other question. Why would it not do a good deal toward clearing the atmosphere if they put a great many of those fellows into the penitentiary who signed fictitious names to those pictures? That is ordinary common swindling.

Mr. Townsend. You have correctly characterized it, but by their adroitness and cleverness they have been able to avoid any punish-

ment.

Mr. Clark. Does anyone ever have any of them arrested?

Mr. Townsend. No, sir.

Mr. Clark. There is ample law to cover that point. Mr. Townsend. Not under the statute in New York.

Mr. Clark. The statute in New York must be the same as the statute in Missouri. There it is made a penitentiary offense to get anything under false pretenses.

Mr. CALDERHEAD. Under your provision what would become of

the works of Reynolds and Turner?

Mr. Townsend. They would all come in free—Turner not for two or three years because he lapsed over into the eighteenth century.

# STATEMENT OF LOUIS R. EHRICH, IN REPLY TO PROPOSITION FOR A SPECIFIC DUTY ON WORKS OF ART.

Saturday, November 28, 1908.

Mr. Ehrich. Mr. Chairman, I desire to reply to Mr. Townsend. The proposition is that all paintings executed within the last one hundred years shall come in under the specific duty of \$100. Now, as the articles that I import are the works of the old masters, painted prior to one hundred years ago, of course I have no direct interest—a monetary interest, at least—in that proposition, but I should oppose it, none the less, tooth and nail. I should prefer to see the law stand as it is, because I think that such a proposition would be founded on the grossest injustice and that it would be class legislation of the most pronounced and most outrageous type. It seems to me that this argument lies on the very surface. A man who can spend \$5,000 or \$10,000 or \$20,000 for a painting has only to pay \$100 for a modern painting. That to him is equivalent to nothing. To the man in moderate circumstances who wants to buy a picture which he has

seen abroad, and which happens to cost \$50 or \$25 to him, less duty, it is absolutely prohibitive. It seems to me the injustice stares one in the face. But, says my friend, Mr. Townsend, in his brief, and also orally this evening, the rich man brings over art and the poor man brings trash. Now, it is pretty hard to define trash in art, and I would maintain that the price is no more a just criterion as to the value of an art work than that wealth measures a man. In fact, it can be said—and I can cite a number of instances to prove—that the cheap, low-priced, so-called trash of one generation becomes the high-

priced gem of the next.

There is continuing in New York to-day an exhibition of the works of the famous French impressionist, M. Renoir. The Metropolitan Museum of Art purchased one of his paintings last year for \$18,000. Now, we have M. Renoir's own testimony that some thirty years ago one of the finest pictures he ever painted was sold at public sale in the Hotel Drouot for 225 francs (\$45). M. Renoir bought the painting himself, having succeeded in borrowing the money for the purpose. An offer of 100,000 francs has been refused for that very painting. About forty years ago eight "Corots" with their frames were sold in New York City for \$1,600. In all probability every one of those examples would to-day at public sale bring at least \$10,000.

So far as the American artist is concerned, I would contend that it is decidedly to his interest that every man shall bring in unrestrainedly whatever he desires to bring in. Let him buy a chromo if that is his art level; because he has then at least begun to put his foot upon one of the rungs of the ladder of art. He has started to climb. And it is in that climbing process that the American artist will finally realize his patronage.

Mr. Gaines. Tell me what definition you give to art, so that the

custom-house officer might enforce the law.

Mr. Ehrich. My own definition of art would be that art was the

human interpretation of beauty.

Mr. Gaines. How does the custom-house officer know how to distinguish what is free and what is dutiable? Is there anything in the regulations on this subject? I am myself inclined to believe in free art, but I do not know what kind of language would be definite enough to enable the custom-house officer to comply with the law.

Mr. Ehrich. The law as proposed?

Mr. Gaines. How is he to determine what shall come in and what

shall not come in free?

Mr. Ehrich. I suppose that any imaginative conception of beauty, whether presented by a picture or a landscape, or what not, would be considered an attempt at art. Whether it is art or not the generation must decide.

Mr. Clark. Suppose you should strike one of these appraisers with

that proposition, what would he do about it?

Mr. Ehreen. He would probably resign his position.

Mr. Cockran. You can not use the language now to describe the articles on which 30 per cent is collected.

The CHAIRMAN. You can describe it. It is contained in the Wilson

bill and in the present law.

Mr. Ehrich. Now, if you will permit me, gentlemen, I will say that it is decidedly to the interest of the American artist that every man

shall bring in unrestrainedly what he desires to bring in; let him buy a chromo, if that is his idea, because he has then begun at least to put his foot upon one of the rounds of the ladder of art. He has started to climb. It is in that climbing process that the American artist will finally realize his patronage.

Mr. RANDELL. Would you want to include pictures made for

advertising?

Mr. Ehrich. Yes, sir; if he likes it as his business. It might be trash to you or to me, but it may be a source of inspiration to that buyer, and the buyer must decide.

Mr. RANDELL. How about advertising purposes—the use of pictures

for advertising purposes?

Mr. Ehrich. I think the pictures such as the Pears Soap Company

have circulated are the reproduction of a great work of art.

Mr. RANDELL. Would that not interfere with the industry in this

country? It is the industry of advertising.

Mr. Ehrich. Of course, if it can be shown that it is pure advertising, and not art, I suppose the discrimination could be made.

### STATEMENT OF THOMAS NELSON PAGE, WASHINGTON, D. C., WHO THINKS WORKS OF ART SHOULD BE DUTY FREE.

Saturday, November 28, 1908.

Mr. Page. Mr. Chairman and gentlemen, it seems to me that in the discussion which has taken place between the last two gentlemen, Mr. Townsend rather answered himself when he was asked the question as to why experts make so many mistakes or were deceiving the public so easily. He said that it was because of the absence of knowledge of art in this country. I think what we need here is a little more knowledge of art in this country, and I speak, as Mr. Underwood Johnson suggested, for a big country constituency. I am a countryman. I have a little veneer of the city on me, but deep

down, and not very deep down either, I am a countryman.

Yesterday I was in a small free school down in Virginia—a little industrial school—and I went in to see those children there. I have never seen greater improvement than has taken place there in the last few years, and it occurred to me to look over some of their readers, and I took up a little reader and turned it over, having some of those children read for me—the children of my neighbors there—and I came on a picture in this book. It was called the "Song of the Lark," and the children there were very much interested to know that the lady who had established that school had given the "Song of the Lark," together with a great many other pictures in a very fine collection, to the city of Chicago for the Art Museum there, which is represented so worthily here by the president and secretary to-night.

Now, gentlemen, I want to add that simply as an illustration and to show that all the works of art that come to this country—substantially all of them within a generation or two—get into the museums. One gentleman has said that Mr. Morgan and others fail to bring over their works of art that they buy abroad because you have a tariff on them. That might be a problematical question simply as

to why they did fail to do it. They have brought a great many of them here; they are as generous as they can be. They donate all sorts of works of art to the museums. The big museums are all filled with them and there are a great many of them that would come on if they were allowed to bring them in without having to pay this additional tariff.

We claim in this country to be the very leaders now in advance. No man can speak of art without thinking of Greece, Greece had two passions, one was the passion for liberty, and the other the passion for beauty—the passion for art. No man can speak of art who knows anything of the history of the past without thinking at once of the art of Greece. The art of Greece is just as noticeable in this room and in this building and in all these buildings here as it is in Athens to-day. She impressed herself on the whole idea of beauty from that time on. She had the passion of liberty and the passion of beauty. We have inherited the passion of liberty; we are the inheritors of that and yet a thousand years or two thousand years hence, or half that time, if in looking back to Greece, some one reading the history of this country should say "What was America—the United States of America?" it would be said, "They prided themselves on what they were doing; they were the wealthiest nation on earth; they expended a billion dollars a year." "But what did they do? Were they a civilized nation or not?" "Well," they would say, "they had a tariff on art; they excluded the articles of art—pictures, sculptures, and books of art." That would be enough for the future to say, that

we were a barbarous country.

Now, gentlemen, it is not the people in the city, as Mr. Underwood Johnson has suggested, but it is the people in the country who need to be educated. These gentlemen who have spoken to you tonight, with the exception of the last two, are not dealers; they have no pecuniary interest in the world in this matter. They are men who have given their time and talents and money and all that they are to the public. I know that most of these gentlemen here have devoted their highest and most mature powers to the education and uplifting of the poor people of the country in the cities. All through this country, in the country districts, what our people need to meet is the very question which Mr. Johnson himself answered here when he said there was such ignorance of art in this country. children all over the country are asking for pictures, for anything that will teach them, and as Mr. Johnson said about Saint Gaudens, he is only one of a number. We are on the march, we are progressing as fast as we can, but let us not forget the gentlemen who represent the educational side of this matter, because that should be recognized as well as the governmental side. I know that it is not necessary for me to use materialistic arguments to you here. It is only necessary to suggest, however, the need along the materialistic line, even on the pecuniary side, for every picture that comes in adds to the wealth of this country because of the stimulus it gives to the artistic side of the workingmen of this country, and though there may be a few artists who sell cheap pictures and make cheap pictures, who are afraid of competition from the people abroad, they could hardly be considered by the side of artists and people who are lovers of art throughout the whole country. If you go to Italy to-day you will find the young people there carving their work in the clay, having an inherent and natural idea and sense of beauty.

### CERTAIN AMERICAN ARTISTS RECOMMEND DUTY OF ONE HUNDRED DOLLARS ON PAINTINGS AND SCULPTURES.

Washington, D. C., November 28, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: We ask that a specific duty of \$100 be placed on all paintings and sculptures produced by hand during the past one hun-

dred years from date of entry.

The changes in the present tariff regulations, which are contained in the following paragraph, call for a specific duty of \$100 on all art works produced by hand during the one hundred years past from date of entry:

1. 703 (a). Works of art, including paintings in oil, mineral, or water or other colors, pastels, and sculptures.

#### THE ARGUMENTS FOR A SPECIFIC DUTY.

(a) While it should be the aim of the Government to encourage the fine arts, and while the importation of art works of high character make for a betterment of taste and refinement among our citizens, the Government should not, in our opinion, omit any restrictions to the importation of art works not of high character, which, if admitted free of duty, may have the opposite effect. The artists and artisans of Europe are skilled imitators and copyists of art works, so skilled that they frequently deceive even European experts and connoisseurs. Living more cheaply than can our artists and artisans, they can afford to produce their imitations and copies at a low figure, to sell them also at low figures, and without some restriction these copies and imitations can be brought here and through unscrupulous persons be given attributions and signed with names which are false, with the result that our art lovers and collectors can be imposed upon and large and illegitimate profits made by the sellers of these spurious works.

(b) European artists, especially in the south of Europe, where living is cheap, and where a natural aptitude for art production exists, make a continual and continuous output of cheap and tawdry art works, perhaps now and then having some merit, but for the most part distinctly debasing to taste and uneducational in every way. These productions can be bought and are sold for such low prices that, without any restrictive duty, the country would probably be flooded with them, with resultant demoralization of public

taste

(c) In a country which has not yet had sufficient age to acquire general art knowledge and taste, these cheap productions of Europe appeal, just as did the chromos of a few years ago, and as they could be, without duty, brought here and sold with good to large profit at lower prices than the works of American artists and artisans, the money spent for them would be diverted from the American artist, and the dealer in higher grade legitimate foreign works who can not afford from the higher cost of living in this country to sell for as low prices and live.

(d) The museums and other public galleries, and the dealers' galleries, now found in almost every large American city, the former of

which are enabled to import and purchase art works for exhibition purposes only, and the latter, whose owners pay duty on high grade art works, offer every and all opportunity to the artist for an exchange of ideas and to the public for study and improvement in taste. This disposes, it seems to us, of the argument that artists can not exchange ideas without the free entrance of art works and that our art can not find inspiration from the lack of opportunity to study the art treasures of the Old World. Naturally, the art treasures of the European galleries draw visitors, but no removal of all duties will bring these treasures here, and meanwhile we have our own good and growing museums and other collections. The specific duty we advocate would not deter the great American collectors who buy abroad from bringing here any art works produced during the past hundred years worth the having here, and their old masters would come in free under its provisions.

(e) The above arguments in favor of a specific duty cover, it seems to us, the arguments against any duty from the educational and industrial view points. Free art, while it might bring in some good art works, would, as has been pointed out, bring in also a greater proportion of poor and cheap work; and these art works not now here or which can not be studied through reproductions would not,

if obtainable, be kept out by a specific duty.

#### A SPECIFIC DUTY WOULD BENEFIT AMERICAN ARTISTS.

(a) American artists are not, as a body, in favor of abolition of the art tariff, assertions to the contrary notwithstanding. They are not necessarily opposed to a lowering of the tariff, but many of them, for whom we speak, feel that some restrictions, as argued above, should be placed on the importation of cheap art works from abroad, which, in the absence of any general art taste and knowledge, are bought by Americans, often in place of good American pictures.

(b) The argument that free art will make study in Europe un-

(b) The argument that free art will make study in Europe unnecessary to our artists, by providing the necessary environment here, seems to us absurd and contradicted by the very assertions of those in favor of free art that the great museums and galleries of Europe attract throngs of visitors and students. Will we ever get

the treasures of those museums and galleries here?

(c) Those American artists who choose to expatriate themselves and live abroad and who complain that the feeling in Europe against an art duty is embarrassing to them, should, we feel, not be quoted so freely in favor of free art. They do not live and vote here.

(d) The argument that a duty prejudices American artists in the eyes of American purchasers by adding an artificial value to imported art works seems to us equally absurd. American collectors, for the most part, buy names, not quality, and we doubt if one in a thousand ever takes the question of a duty paid by the seller into consideration.

(e) American artists pay duty on the materials they use which are imported. They have, as has been said, higher rentals and higher food charges to pay than even their European fellows in the larger cities, and of high reputation. Should they not have some protection? They do not ask that the old and great masters should be taxed. They do not demand a tax on Phidias, Praxiteles, Raphael,

Rembrandt, or Michael Angelo, Holbein, or Van Dyck. All great art that was produced over a century ago under our specific duty suggestion would come in free, and as time advances it will be but a few years when the great painters of the early English school and a little later those of the Barbizon school of France would be duty free. All our artists desire is some moderate restriction upon the importation of what is called "trash"—cheaply produced copies of modern foreign work, or cheap modern foreign work itself.

(f) A specific duty would tend, we believe, to minimize the fraud in the selling of art works at auction and private sale here, which has long existed and will continue to exist even under the present com-

parative high tariff.

When poor or even skillful copies of the works of the late J. J. Henner can be painted in Paris for \$25 each, be brought here, pay the present duty of 15 per cent, or \$3.75, and then be sold for \$200 to \$300, and the sale chronicled in the public press as that of Henner's, the inference is obvious that the importer and seller of such trash would hesitate to add the specific duty of \$100 to such pictures. This is a concrete example.

### A SPECIFIC DUTY WOULD AID AND NOT INJURE THE COUNTRY'S MUSEUMS.

It has been urged that free art would aid our museums, whose educational value through their collections is of course great. As has been said, a specific duty would not deter the owners of great collections, especially of old art works, from bringing in the same and presenting the same to museums, as such collections would for the most part be free and those modern works they contained would pay less duty than now. The museums now are empowered to import art works free for exhibition purposes, and this very year will display a remarkable collection of modern German pictures arranged by Mr. Hugo Reisinger, of New York, which will come in free of duty. So the needs of the museums are not an argument against a specific duty.

#### ART WORKS ARE WITHIN THEORY OF PROTECTION.

The statement that "the American artist (which is comprehensive) repudiates the art duty and is a most earnest petitioner for its repeal? is not based on fact. Many good American artists indorse the art duty and many others favor the specific duty we urge. There is and can be no competition between a Velasquez and an American painting, and the American artist asks for no protection from the old masters or even their later followers up to a century ago, and, were it possible, to shorten the period for which a specific duty is asked from such painters as the Barbizon men and their contemporaries and followers. He does ask, however, that the product of his brain and hand should have some protection when it goes before persons not having art knowledge and taste as against the trash of modern Europe. Why should an American figure painter, for example, who produces good genius and whose living costs him far more than his fellows of Europe, be obliged to meet the prices which, as detailed above, can be taken for inferior European works? If the American art-loving and art-buying public had the knowledge and taste of those of Europe, where Rembrandts are auctioned off for \$5, but not

to collectors, understood quality, and were not deceived by cheap and tawdry color and tricks of painting, the question would be a different one. We must wait for better education in matters here before we refuse to aid with a specific duty the American artist who, through his good work, is striving to better this taste.

A SPECIFIC DUTY WOULD NOT DECREASE THE REVENUE FROM ART.

While the question of whether or not the Government should derive a revenue from art importations is a serious one, its discussion does not lie within the province of this brief. We contend, however, that a specific duty would, from the figures of the art importations since 1897, bring in probably as much as the Government has received under the tariff since that date. Those who hold that art is a luxury of the rich and should be taxed accordingly would not probably object to a specific duty, which would remove part of their objections at least.

It is urged that Congress should put art on the free list because the whole country is in favor, it is asserted, of such action. This we deny, and are surprised at the boldness of such an assertion. We claim that the 500 so-called "directors" of the Free Art League, although they include some distinguished names, do not necessarily, as is also claimed, "represent the sentiment of the entire country."

The specific duty we urge would, we believe, satisfy, especially after study of its practicability, a majority of the citizens of the country interested in the question, a large proportion of the artists of the country, and the dealers of the country, with very few exceptions.

We deny that "the newspapers of the country are a unit in favor of removal of the duty." While many journals have declared in favor of such removal, we believe that this declaration was made before the suggestion of specific duty was made, without due reflection or knowledge and study of the conditions and on misleading and prejudiced information. We would call attention to certain interviews, with the dealers of Boston in particular, published in the American Art News of November 28, which art journal itself advocates our suggestion of a specific duty, as an evidence that the dealers and newspapers of the country are favorably disposed to a specific duty, and our signatures evidence that we, with those who feel with us, and many American artists, attest the belief of American artists in such specific duty.

Respectfully submitted.

James B. Townsend, For certain American artists, whose petition follows.

NEW YORK, November 20, 1908.

WAYS AND MEANS COMMITTEE,

Washington, D. C.

Gentlemen: The undersigned American artists respectfully ask the consideration of your committee on the revision of the tariff to the proposition to substitute for the present ad valorem duties on pictures and sculptures a specific duty of \$100 on each imported painting in oil, water color, or pastel, painted within the past one hundred years, or one hundred years from the date of entry.

This specific duty we believe would bring as much revenue as the present rates and at the same time keep out the trash and poor art, as well as the copies of good pictures brought in and sold as originals afterwards.

The period of one hundred years would safely cover the life and works of modern painters, whose works are most often copied and sold as originals, and would protect innocent buyers and not in any

way prevent the importation of good pictures.

A. T. Van Lauz, J. N. Marble, D. J. Gue, William H.

Howe, Reynolds Beal, Eugene Mulertt, Bayard H.

Tyler, William G. Watt, George M. Seeds, E. M. Bicknell, Frank A. Bicknell, Amy Cross, Augustus Pikeman, Cullen Yates, William Chadwick, Gifford Beal, I. Scott Hartley, F. K. M. Rehn, E. Loyal Field, Charles F. Gruppe, G. Glesser Newell, C. H. Sherman, Edward H. Potthast, W. G. Schneider, William Verplanck Birney, William S. Robinson, V. Grantly Smith, Frank De Haven, Gustave Wiegand, George H. Smithe, J. G. Brown, Charles M. Shean, William K. Amscken, Francis Day, Charles Frederick Naegele, Theodore K. Pembrook, Benjamin A. Haggin, F. Melville Du Mond, Rhoda Holmes Nicholls, Frederick V. Baker, Maurice Fromkes, Clara Weaver Parrish, Alethea Hill Platt, Robert David Ganley, William Cotton, Earl Stetson Sanford, E. Irving Couse, De Cost Smith, Isidore Konti, Victor D. Hecht, S. Montgomery Roosevelt, R. W. Van Boskerck, C. E. Cookman, A. C. Friedrich, A. Muller Ury, Louis Paul Dessar, Frederick Ballard Williams, Henry Ranger, John H. Fry, G. Timken Fry, Albert L. Groll, and C. Brower Darst.

### CHARLES J. TAYLOR, NEW YORK CITY, FILES BRIEF IN ADVO-CACY OF RETENTION OF DUTY ON WORKS OF ART.

NEW YORK CITY, November 18, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: Believing that an effort will be made to have the duty on works of art removed, I herewith present to your committee a protest against such removal. A petition for the free entry of such merchandise having been extensively circulated and generously signed by artists and others is the reason why I have taken upon myself the liberty and the privilege of addressing to you the following brief:

1. An artist is a workman. It does not take much reading to see that in the days when painting took on its most glorious progress an artist was but a workman and painting a trade. It was as much of a trade as well digging, tiling, or cordwaining. When a painter got a job of work his employer might be a princeling or he might be another hireling like himself. Titian worked for a prince, Maroni for a tailor; and both patrons got excellent service in return.

Painting was then a busy and thriving trade, and under the stimulating direction of distinguished people it advanced in Italy to a noble pursuit. Popes, cardinals, princes, did their best to forward and protect the craftsmen who had undertaken the decoration and beautifying of the churches, the palaces, and the homes. Some painters got to be very well thought of, and some had the good fortune of marrying into the families of potential citizens. The painter in the beginning was looked up to in much the same way as a first-class steel craftsman is looked up to in one of our steel towns to-day. This is not an inapt or ungenerous simile when it is remembered that many of the great painting centers in Italy were not as large as is Newark, N. J., and were probably on no higher general intellectual level.

Rafael called the place he worked in not a studio, but a bottega—a workshop. The studio of those days was just a common shop; and the boss, or head painter, had bound apprentices whom he employed in grinding his colors, cleaning his palettes, sweeping his rooms, and washing out such other and necessary articles as went with the civili-

zation and comforts of the golden renaissance.

A writer on this subject has well said:

In fact, any distinction of artist or workman was altogether unknown. It was to this we owe the basilica and the cathedrals, the palaces of Venice, and all such innumerable works as have come down to us from those centuries, and which are to-day the pride of civilized Europe.

Briefly put, the artist was a workman, as he is to-day a workman.

2. This workman produced a merchantable article. We are always pointing to the glorious work of the old masters. When a painter workman becomes dead and his further output is ended his work advances into the realm of rarities and takes on an enhanced value: but before this immortal stage has been reached, when the workman is turning out his product. his art, if it is anything at all, is a handicraft, and the work is of ordinary or extraordinary merit, as the time, place, and price call for. It is just the same as it is with the rug weavers of the Orient. It is all in the day's work. If the workman is feeling good and the job pleases, the work is of a higher value. Since paintings have become movable the term "art" has had much use, and we occasionally hear of motifs and temperaments. In the days of the very old masters the only movable paintings were done on backs of chairs, on linen closets, musical instruments, bedsteads, and many other more or less useful objects, and these products were sold from the painters' shops, to be sold again and again in the market places of the various towns, and many in all probability brought less than some of the rugs the roystering cavaliers wiped their boots on. The movable picture, with its frame, was then unknown, but if it had been it would have been looked upon just the same as was the work done on my lady's table.

The artist is always a workman, and he produces a something which is merchantable, something which is bartered and sold in shops, as are rngs or laces or any of the finer products in which considerable taste

and skill are shown.

3. An academy of art, so called, is nothing but a trade school where the apprentice is taught to be a good, conventional workman and is shown how to produce forms that are acceptable in the market place of the exhibitions. To-day many a young artist would feel indignant if he were told he was only a workman; but from an economic standpoint that is all he is. It does not take much of a thinker to hit upon the thought that, no matter what a painter may call himself, he is still a workman. The painter-workman has, it is true, to-day in many cases ceased to be the artist he was, but in spite of our trying to separate the beautiful from the useful, calling our workshops "art academies," the fact remains that schools of art are but schools of trade where apprentices are molded into craftsmen in much the same way as they were educated in the workshops of old. They are initiated into all the legends, the recipes, and the jargon of the craft. All schools are conventional, are tradition bound, and academies of art are as conventional as shipyards.

The general and the main idea is to mold an apprentice so that he may become a useful workman, who will be able to produce work which when placed upon the walls of the academy, or market place, will catch the eye of the rich, the whimsies of the ostentatious, the vanity of the vulgar, or, at least, the applause of fellow-workmen who have been brought up in the same school and who desire to perpetuate its traditions and advance its esprit de corps. An exhibition of works of art is nothing but a display of wares in which the main

hope is to make sales.

In days gone by, if a painter settled in a town whose art market was ordered and conducted by a monopoly called a "guild"—and if the guild had some saint's name stuck to it, so much the better for its purpose—that painter had to conform to the rules and regulations of that guild or he had to get out of the place. These men worked for bread and butter just the same as we do and they protected their market.

Is art now less of a trade than then? I think it can be truthfully said that art is now more of a trade than ever; and it is not unnatural in these days of keen competition that art academies should try to direct trade into the channels which they have made and locked. It is right that they should desire to promote the welfare of their members who add luster to their schools. These academies protect themselves and their progeny. If this is a protection country and that our policy, and under which we have made such wonderful progress, why should the duty on paintings be removed in order to allow the foreign output to come in and find a market here? It has been said that a "foreign label sells the wine." This is true. And it is true that a foreign label sells the painting.

If it is intended that foreign art shall come in free so that our museums may have their walls covered by an art that will serve to direct the tastes of the coming generations into the conventional, then the present Dingley bill provides for this. If it is the purpose of removing the duty on works of art so that our rich people may have the "label" at a lower figure, then I say "no." The painter is a workman, and this being the case, he must be protected if that is the policy of our land. What the painter abroad produces is a merchantable article, and as such should be liable to duty just the same as rugs or any other luxury of artistic intent.

It can not be said that free art from abroad is necessary for the advancement of art in this country any more than it can be said that it would advance the art of China or Japan or Holland. When it is

seen how far we have advanced in the art of painting in a few years, and under a protective tariff that has built up a class of patrons who buy and appreciate American art, no one can truthfully say that protection has been a deterrent of art. If, however, it is claimed that it is necessary to have art come in free so that we may ever follow in the conventional footsteps of the old workmen, then I beg of the House of Representatives of our Congress to see that a bureau of art is established somewhat on the lines of our very popular Department of Agriculture, that there may be formulated and published a series of farmers' bulletins, akin to those which are spread before our agricultural brothers, explaining, elucidating, evolving, and proving the various old brands of art in all the vagaries of our large, mixed, and exasperating climate, to the end that the label of everlasting happiness may be stamped upon the pockets of all our painter-workmen and upon the countenances of their patrons, and your petitioner will ever pray.

CHARLES J. TAYLOR.

# THE NATIONAL INSTITUTE OF ARTS AND LETTERS URGES ABOLITION OF THE DUTY PLACED ON WORKS OF ART.

NEW YORK CITY, November 20, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: The National Institute of Arts and Letters, composed of representative authors, painters, sculptors, architects, and members of the literary and musical professions, in view of the hearings now being held on the revision of the tariff, takes occasion to renew respectfully and very earnestly its former recommendations and petitions to Congress for the abolition of the duty on works of art. This duty is not only not desired by American artists, but is considered by them obnoxious and antiquated and a handicap upon both the practice and the appreciation of art in this country.

Attest:

ROBERT UNDERWOOD JOHNSON,
Secretary National Institute of Arts and Letters.

### THE NATIONAL INSTITUTE OF ARTS AND LETTERS MEMORIAL-IZES CONGRESS IN FAVOR OF FREE ART.

New York, November 21, 1908.

Hon. Sereno E. Payne, M. C.,

Chairman of the Committee on the

Revision of the Tariff, Washington, D. C.

DEAR SIR: I have the honor to convey to you herewith the resolution adopted at a meeting of the National Institute of Arts and Letters, held at the Princeton Club, New York, November 20, 1908, and to request that you will present this resolution whenever the question of the duty on art shall come before the committee.

Will you have the kindness to acknowledge receipt of the resolution and greatly oblige,

Yours, very respectfully, R. U. Johnson, Secretary.

The National Institute of Arts and Letters, composed of representative authors, painters, sculptors, architects, and members of the literary and musical professions, in view of the hearings now being held on the revision of the tariff, takes occasion to renew respectfully and very earnestly its former recommendations and petitions to Congress for the abolition of the duty on works of art. This duty is not only not desired by American artists, but is considered by them obnoxious and antiquated, and a handicap upon both the practice and the appreciation of art in this country.

Adopted November 20, 1908.

Attest:

ROBERT UNDERWOOD JOHNSON, Secretary National Institute of Arts and Letters.

### IOWA CHAPTER, AMERICAN INSTITUTE OF ARCHITECTS, PRAYS THAT TAX ON CIVILIZATION BE REMOVED.

CEDAR RAPIDS, IOWA, November 23, 1908.

Hon. Sereno E. Payne, Washington, D. C.

DEAR SIR: Inclosed please find a petition from the Iowa Chapter of the American Institute of Architects for the removal of duty on works of art, which we earnestly hope will receive your attention.

Cordially, yours,

EUGENE H. TAYLOR, Secretary.

CEDAR RAPIDS, IOWA, October 21, 1908.

To the Honorable Senate and House of Representatives in Congress assembled:

The Iowa Chapter of the American Institute of Architects, at its sixth annual meeting in the city of Cedar Rapids, Iowa, respectfully

petitions for the repeal of the duty on works of art.

We believe that perfect freedom is necessary for the highest development of art in this country, and inasmuch as progress in art has ever been the test of progress in civilization, we feel that it is the duty of Congress to do whatever is within its power to promote the development of art. As one civilization bases its advance on the highest traditions of former civilizations, so the art of one country grows out of the art of the countries of the past. Greek art proceeded from Assyrian and Egyptian art. Rome learned her art lessons from Greece and Etruria. France borrowed from Italy. If America is to attain to the highest, she must profit by the lessons in art which only the Old World can teach her. If we place a tariff barrier against these lessons, it is obvious that we are shunning the light and stultifying our growth.

We pray that this tax on civilization may be removed at the

earliest possible moment.

Respectfully submitted.

HENRY FISHER, President.

EUGENE H. TAYLOR, Secretary.

\* Iowa Chapter American Institute of Architects.

## HENRY L. HIGGINSON, OF BOSTON, MASS., STRONGLY FAVORS REMOVAL OF DUTY FROM PAINTINGS AND STATUARY.

Boston, November 24, 1908.

Hon. SERENO E. PAYNE, Chairman.

Dear Sir: I am notified of a hearing before the Ways and Means

Committee on the subject of "free art."

Being unable to go to the hearing, I ask leave to add my urgent request and strong hope that we dishonor ourselves no longer by laying a duty on paintings or statuary or art objects of any kind. These objects educate our people, which is the saving grace of the nation, and which is necessary in art as in other things. Of course people seek art objects for their own pleasure, but as they can not destroy them in any way, the usual result is that they drift into museums or schoolhouses and become the property of the public. We know that a good many objects of art are kept out of this country because of the duty, and this on account of the sense of injustice by the Government toward the art holders as well as on account of the money. Many people can not pay for a picture and the duty, too, and therefore do not buy it. We have enough articles of luxury which can be taxed without recourse to art objects, and I hope very strongly that Congress will, in its wisdom, make laws in favor of free art.

Very truly, yours,

HENRY L. HIGGINSON.

# VICTOR G. FISCHER, WASHINGTON, D. C., WRITES RELATIVE TO REMOVAL OF DUTY FROM WORKS OF ART.

Washington, D. C., November 24, 1908.

Hon. SERENO E. PAYNE,

Chairman of the Ways and Means Committee.

Sir: By request I beg to send you the following letter regarding free art. The late Secretary of State, Col. John Hay, told writer of this, "that the late Mr. Dingley never favored duty on art. By a subterfuge a certain Mr. Donaldson appeared before the commission then, in favor of such duty, and it was unthinkingly restored without anybody having a particular interest in it. As a revenue it amounts—comparatively speaking—to little, and the harm it has done educationally and otherwise can not be expressed in mere figures." These were Secretary of State John Hay's words.

The President wrote me the following confidential letter November

18, 1904:

My Dear Sir: I am directed by the President to acknowledge the receipt of your letter of the 17th instant and to say as soon as he takes up the tariff question he will recommend that the duty on works of art be abolished.

Very truly, yours,

WM. LOEB, Jr., Secretary to the President.

Three days ago the President gave me permission to use this letter with the additional expression of his being unqualifiedly for absolute removal of duty on art. Furthermore, it is well known that the President-elect is of the same opinion, that the Senate almost unani-

mously, and the House to a large degree, are of the same mind in regard to the favorable action on that item.

Most respectfully,

Victor G. Fischer, Fischer Art Galleries.

# C. H. BAYLEY, BOSTON, MASS., FAVORS GOVERNMENT REGISTRATION FOR ALL CLASSES OF PAINTINGS.

Boston, Mass., November 24, 1908.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: I note that a hearing is to be given on Saturday, the

28th, to those who are advocating lower duties on free art.

This is a subject in which I am very much interested, and, as I can not be present, wish to give my opinion in the form of a letter. I have studied this subject for several years, have bought more or less paintings and other works in this country and also in Europe, and feel that the introduction of art objects, whether for public or private use, free of duty will advance the education of the people more than any other measure which the Government can put forward.

I am also positive, from my acquaintance with a very large number of American artists, that they, as a body, are heartily in favor of the duty being removed, particularly from paintings, for paintings by one artist are distinctly his own and can not be considered to be in competition with others. Therefore the present rate of duty does not, in my opinion, help the artist, brings the Government a very small revenue, and prevents the importation of many valuable paintings, which would be added to our private and public collections. I sincerely hope that this measure for free importation of paintings and other works of art may go through, and at the earliest date possible. I would even take the time and give the expense of a trip to Washington if by doing so I could help this measure along better than by letter.

One additional measure which the Government might pass to the advantage of the artists of the country and also to the general public who buy more or less paintings, is the establishing of registration for all classes of paintings, and this measure would be of the greatest help, financially and otherwise, to the artists. It could, I think, be established by making a branch registry at each government customhouse, where an artist might take his painting, register it, with a description sufficiently complete so that a person would recognize it, and the picture be given a number, and also to bear on the back of the canvas a government stamp, with its registration number. As such would cost the Government almost nothing, it might charge a small fee of, perhaps, \$1, or even register without a fee, and thereafter this picture could not be copied without forgery, and would save to the artist the general copying by inferior and unscrupulous artists which is carried on at present.

It is hardly necessary for me to go into further detail, but this I have also presented to several artists, who are heartily in favor of such a measure being put forward, and so far as I know, it has never

been suggested by anyone other than myself. If anyone connected with the Government wishes to take up the subject to this end, I shall be pleased to render service in getting signatures of the various artists in this part of the country.

Yours, very truly,

C. H. BAYLEY.

# JAMES MACALESTER, DREXEL INSTITUTE OF ART, SCIENCE, AND INDUSTRY, FILES STATEMENT RELATIVE TO FREE ART.

Philadelphia, November 24, 1908.

Hon. SERENO E. PAYNE, M. C.,

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

My Dear Sir: I regret that it will not be possible for me to be present at the hearing with reference to the existing tax on art, to be held before the Ways and Means Committee on Saturday next. I am taking the liberty, therefore, of sending you some remarks on the subject made at the annual meeting of the Fairmount Park Art Association of this city. May I add that there seems to be a general consensus of opinion on this subject, and I am sure that public sentiment would support a modification of the existing law.

Yours, very truly,

JAMES MACALESTER.

#### THE UNITED STATES TAX ON ART.

At the thirty-fourth annual meeting of the Fairmount Park Art Association, Philadelphia, Dr. James MacAlester offered the following preamble and resolution:

Whereas the duty imposed upon the works of art brought to this country is one of the chief hindrances to the cultivation of a finer taste and a more widely diffused appreciation of objects of beauty among the masses of the people; and

Whereas a national association has been formed for the purpose of dealing with this question, including private citizens and the public institutions devoted to the cultivation of art by means of schools, galleries, and exhibitions: Therefore be it

Resolved, That the Fairmount Park Art Association of Philadelphia desires to express its hearty approval of the objects for the pronotion of which the American Free Art League has been formed, and pledges itself to aid in every proper way in securing such action from the present Congress as shall place all works of art on the free list.

In support of the resolution, Doctor MacAlester spoke as follows:

Mr. Chairman, the present tax on art is so anomalous a feature of our national legislation that a word or two of explanation will not be out of place. It had its origin in the protective system which has been one of the great dividing principles of the political parties that have been contending for ascendency from the earliest days of the Republic. It was not, however, till the time of the Dingley Act of 1897 that the present disgraceful tax was laid upon works of art brought into this country. I am not going to raise any issue as to the place which protection should hold in the industrial and economic development of the United States. That is a political question about which, I take it, a considerable diversity of opinion exists in the membership of this association. It has been a burning question in this city and State, and no doubt the high protectionist is ready with reasons why we should "stand pat" on the existing tariff laws. This much, however, must, I think, be conceded by all, that the protective policy has been the chief means of making the United States a great, powerful, and prosperous nation. Within the past generation we have become the richest country in the world. With all this material aggrandizement, the

United States is coming to be politically the power to which the whole civilized world is looking for leadership in international affairs. A short time ago Lord Rosebery predicted that the time was not far distant when the political and commercial center of the world would have passed from London to New York. Now, it is important to take note of the changes in our social conditions which this unexampled growth of the industrial and commercial interests of the country has brought about. We are beginning to have the leisure and the desire for the cultivation of those habits and tastes which follow in the wake of wealth, for those higher and finer things which are the evidences of a more advanced civilization. Art is a native instinct of man's nature; but it has to wait for the time when wealth has been accumulated and is pretty widely diffused before it can flourish and become an integral part of the social and public life of the people. The American people have now reached the position where the possession of the finest works of art is felt to be a necessity, when museums and collections of paintings for the diffusion of taste among the masses are springing into existence in every part of the land; and we are beginning to realize that it is the bounden duty of the state to provide liberally for those elevating influences which art in the widest sense of the term is best calculated

to exercise in a community.

In seeking to bring about these conditions we meet with serious difficulties. In the first place, we have not directly inherited the great art of past ages. We must not forget that we are a new people, in a new country, with new problems of human progress to solve. We have had to devote our energies to clearing the forests, breaking the prairies, and building up free commonwealths founded upon the equal rights of all men. These responsibilities have taxed our energies to the utmost. The old nations of Europe—Italy, France, Germany, England—have had for centuries a splendid inheritance in the paintings. the sculpture, the architecture which they count among their most valuable assets. We have had none of these advantages, and so thousands of our people cross the ocean annually, spending millions of money, to see and enjoy these precious possessions. We must not belittle our own art; and, while it is our duty to foster this, we need the influence of the great masters of the past for cultivation, for inspiration, for the public galleries where the masses can go to know and feel their fascination. Now, the absence of these great art works in the United States is an obstacle which can be overcome; but it will take time, and the tax which must be paid to bring them into this country is a hindrance that is discreditable to us as an enlightened and progressive people. I think we have an unquestioned right to have this impost upon the art culture of the nation removed. Does it not seem utterly unreasonable that those things which are so important to us at this time and which we can not produce ourselves should not be allowed to come in without paying a burdensome tax? pose the framers of the tariff acts gave little heed to these considerations. ostensible reason for laying a tax of 20 per cent upon works of art was the protection of American art and artists. This claim could hardly be applied to the works of the old masters, of which I have been speaking. The kind of art which it is most important for us to acquire, the productions of the great artists of past ages, can hardly be regarded as entering into competition with the work of our own artists. What competition can there be between the glorious sculpture of ancient Greece which survives to us only in a few specimens, many of them mutilated, and the work of our native sculptors? Surely the works of Botticelli and Raphael, of Rubens and Van Dyck, of Rembrandt and Holbein, of Reynolds and Gainsborough, can hardly be regarded as entering into rivalry with our own painters; and yet it is these very works that our collectors and galleries are most anxious to secure. From a commercial standpoint, it is possible to regard the contemporary art of Europe as entering into competition with the work of our own artists, but it should be known that the American artists have repudiated the protection which Congress has insisted on foisting At the time this legislation was enacted they petitioned against it, and they have since made several ineffectual efforts to have it repealed. republic of art, like the republic of letters, does not desire discriminations of any kind within its realm. What the American artists are seeking is a public with a more cultivated and widely diffused taste for art, and this they know can best be obtained by that knowledge of the work of the great masters of the past as well as of the present time. At this moment a petition is in circulation among the artists of the United States asking for the repeal of the duties on art, which will be signed by every man of any note. In fact, no class of our people is so insistent in demanding free art as the artists in whose behalf it was claimed the present law was enacted.

No doubt the protectionists stand ready with answers to the objections I have put before you. You will be told that works of art that are purchased by, or directly presented to, our galleries and museums come in free of duty. That is true. But I need hardly remind you that the art collections in our museums and galleries have not been acquired out of their own resources. Without an exception, they have come into existence by the gifts and bequests of private Take, as the best example of this, the Metropolitan Museum of New York, which may now be classed among the great public museums of the world. The splendid galleries of that institution have been created through the munificence of private collectors. Quite lately the Rogers bequest of \$6,000,000 has made it independent, to some extent, of this private liberality, but its future growth must continue to depend largely upon gifts. Our own Wilstach Galleries in Fairmount Park are another example of the same kind. We would not have these but for the liberal spirit of their founder, who wisely provided for their extension in future years by a generous endowment. Then, again, look at the magnificent collections which Mr. Morgan has been gathering in London. He has for several years been the largest purchaser of the finest art works which have been offered for sale in the Old World. He has spent millions of dollars in their acquisition, but he can not bring them to this country without paying a tax which would be in itself a considerable fortune. If we wish to see them we must make a journey to the South Kensington Museums and the National Gallery in London, where they are deposited. Mrs. Gardner, of Boston, had finally to pay the United States Government many thousands of dollars for the privilege of enriching Boston with a collection of paintings which has conferred distinction upon the city. It will be said that rich people ought to pay for such luxuries if they must have them, but that is an answer quite aside from the question at issue. Sooner or later these precious objects of art will find their way to public museums, but the fact will remain that the donors or the purchasers have been taxed to render this possible. This is especially true of our own country, where the Government has not yet reached the stage of creating and maintaining great museums for the pubic benefit. Meanwhile we must be dependent upon the taste and liberality of our wealthy citizens, and it is surely against public policy that things which can not be regarded as articles of commerce and which can not be produced in this country should be enhanced in value by an impost which has no counterpart in any other civilized land. I do not hesitate to say that this tax is a disgrace to the nation. It will appear still more so when we think of the trifling amount realized from it. Last year it was but a million of dollars-a sum which could be well spared from the vast income derived from our tariff revenue.

Mr. Chairman, I have brought this matter before the association because a national society has just been formed, which is to be known as the American Free Art League. Its object is to create a widespread interest in the conditions to which I have called attention, and to cultivate so strong a sentiment in favor of repealing the tax upon art that Congress will not be unwilling to heed the expressed wishes of the public with reference to these matters and the very general demand for the repeal of the tax upon art. The time seems to be opportune, the political conditions favorable. I therefore move the adoption of

the resolution which has been presented.

The resolution offered by Doctor MacAlester, being duly seconded and put to a vote, was unanimously adopted.

### THE PRESIDENT OF BRYN MAWR COLLEGE THINKS A DUTY ON WORKS OF ART ENTIRELY UNCALLED FOR.

Bryn Mawr, Pa., November 25, 1908.

Hon. Sereno E. Payne,

Chairman of the Ways and Means Committee,

House of Representatives.

DEAR SIR: I beg that you will bring this letter to the attention of your committee, which I understand is now considering the possibility of modifying the tariff on works of art brought into the United States.

As the president of Bryn Mawr College, one of the four most important separate colleges for women in the United States, I come in contact through our board of directors, our faculty, our students, and alumnæ, and the many friends and supporters of the college, with people who represent many different parts of the country, and although I have frequently heard the present prohibitive tariff on works of art discussed, I have never yet heard any person of intelligence or standing in the community defend it. I have heard it frequently said that the tariff on works of art imposed by the United States is one of the things which makes an American blush for his

Personally, I feel very strongly on this subject. I have been engaged in the work of educating women for the past twenty-four years, and I am confident that our Government, by placing a tariff on works of art and books written in the English language imported by private persons for the use of themselves and their families, inflicts a serious injury on education in art and letters. Moreover, while the tariff on works of art damages the highest interests of our country, it does this to no good purpose. Many of the most intelligent lovers of art whom I know confidently believe that it would greatly promote the sale of American pictures by American artists painting in the United States if the tariff were taken off foreign works of art, because an enlightened love of art grows by what it feeds on, and Americans able to afford to purchase works of art who began by purchasing them abroad would be sure to end by buying much more largely than at present the works of American artists at home.

Our present tariff on art seems to everyone with whom I have discussed the subject unworthy of an enlightened and civilized nation

like the United States.

country.

We confidently believe, Mr. Chairman, that you and the Ways and Means Committee will give due weight to the above considerations.

Very respectfully, yours,

M. Carey Thomas, President of Bryn Mawr College.

### REV. C. F. WILLIAMS, NORRISTOWN, PA., ASKS FOR EXTENSION OF PRIVILEGES OF PRESENT FREE-ART PARAGRAPH.

Norristown, Pa., November 25, 1908.

WAYS AND MEANS COMMITTEE,

House of Representatives, Washington, D. C.

GENTLEMEN: It is respectfully submitted to your honorable committee that in the interest of art the present Dingley tariff law be changed and modified to this extent, viz:

Paragraph 702, under the head of "Free list," be so changed as to give the individual the same right and privileges in the importation of works of art as are now therein granted to the State or any society or institution established for the encouragement of the arts, etc.

That is to say, that if the individual will comply with the rules and regulations laid down in paragraph 702, under "Free list," for the State and other organized bodies, he or she will enjoy the rights and privileges given to the State and other organized bodies in said paragraph 702.

This change in this paragraph would be fair to both the public and the individual, so it seems to the writer. So long as the said works of art are open to inspection by and the enjoyment of the public no duty need be paid. Should they be withdrawn from this exhibition, the duty should be paid. In this way the rights of both the public and individual would be safeguarded and a great impulse given to the importation of works of art from the old countries. It is hardly necessary to add that at once under such privilege as this, the United States would become the repository of many of the world's most famous masterpieces in all branches of the earlier arts, a condition of affairs which it is most earnestly hoped your honorable body will see your way clear to do all in your power to bring about.

Respectfully, yours,

C. F. Williams,
Honorary Curator Oriental Carpets, Pennsylvania Museum.

CHARLES M. KURTZ, PH. D., DIRECTOR OF THE BUFFALO (N. Y.) FINE ARTS ACADEMY, WISHES WORKS OF ART FREE.

Buffalo, November 25, 1908.

SERENO E. PAYNE, Esq.,

Chairman Committee on Ways and Means,

Washington, D. C.

My Dear Sir: I regret exceedingly that previous engagements render it impossible for me to be present at the meeting of the Ways and Means Committee to be held in Washington on Saturday, November 28.

In common with other directors of art museums I feel keenly the disadvantage at which we are placed by the tariff on art. The excessive amount of the bond required in the case of an important collection of pictures brought to this country for exhibition purposes, and the refusal of the Government to allow works contained in such exhibitions to be sold for the benefit of the artists, even when duty would be paid on such works as might be sold, make it practically impossible for us to bring to the United States important works for exhibition. It is unreasonable to ask an artist to part with his pictures for a period of perhaps six months, during which time they are practically excluded from a market. And this is greatly to the disadvantage of art museums and the residents of the cities in which these museums are established.

For a number of years, while a resident of St. Louis, I brought to this country collections of foreign paintings, which were shown in an annual exhibition held in that city, with the result that numerous pictures were sold on each occasion—each work sold paying duty to the Government—with the attendant effects of stimulating art interest in St. Louis, making addition to the artistic possessions of the city, and offering valuable influence to the pupils in the art school.

Since coming to Buffalo to assume charge of the Buffalo Fine Arts Academy I have brought to America collections of paintings representing the Glasgow school and modern German paintings. These exhibitions attracted large numbers of visitors to the gallery—indeed, many persons visited Buffalo for the sole opportunity of viewing the

collections—and numerous paintings were sold, of which several became the property of the fine arts academy, with the result of greatly enhancing the interest and value of its permanent collection. During the present year, owing to the antagonistic attitude of the Treasury Department in Washington, it was deemed inadvisable to bring to this country a foreign collection of pictures. Largely owing to our omission of a foreign exhibit this year, our attendance has fallen off nearly 20 per cent. An exhibit of foreign pictures, open for a limited period of time, will attract visitors who might not be inclined to make the effort to visit an exhibit composed solely of American paintings, but who, being attracted by the foreign works, will see the American pictures on view, will have an opportunity of comparing them with the foreign pictures, and thus may develop a better appreciation for American art. It has been my experience that in a collection composed of American and foreign paintings the percentage of sales has been the same in the American as in the foreign section of the exhibition.

A specific duty on paintings would be quite as disadvantageous to the smaller art museums of the country as the present ad valorem duty. The pictures sold through the instrumentality of the art museums are not usually works commanding high prices, and a specific duty of \$100 on each picture would render such sales practically impossible. It should be remembered, moreover, by your committee that the price which the average dealer charges for a work of art is absolutely no criterion of its artistic value. Forty years ago paintings by Corot, Daubigny, and other artists of the Barbizon school could be purchased for a few hundred francs each. They were artistically quite as valuable then as they are to-day, when thousands of dollars each are asked for the same works.

It seems almost as if it should be unnecessary, however, to recapitulate all these facts, which should be self-evident to intelligent persons.

On behalf of our institution and similar institutions in this country, I desire to express the sincere hope that the duty on art may be abrogated.

Very respectfully, yours,

 $\begin{array}{c} \text{Charles M. Kurtz,} \\ \textit{Director the Buffalo Fine Arts Academy.} \end{array}$ 

### DR. S. WEIR MITCHELL, OF PHILADELPHIA, PA., WRITES AS ONE OF THOSE OPPRESSED BY A DUTY ON ART.

PHILADELPHIA, November 25, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: I hope the hearing of the matter on the 28th in regard to free art will result in something being done to enable us to bring home a great deal of educational value to a people who more than any other need instruction in the finer arts of life. I have over and over been prevented from bringing home art objects which ultimately would have reached new fields, because I could not afford to pay the additional cost assessed by the custom-house. In one instance a portrait of myself by an English artist who was then the

greatest portrait painter I was obliged to leave in England for years until finally I was able to pay the excessive custom-house duties.

I can not hope that a single letter from a person like me will have any great effect in the matter, but I am one of an oppressed public, and for the general good something might well be done to lighten duties or abolish them in matters of art.

Very truly, yours,

S. WEIR MITCHELL.

### J. W. BARWELL, WAUKEGAN, ILL., THINKS THAT A DUTY ON WORKS OF ART IS LIKE SHUTTING OUT SUNLIGHT.

WAUKEGAN, ILL., November 25, 1908.

Hon. SERENO E. PAYNE,

Washington, D. C.

DEAR SIR: If the people of Chicago were made aware of the advantages of free art coming into this country, probably 100,000 signatures to a petition for this purpose could be promptly obtained,

and so it is all over the country.

We accept and take in all the failures, dissatisfied and the undesirable people from all the countries of Europe, whilst we carefully do our best to keep out even the works of the best minds and thought there. It is absurd; it is like shutting out the sunlight and welcoming disease.

Yours, truly,

J. W. BARWELL.

### E. H. SEMPLE, ST. LOUIS, MO., FAVORS A PROVISION OF THE TARIFF THAT WILL ADMIT REAL WORKS OF ART.

St. Louis, Mo., November 25, 1908.

Hon. SERENO E. PAYNE,

Committee on Way's and Means, Washington, D. C.

DEAR SIR: The sentiment here, so far as I know it, is unanimously

in favor of removing the tariff from good foreign art.

My personal opinon is, that if it is possible to do so, the tariff on art should be so arranged that all legitimate art (by which I mean the genuine works of masters, old and modern) should be admitted free, and that the tariff, if possible, should be prohibitive on all copies and other art that does not possess claims of genuineness.

That this last class should be kept out I regard as highly im-

portant.

Very respectfully, yours,

E. H. SEMPLE.

### HON. SETH LOW, OF NEW YORK CITY, WISHES PAINTINGS AND ANTIQUE ART OBJECTS DUTY FREE.

NEW YORK, November 25, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: I understand that the Ways and Means Committee is to hold a meeting on the subject of art in connection with the tariff on

Saturday next. It gives me pleasure to express the hope that the committee will see its way clear to place paintings and at least antique objects of art upon the free list. I am in sympathy with the protective principle, as you know; but it does not seem to me to have any proper application to the field of art, in which the skill of the artist, rather than the cost of materials or the value of labor, determines the value of the product. I do not think that it tends to develop artistic taste and skill in our own country to levy a duty on the importation of articles of this character. One might just as well levy a duty upon scientific discoveries before they could be made available in this country.

It may be that by placing paintings upon the free list a certain injustice will be done to picture dealers who have paid duties upon pictures that remain still unsold, but it would not require a very large sum to refund these duties upon satisfactory proof of the facts.

Outside of this very limited field of injury from a change in the tariff, with reference to works of art, I think, at the moment, of no other harm that would be done, and I firmly believe that the educational value of such importations as would be made if art were on the free list, not only by dealers but by private citizens, would far outweigh any value to the country in money that may be collected on the objects that enter despite the duty. In the long run, a very large percentage of private importations finds its way into public museums, and it is not impossible that even more would do so if the Government admitted such objects free instead of compelling private individuals to pay for the privilege of bringing them in.

I have the honer to be, Yours, sincerely,

SETH LOW.

## LLOYD WARREN, NEW YORK CITY, WISHES FREE ART IN THE INTEREST OF YOUNG ARCHITECTS AND DRAFTSMEN.

NEW YORK CITY, November 25, 1908.

Hon. Sereno E. Payne,

Chairman Ways and Means Committee,

Washington, D. C.

Sir: Allow me to write a few lines advocating the free art movement, as chairman of the committee on education. This society is conducting a course of instruction to young architects and draftsmen to the number of about 700 registered students. I have found these young men terribly handicapped in their efforts to do good work by the lack of material for inspiration in this country, especially in decorative art; that is to say, interior decoration, wood carving, furniture, stone carving, etc. This is due very largely to the prohibitive tariff which is placed on these articles. Loan exhibitions of works of art, which are a great inspiration for students in foreign countries, are with difficulty organized here, chiefly because objects of this kind are very rare in our country. Moreover, the extreme expense of importing any art objects forces Americans to content themselves with very imperfect imitations, which deprave the taste and wholly unfit students to draw inspiration from them to compete with artists of foreign countries.

By opening our doors to works of art I am convinced we will elevate the standard of the work of our artists, and, moreover, we would keep them in our country instead of forcing them to live abroad in search for inspiration.

Yours, very truly,

LLOYD WARREN,
Chairman Committee on Education,
Society of Beaux-Arts Architects.

### THE CLEVELAND (OHIO) CHAMBER OF COMMERCE MEMORIALIZES CONGRESS IN ADVOCACY OF FREE ART.

CLEVELAND, November 25, 1908.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

Sir: This chamber is informed that on Saturday, November 28, the Ways and Means Committee will hold a hearing on the question of removing the duty upon works of art imported into this country by private individuals.

It will be appreciated by this chamber if at this hearing the inclosed resolutions, adopted by this chamber unanimously at a meeting

held in October, 1906, might be read.

Very truly, yours,

CHARLES S. Howe, President.

Whereas the Congress of the United States saw fit in 1898 to place a duty of 20 per cent upon works of art imported into this country by private individuals; and

Whereas such importations for the year 1905, amounted to \$2,-

862.000, on which \$502,227 was paid in duties; and

Whereas the object of such a tax is twofold: First, to protect from competition the producers of the articles taxed, and thereby encourage the development of art industries in this country, and, second, to produce revenue for the support of the Government; and

Whereas it seems to be the judgment of the art workers of the country, and also of the general public, who are interested in art, that such duty acts as a distinct drawback rather than as an encour-

agement to such development; and

Whereas it appears that the class supposed to be benefited have memorialized Congress and asked for a removal of the duty; and

Whereas it is a fact that every great nation of Europe, whether actuated in general by the principles of free trade or protection, have united in putting works of art on the free list, thus setting an example which this country ought surely to imitate: Therefore

Resolved, That in the opinion of this chamber the educational value to the community derived from the increased importation of objects of art which would follow the removal of the duty is much more important than the revenue derived from this source, and, moreover, that such duty in any case is opposed to the principles of

higher civilization and is therefore inadvisable and should be re-

pealed.

Resolved also, That this resolution by this chamber be communicated to the Congressmen from the districts included in the city of Cleveland, and to the Senators from the State of Ohio, and be also communicated to Congress in such manner as may seem proper to the board of directors.

Attest:

[SEAL.]

Munson A. Havens, Secretary.

### PROF. ALLAN MARQUAND, OF PRINCETON, N. J., WISHES THE TAX ON ALL WORKS OF ART REMOVED.

PRINCETON, N. J., November 26, 1908.

Hon. SERENO E. PAYNE,

Chairman, Washington.

My DEAR SIR: It is with great satisfaction that I learn that the

free admission of works of art is again under discussion.

As a teacher of the history of art I have often experienced the burden of being taxed for introducing into this country the material for my professional work, which material consists of works of art and their reproductions in books and photographs. Our laws are cognizant of the educational value of such objects when placed in public museums or when imported for temporary exhibition, but do not sufficiently recognize such value to the home and to the individual.

I well remember when the tariff was under revision some years ago I asked a member of the tariff committee if the tax on works of art had been removed. He said that on the contrary it had been raised. When I asked for an explanation he replied: "None of you who wished it removed were present at the hearing, but a gentleman from the South who was present asked whether American brains were not as good as those of Europeans. To this the committee assented. Then he added: 'If the tax on works of art is increased can not we manufacture them in this country as well as in Europe?' To this all agreeing, the tax was increased."

It is most unfortunate that works of art—which imply personal and intelligent handiwork, and which may represent years of labor given to the production of a single object—should be confounded with manufactured objects reproduced by the thousand by means of

machinery.

I am a firm believer in the artistic possibilities of the American people, but it is my daily experience that even the sons of our best families who come to our best colleges are mere Philistines in comparison with French, German, or Italian students of equal social standing. It will be many centuries before our country is as rich as Europe in the great monuments of historic art, but the removal of the tax on works of art and the admission free of duty of all objects made more than fifty years ago would kindle the imagination, awaken an interest in history, and arouse a love of beauty which would mean a new life for our people.

I very strongly hope, in the interests of all classes of our citizens, that this useless, unprofitable, and stultifying tax will be speedily removed.

Very truly, yours,

ALLAN MARQUAND,
Professor of Art and Archaelogy in Princeton University.

### HON. IRVING P. WANGER, M. C., SUBMITS LETTER OF C. F. WIL-LIAMS, BRIDGEPORT, PA., FAVORING FREE ART.

Bridgeport, Pa., November 27, 1908.

Hon. IRVING P. WANGER, M. C.,

Norristown, Pa.

My Dear Mr. Wanger: Permit me to lay before you, in some detail, the proposition that paragraph 702, under the head of "free list," in the Dingley tariff law, be so enlarged as to give to the individual, in the matter of importing works of art and other works mentioned in said paragraph, the same privileges as are now granted in the said paragraph to the state, or any institution established for the encouragement of the arts, sciences, etc. A reference to this paragraph will show you that the individual does not now have this privilege.

You will notice that the restrictions in this paragraph are, in effect, that whosoever imports works of art under the "free list"

must do these things, viz:

First. They must import them "for exhibition at a fixed place." Second. They must import them with the understanding that said

works of art "are not intended for sale."

Third. They are required to see that "bond shall be given under such rules and regulations as the Secretary of the Treasury shall prescribe for the payment of lawful duties which may accrue should any of the articles aforesaid be sold," etc.

Now, if under these restrictions the individual collector is granted the same privileges as are now given to the state, etc., in paragraph 702, it is maintained that the Government will have full protection while a great impulse will be given the collecting and bringing to this country many of the world's finest masterpieces in every branch of art.

The objection raised against the granting of this privilege to the individual, that the privilege would be abused, is hardly tenable. It really could not be abused for the reason that works of art so imported would be a burden to anyone save the individual who had in mind the public benefit and the ultimate purpose of placing these

works of art in the possession of the public.

In the first place, according to paragraph 702, the owner would be compelled to provide a place for the permanent exhibition of said works of art. It might be a separate building or it might be a gallery incorporated in the architecture of his home, but it must be a place of reasonable size and fitness for the proper exhibition of these works and it must be open to the public a reasonable length of time each year.

In the second place, according to paragraph 702, the owner would be compelled to give bonds that these works of art could not be sold until the duty should have been paid, and this restriction, as well as the other mentioned, would follow the collection after the death of the owner. Indeed, it would follow the collection for all time.

It is necessary to give to collectors who are well disposed toward the public some liberty in the making of these collections, but the liberties granted in paragraph 702 would be sufficient for any collector who really had in mind the sincere purpose of serving the public. He should be granted, according to the provisions as now laid down in paragraph 702, the privilege of selling any separate work of art he might have, provided he pay the duty thereon. This would enable him to remove from his collection secondary works of art and substitute therefor the best works without requiring him to have his money invested in both examples.

It takes a long time to properly get together a collection of works of art of any branch. In doing this the collector is compelled to make changes from time to time, and the Government should give him this privilege, always requiring, of course, that the duty be paid

on any articles which might be removed from the collection.

I can not see how, under the provisions in paragraph 702, the individual can not safely be granted all the privileges therein stated. I am sure the granting of this privilege will mean great good to our country and to the generations which are to follow us.

Very sincerely, yours,

C. F. WILLIAMS.

# RICHARD N. BROOKE, PRESIDENT SOCIETY WASHINGTON (D. C.) ARTISTS, FAVORS SPECIFIC DUTY ON WORKS OF ART.

Washington, D. C., November 27, 1908.

Hon. SERENO E. PAYNE,

Chairman Committee on Ways and Means.

Dear Sir: The undersigned has been for twenty-five years an advocate of a specific duty on oil paintings, and believes this to be the remedy desired by the vast majority of American artists. To this end he has united in every movement calculated to remove the present system of ad valorem duties. This system has the double effect of shutting out of this country private collections of a vast educational value, which in no sense enter into competition with modern American art, while admitting for a practically nominal duty

the cheap refuse of all Europe.

To classify this stuff as "art" and make it "free" would appear to be indulging in sentimentalism at the cost of our younger artists, whose cause I am now pleading. Our leading artists have, as a rule, begun with limited means, with the cost of living, rent, and material in favor of the European, as well as tradition. The duty removed, this country would be promptly flooded with thousands of paintings of a class which can not even pay the present duty; dealers whose interest it will be to vaunt their superiority will multiply, and hundreds of honest and talented young men would be forced out of the profession by an unequal competition. A specific duty, say of \$100, would not be felt by those importing collections of great commercial value, and would exclude art of a class which is artistically and edu-

cationally inferior, and often morally degenerate. I have the honor to be,

Respectfully, yours,

RICHARD N. BROOKE,
President Society of Washington Artists.

## J. H. STRAUSS, NEW YORK CITY, WRITES ADVOCATING THE PLACING OF A SPECIFIC DUTY ON PAINTINGS.

NEW YORK, November 27, 1908.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee, Washington.

My Dear Sir: I beg to submit for your consideration the following proposition regarding a duty on paintings: Fifteen per cent on paintings of every description, the maximum amount to be collected on any one painting to be \$100. This will enable the collector to bring in paintings for "educational" purposes at a reasonable rate, and at the same time protect the dealer from unfair foreign competition in the way of consignments or otherwise.

Yours, respectfully,

J. H. STRAUSS,

Dealer in Oil Paintings, Water Colors, Engravings, and Etchings.

## PRESIDENT CYRUS NORTHROP, UNIVERSITY OF MINNESOTA, THINKS FREE ART MOST DESIRABLE.

MINNEAPOLIS, November 27, 1908.

Hon. SERENO E. PAYNE,

Washington, D. C.

DEAR SIR: So far as I know the unanimous sentiment of the people of Minnesota is in favor of free art. The artists themselves in the State are, I believe, without exception in favor of free art, and the State Art Society, the official organization of the State, of which I am a member, has pronounced unanimously in favor of free art on more than one occasion.

I hope that the Ways and Means Committee will make an advance in the right direction and give free art to the country, as it seems to

me most desirable.

Very truly, yours,

President of the University of Minnesota.

### BOLTON SMITH, MEMPHIS, TENN., RECOMMENDS THAT ALL ARTICLES OF ART BE PLACED ON THE FREE LIST.

Memphis, Tenn., November 28, 1908.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: Whatever may be the advantages of a protective tariff, they can not, it seems to me, apply to art, and I sincerely trust that in

the bill to be reported by your committee you will incorporate a provision placing all articles of art on the free list. The absurdity of

the present duty is illustrated by the following incident:

A friend brought me a vase from Greece. It was something over 2,000 years old and consequently not in any wise an article of commerce or like anything that our factories are turning out; still, he was compelled to pay a duty of \$60. Such a law makes one feel a sentiment of absolute contempt for a government and its law, and it is this carelessness of the rights of the citizen which has been shown by the Republican party in its undiscriminating tariff legislation, that, more than anything else, has aroused the growing antagonism against that party. In my opinion, nothing but the unpopularity of Mr. Bryan with the conservative classes of our people has stood in the way of overwhelming Democratic victory. Personally, I voted for Mr. Taft, and while I do not regard myself as a Republican, yet the course of that party under Mr. Roosevelt has been such, and I am sure under Mr. Taft will be such, that I am fast coming to feel a desire to see that party retain power. It is therefore as a wellwisher of the Republican party that I presume to recommend in this small matter of the art duty a course which, if given still more general application, would, I am convinced, assure its continuance in office.

Yours, truly,

BOLTON SMITH.

## MRS. ALICE P. BARNEY, WASHINGTON, D. C., FAVORS AN APPOINTIVE ART COMMISSION TO JUDGE WORKS OF ART.

Washington, D. C., November 28, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: Mrs. Barney believes in free art, but her belief is couched in the following suggestions, which convey her advocacy of

limited free art:

She believes that the Secretary of the Treasury should appoint a president and vice-president, men of leisure and high artistic qualifications; that these two gentlemen should form a committee of 20 or 25 gentlemen of high artistic ability to pass judgment upon all works of art imported from abroad. This committee or jury, as well as their president and vice-president, should be men who would be willing to serve without a salary, just for the honor and pleasure which a participation in the artistic development of their country will afford them.

Any works of art pronounced by this jury as of sufficient excellence should be admitted free of custom duties. But in lieu of this advantage, the owners should be willing to loan these for a period of two years to the Government to be exhibited at a national museum to be founded by the Government. The public then will be given the benefit of seeing these works of art. The advantages of such system and such national museum are too many to be enumerated here. But as an instance, we point to the ever-changing character of the exhibitions and the manifold interest they impart to the public.

At the end of two years these works of art will be returned to their

owners free of duty.

As to those works of art which would not pass the rigid examination of the jury or in some points would fall short of meeting all requirements of the committee of experts, these should not be admitted free, but owners should pay on them regular custom duties. If the owners of the accepted works of art show unwillingness to

loan their imported property for such a long period as two years, they should be allowed to loan them for only a period of one year provided they pay half duties. Of course, in case such owners totally refuse to loan their property they could secure them by paying full

duty, as is usual at the present time.

If this scheme or its fundamental ideas is carried out, only real works of art would be admitted into America, and the land would not be overrun with so-called "works of art" or productions of mediocre artistic abilities. More harm can be done to the public in showing them nongenuine works of art and corrupting their sense of art appreciation than by not showing them any works of art at all. Moreover, a wholesale free admission of all works of art, so called without any discrimination, would inflict a loss of profit on the Government which will not be justified by the degree of artistic development that such

free art can effect in the public.

By carrying out these suggestions the Government, too, will not be without its material profit. I. It will receive duties on second-class works of art. II. It will receive half duties for works of art whose owner would not be willing to loan them for a period extending beyond one year. III. It could charge a small admission from all those who wish to enter the museum, allowing certain days in the month during which all would be admitted free. IV. That now that limited free art is not allowed, many yearly spend large sums of money abroad in order to visit and study works of art, while by having limited free art in America the bulk of that money would be spent in America itself.

There is already in existence a charter, granted by Congress in 1892, for a national academy of art, to be located in this city. A national building erected by the Government for the exhibition of works of art would prove of invaluable importance to the nation at

large.

ALICE P. BARNEY.

### W. B. CLOSSON, WASHINGTON, D. C., RECOMMENDS A SPECIFIC DUTY ON PAINTINGS AND OTHER WORKS OF ART.

Washington, D. C., November 28, 1908.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee.

DEAR SIR: In years past I have signed one or two memorials to Congress urging the removal of the ad valorem tax on works of art

imported into this country.

Study of the subject has led me to change my opinion regarding it and to believe in the necessity under existing conditions of a tariff which will prevent the flooding of this country with either inferior art or that which is better but not great, and which, owing to the smaller cost of living in Europe, can be produced by European artists at prices with which the American artist can not compete, subject

as he is to the higher cost of rents, living, and materials used in his

profession.

The disastrous effect of admitting great numbers of low-priced pictures or other works of art would be felt most keenly by the younger artists, for if they can not find a market for their wares they can not exist, and the result would be a serious check to the development of trained artists in this country.

The cash value of manufactures to which art is applied is already very great in this country and ought to grow constantly greater, and the value of the esthetic influence of good art made inherent in a

people by training and practice can not be overestimated.

It seems a great pity to curb growth in this direction. I have come to believe that the removal of the import duties on all works of art while it still remains on the things which the artist has to buy would be a disadvantage to the artist serious enough to have this effect.

The argument that the present ad valorem duty keeps works of art of great educational value out of this country has its force. It therefore seems to me that a specific duty of one or two hundred dollars, or such a sum as would discourage the importation either of inferior art or such work as would come in competition with that produced by the younger artists of this country, while not large enough to seriously influence the importation of really good art, ancient or modern, might be a just and reasonable condition to aim for.

I am, most respectfully, yours,

W. B. Closson.

## HENRY E. F. BROWN, ARTIST, AUTHOR, AND HISTORIAN, FAVORS A SPECIFIC DUTY ON WORKS OF ART.

BETHLEHEM, PA., November 30, 1908.

Hon. SERENO E. PAYNE, Chairman,

House of Representatives, Washington, D. C.

Honored Sir: Since 1876 I have been a writer upon art topics. Up to the year 1890 I had been opposed to any tariff upon art—meaning painting and sculpture—notwithstanding the contention of my old teacher and friend, Mr. John Sartain, of Philadelphia. Now I see, as he did then, that a specific duty of \$1,000 should be exacted

for each and every painting brought to the United States.

We need no longer the ad valorem 30 per cent. It does not cover the requirements. We do need all the better class of pictures our connoisseurs buy and would like to bring home, but are prohibited by the ad valorem of 30 per cent which, on a \$100,000 painting, as you know, is \$30,000, while the artists who need "protection" are those who are unable to go abroad for study and who never can hope to get \$1,000 for a picture, although many are infinitely better than the usual litter of foreign studios brought to this land of milk and honey for foreign artists and valued nominally until put on sale or offered at private sale, when the hundreds are made thousands. Again, I knew a railroad magnate who bought while abroad a painting for a "song," a mere trifle, the artist being just then in disfavor, and after holding it for a year valued it at \$10,000. Take "The Russian Wedding Feast," which cost Schuerman originally

\$5,000 in a St. Petersburg studio plus the ad valorem-\$1,500-or \$6,500, and through exhibitions netted him in two years \$185,000, and he still retains the painting. I beg of you to supplant the ad valorem of 30 per cent to a specific duty of \$1,000 on each and every painting in oil, without regard to size, condition, or merit, that may be brought into this country.

I know every artist residing in America will thank the committee for this if granted. I am not so sure of the dealers, one of whom palmed off a \$25 copy of a masterpiece as the original and was paid \$25,000 for it by a railroad king who knew probably more about

rebates than he did of paintings.

Thanking you in advance for any consideration given this, I am, for American art,

Yours, sincerely,

HENRY E. F. BROWN, F. A. A. S.. Artist, Author, and Historian.

### THE AMERICAN FREE ART LEAGUE, NEW YORK CITY, OPPOSES A SPECIFIC DUTY ON WORKS OF ART.

New York, December 12, 1908.

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

Gentlemen: I inclose a short argument answering the suggestion that a duty of \$100 be levied on each art object.

The league asks to have this argument inserted in your record.

Yours, truly,

Frederick S. Wait, Secretary.

A tax on works of art violates the fundamental principles of a democracy. (President Eliot, of Harvard University.)

The duty tends to retard the growth of art in this country. (Daniel Chester

French.)

Art is a universal republic, of which all artists are citizens, whatever be their country or clime. (President McKinley.)

Opposing the suggestion that a specific duty of \$100 be imposed upon paintings and art objects made within the last one hundred

years, the American Free Art League urges:

First. A specific duty on art objects is, in its nature, an exclusion act as regards a large class of pictures and other art objects, and has no place in a bill introduced to secure revenue for the Government. If trash and forgeries in art are to be excluded by legislative intervention, this should be accomplished by means of a commission of experts or a new governmental department.

Second. The importers of forged art objects promptly pay the duty and exhibit the government receipt for the payment as evidence to aid in deceiving an intending purchaser of the forged objects. This fraud is being constantly committed now. It has been demonstrated

that the duty does not exclude forgeries.

Third. Scarcely any two art objects are exactly alike in subject or value; hence the manifest injustice of an arbitrary specific tax. Any tax on art objects deemed necessary must, from the very nature of the subject-matter taxed, be founded on and vary with the value.

Fourth. The importation of etchings, engravings, drawings, designs, studies, and sketches, most of which are of small money value but of enormous popular artistic and educational interest, would be practically if not absolutely prohibited by a specific tax. So also would the portfolios of American art students returning home.

Fifth. A specific tax constitutes an unwise discrimination. It would be very seriously felt by the small collectors and people of slender means, but might not be noticed by wealthy collectors who import only masterpieces. The importation of the older masterpieces is very important, for these constitute models that tend to stimulate our own artists and can be studied in our own country. But we need also importations of the new evidences and varying developments of the fine arts at the art centers of the older countries.

Sixth. Collectors generally start in a small way with inexpensive things, and the process of collecting, among other things, educates the collector. The success of a collection of art objects depends not so much upon the purse of the collector as upon his artistic sagacity. The specific tax would stop art collecting by people of small means.

Seventh. The private collector is inevitably the source of supply

for the art museums.

Eighth. The exchange of knowledge and information with the Old World by cable and print is unrestricted. Why build up barriers against the free interchange of the modern examples or experiments

in color and form constituting what we call art?

Ninth. Art, we repeat, is the luxury of the poor. With us the Government does not collect art objects. The people secure them for educational purposes by the gifts of wealthy or artistically inclined collectors, or both, who establish galleries and museums and endow art schools.

Tenth. It does not meet the argument for free art that the present law allows the free importation of works of art for public museums and galleries. The origin of collections is invariably the zeal of in-They expend, in this direction, more time, effort, and money than are available to public institutions through the service and funds at their disposal. Individuals collect, in the first instance, on account of their own interest and for their own satisfaction. Often they can not afford, at least in the early stages of their collecting of foreign works, to import solely for museums, and even when able to do so are seldom willing to donate their collections until the collections are reasonably complete. In most cases they naturally wish to enjoy and enlarge their collections as long as they live. After their death their collections, either by bequest or through public sale, sooner or later pass, in whole or in large part, to the final possession of public institutions. Almost to the extent that the collectors have to pay duties on the works they import, their importations are diminished in extent and value. Consequently, the supply of valuable foreign art available ultimately for museums and public galleries, and meanwhile available for public enjoyment through loan exhibitions, is materially and seriously diminished. What the people need is encouragement for the free introduction to this country of as many works of art as anyone is willing to bring in. While the importation by private collectors means individual enjoyment for a while, for which the collectors have to pay, it means ultimate possession and enjoyment by the public, which generally does not have to pay.

Therefore, the continuance of the barrier of a duty, which is neither needed for its inconsiderable revenue nor for the protection of American artists, who are so largely independent of such aid and in favor of its discontinuance, can not be supported on any reasonable public grounds.

Eleventh. The courts have noticed the tendency of Congress to

favor art.

In United States v. Tiffany (160 Fed. Rep., 408) the court said:

That Congress, realizing the importance of art to a comparatively new country, has in all the later tariff acts discriminated in favor of paintings and statuary can not be denied.

Twelfth. President McKinley said that a circular was sent to all the artists in the United States seeking an expression of opinion on the tariff. Of 1,435 replies received 1,345 petitioned for the removal of the onerous duty on art. (Speech of William McKinley in the House of Representatives, May 20, 1900.)

Respectfully submitted, December 10, 1908.

The American Free Art League, by its executive committee; Bryan Lathrop, president, Chicago; Robert W. De Forest, chairman executive committee, New York; Edward R. Warren, secretary, Boston; Holker Abbott, treasurer, Boston; Thomas Allen, Boston; Daniel H. Burnham, Chicago; Frank Miles Day, Philadelphia; Halsey C. Ives, St. Louis; Howard Mansfield, New York; Frederick S. Wait, secretary, New York; Myron E. Pierce, organizing secretary and counsel, 50 State street, Boston.

# WM. C. HUNNEMAN, BROOKLINE, MASS., WRITES IN FAVOR OF FREE ART AND FREE NEGATIVES OF FOREIGN VIEWS.

Brookline, Mass., December 19, 1908.

Hon. SERENO E. PAYNE, Chairman,

Washington, D. C.

DEAR SIR: I desire to add my name to the petitioners for free art in the contemplated revision of the tariff, and, besides the articles that I have seen enumerated under this head, to add photographic negatives of foreign views taken by Americans. I have in mind an experience of a friend of mine some years ago who took abroad several hundred American dry plates, exposed them for pictures in Europe, and brought them back undeveloped. He was in the business and preferred to develop them at home, yet he was required to pay a duty on them, not as unexposed plates but as exposed plates. It might have turned out (as is often the case with amateurs) that the exposures were all faulty. It seemed very absurd, for of course the exposures were something that could not be produced here unless we brought the views or the scenery over here, which of course is absurd to talk about, and the result of his work was educational, to give the American public good, low-priced pictures of things they want to see.

I hope you can be liberal in the revision with negatives, whether taken on American or foreign plates.

Yours, sincerely,

WM. C. HUNNEMAN.

### "ART NOTES" THINKS THAT A LARGE PROPORTION OF AMERI-CAN ARTISTS ARE OPPOSED TO FREE ART.

NEW YORK CITY, December 22, 1908.

Hon. SERENO E. PAYNE,

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

DEAR SIR: Inclosed you will find a clipping from Macbeth's Art Notes for December, 1908, which is a very fair estimate.

Very truly, yours,

GEORGE A. TRAVER.

#### [From Macbeth's Art Notes.]

Now that general tariff changes are being considered the time is doubtless near when duties on works of art will either be removed or modified.

All who are for or against a change should be ready to express themselves. I find that, contrary to the general impression, artists are by no means of one mind on this question and that there is a very decided opposition to so-called free art on the part of many. Although the views of these opponents are not seen in print as often as those of the artists on the other side, their opinions must be given consideration. I have had a good many opportunities to hear views of individual artists on this subject and I am of the opinion that a vote by ballot of the artists in any club or society in the city would show fully 75 per cent opposed to "free art."

### DAVID C. PREYER, NEW YORK CITY, SUGGESTS LIMIT TO AMOUNT TO BE COLLECTED FROM WORKS OF ART.

NEW YORK CITY, December 27, 1908.

Hon. SERENO PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

Sir: The tariff on works of art has been assailed for many years. The conflicting demands at this time of the Free Art League, which asks for the abolishing of all duties, and of those who favor a specific duty of \$100 on paintings and sculpture, may befuddle and weaken the real issue, which is the relief sought from a penalty upon one of the best educational forces.

Nor are the demands referred to free from objection. Absolutely free art would cause an influx of so-called artistic trash, as was witnessed in 1894, when the duty was removed, and cause a deterioration of public taste. The specific duty of \$100 would be a severe tax on many artistic objects, especially water colors, pastels, and figurines of less than \$500 value.

The universal consent of artists to the demands of the Free Art League, claimed by the league, has been widely investigated by me, both here and abroad, and resolves itself into the plain statement that of two evils the artists would choose the least; that is, if the choice lies between absolutely free art and the heavy duty which now prevents the importation, especially of important and costly works, they prefer free art. I have been assured without a single exception that the solution of the problem which I now offer would be the most acceptable.

This solution I believe to be the easiest way out of the difficulty. It leaves the schedules, the regulations, the tariff of the present law untouched and unaltered with the slight addition of one sentence.

The tariff on art as laid down in the act of July 24, 1897, is:

SECTION 1. Paintings in oil or water colors, pen and ink drawings, and statuary, not especially provided for in this act, twenty per centum ad valorem.

#### Add here-

But the duty on any object imported shall not exceed the sum of one hundred dollars.

This would leave all works of art up to the value of \$500 under the existing rule, while a specific duty of \$100 would rest on all works of art of greater value. This slight sum would not interfere with the importation of valuable works of educational value.

Respectfully submitted.

Formerly Editor of the Collector and Art Critic.

### GRACE H. SIMONSON, PELHAM HEIGHTS, NEW YORK, URGES CONTINUED PROTECTION OF ART DESIGNS.

CLIFF AVENUE, PELHAM HEIGHTS, N. Y., December 27, 1908.

COMMITTEE ON WAYS AND MEANS.

DEAR SIRS: The inclosed cutting I found in to-day's Times. I have not seen the magazine article. Some years ago I was very much interested in a tariff on designs. I was a designer for a large house (Cheney Brothers), also a teacher of textile designing, and am now in charge of that branch at the New York School of Applied Design for Women. I found that foreign designers were sending into the country free designs by the hundreds. There were agencies there that collected and shipped them to manufacturers here, they selecting what they wished and returning the balance, all free as art When designers here tried to show designs, we were told they were buying foreign designs, and that they were cheaper and in larger assortment than we could offer. I wrote to President McKinley, stating the case, and he, through Mr. Addison Porter, kindly advised me to write to Mr. Dingley, also saying he would send my letter to him. Mr. Dingley also stated that the matter would be attended to, and a tariff was put on designs, which, as a manufacturer afterwards told me, made the foreign ones as dear as ours. It seems to me that Mr. Beckwith's industrial argument is a poor one. The American girl, I notice, increases the value from 4 to 75 cents, and by her design. From the woman's standpoint the field for woman is constantly getting smaller and smaller for the designer's increase faster than the demand for designs, and it seems a pity to add the foreign element outside of our own country.

Very, very truly,

GRACE H. SIMONSON, Cliff avenue, Pelham Heights, New York.

#### EXHIBIT A.

The American Free Art League includes in its campaign literature

the following "industrial argument for free art:"

Mr. Carroll Beckwith, one of our most prominent portrait painters, spoke for the artists at the free-art hearing before the Ways and Means Committee in Washington on November 28, 1908. He presented the free-art argument in a very forcible manner, and the concluding

paragraph of his argument was most dramatic.

The chairman, not realizing that Mr. Beckwith was about to answer a question put to him by a member of the committee, called upon the next speaker, whereupon the members of the committee, seeing the situation and apparently eager to hear more from Mr. Beckwith, called Mr. Payne's attention to the fact, and Mr. Beckwith was recalled and asked to finish his remarks. A commonplace ending would have fallen a little flat under the circumstances, but Mr. Beckwith was quite equal to the occasion. He said:

I know a young American girl who took a piece of cotton cloth and designed upon it a spray of goldenrod. In its original form the piece of cotton sold for 4 cents a yard. Her design, the result of her artistic training, increased the value of that cotton from 4 cents to 75 cents a yard, at which price it had an enormous sale. That is why art is useful to us, and that is why you should help us to get good art into this country by removing the duty upon it.

The effect of this simple illustration was electric, as it showed the committee in a straightforward way the tremendous value of art in industry and gave them a striking reason for placing art on the free list.

### THE FEDERATED CLUB WOMEN OF THE DISTRICT OF COLUMBIA PETITION IN FAVOR OF FREE WORKS OF ART.

THE COLUMBIA, COLUMBIA HEIGHTS, Washington, D. C., December 29, 1908.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee,

House of Representatives.

SIR: In behalf of the 5,000 federated club women in the District of Columbia we pray your honorable body to act favorably upon the bill before you presented by the artists of America to remove the duty upon art, thereby coming to the aid of American genius; especially do we emphasize the removal of a duty on the works of the "old masters;" and as protectionists we can see no competition in any works of art whose creators have been dead for centuries.

Remove the duty, that art students may not be compelled to study in foreign countries; then as a people we will keep our purchased

art treasures and our art students at home.

We ask this in the name of these 5,000 club women whose vote in the District of Columbia is just as good as a man's (and, let us add, we hope it always will be); therefore we add our voice to our vote—that your committee will remove the duty on art to the gratification, we feel sure, of 800,000 club women in this country, and the thinking public in general.

Respectfully, yours,

Chairman Legislative Committee,
District Federation of Women's Clubs.

Members of committee: Mrs. Lucia E. Blount, Miss Frances Graham French, Mrs. Carrie E. Kent, Mrs. E. M. Davis, Mrs. Edith Sage Emerson.

## CINCINNATI (OHIO) ARTISTS PETITION FOR A SPECIFIC DUTY ON ALL PICTURES AND SCULPTURES.

1265 Broadway, New York City, December 30, 1908.

W. K. PAYNE, Esq.,

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

DEAR SIR: I inclose the signatures of 39 Cincinnati artists to be appended to the petition in favor of the specific duty of \$100 on pictures and sculptures produced within the last one hundred years.

I notice that the New York Tribune this morning, in a letter from its correspondent at Washington, and which, presumably, is inspired by the Free Art League people, states boldly that "thus far the Ways and Means Committee has received no intimation that there is any one in the country, except some Members of Congress, who desire to retain the present duty on works of art." Further on in the article, following other misstatements, it is said that "the American artist repudiates the duty and is the most earnest petitioner for its repeal." I can hardly believe that the Ways and Means Committee can have the impression in the matter that this article states, and this continued putting out of misstatements in order to give the country the idea that there is absolutely no opposition whatever to the removal of duties on art is becoming rather wearisome.

Could you, without trouble, let me know whether it is possible for me, the representative of a large number of artists and others—and which number is growing rapidly—to bring to the attention of the committee that the Free Art League does not represent the sentiment of the country on this art-tariff matter by any means? It seems to us manifestly unfair that the press should be used in an evident

attempt to influence the Ways and Means Committee.

I trust I am not bothering you in asking you to add these names to the petition and the brief on file.

Yours, very truly,

James B. Townsend, American Art News Co.

CINCINNATI, December 11, 1908.

WAYS AND MEANS COMMITTEE,

Washington, D. C.

GENTLEMEN: We, the undersigned, American artists, respectfully ask the consideration of your committee on the revision of the tariff

on art, of the proposition to substitute for the present ad valorem duties on pictures and sculptures a specific duty of \$100 on each imported painting in oil, water-color, or pastel, or sculpture produced within the past one hundred years, or one hundred years from date of entry. This specific duty we believe would bring as much revenue as the present tariff to the Government, and would at the same time keep out the trash and poor art, as well as the copies of good pictures brought in and sold as originals afterwards. The period of one hundred years would safely cover the life and works of modern painters and sculptors, whose works are most often copied and sold as originals, and would protect innocent buyers and not in any way prevent the importation of good pictures.

Respectfully,

P. Wm. Hass, Thos. H. Gore, H. W. Burckhardt, Syl. F. Tromistine, Emro Meyer, Paul Jones, Paul H. Koehne, H. T. Beall, Chas. H. Elmes, A. William Scinanonzy, Val. Bonhajo, F. A. Neubauer, David Rosenthal, Geo. Meinshausen, Wm. A. McCord, C. A. Meurer, A. O. Elzner, Frank Duirneck, Clement J. Barnhorn, L. H. Meakin, H. F. Farny, C. T. Webber, John Rettig, August Greser, Martin Rettig, Carl Van Buskirk, Frank J. Girardin, H. H. Wessel, Ben. H. Faris, E. T. Hurley, W. P. McDonald, John De Wauham, George Debereiner, Chas. W. Waite, Frank Wilmes, Louis Bonhajo, Matt A. Daly, G. C. Riordan, Leon Lippert.

### ADDITIONAL STATEMENT FROM JAMES B. TOWNSEND RELATIVE TO A SPECIFIC DUTY ON WORKS OF ART.

1265 Broadway, New York City, January 2, 1909.

Hon. SERENO E. PAYNE, Washington, D. C.

DEAR SIR: In a dispatch from its bureau at Washington, published in the New York Tribune this morning, the statement is made that "thus far the Ways and Means Committee has received no intimation that there is anyone in the country, except some members of Congress, who desire to retain the present duty on works of art, and that you personally are entirely in favor of withdrawing the art

duty."

The constituency of artists, and many others which I represent, are disinclined to credit these statements, and feel that it is hardly fair to the Ways and Means Committee to have it placed on record in this way before the tariff bill is framed. I assume that you are aware that there were gentlemen present at the hearing on November 28 before the committee who were entirely opposed to any change in the present art duties, but who, in the short time allotted for the hearing and the number of speakers put forward by the Free Art League, did not have an opportunity to speak, and I assume that you are also aware of the fact that over two score of wellknown artists in this city alone have signed a petition for a specific duty of \$100 on all pictures and sculptures produced within the past

one hundred years from date of entry as a substitute for the present art schedule, and that two score more of the prominent artists of Cincinnati have forwarded a similar petition, and that a feeling among the artists of the country is rapidly declaring itself in favor

of this specific duty.

These facts are simply brought to your attention lest in your crowding duties you should be misled by the statements in the Tribune, or which may appear in other newspapers, and which emanate from those who wish the duty on art removed, few or any of whom have any direct financial or other interest other than an academic or sentimental one in the question.

I am, yours, very truly,

JAMES B. TOWNSEND. American Art News.

### MYRON E. PIERCE, BOSTON, MASS., SUBMITS LETTERS FROM ARTISTS WHO SIGNED SPECIFIC-DUTY PETITION.

50 STATE STREET, BOSTON, MASS., January 8, 1909.

Hon. Sereno E. Payne, Chairman Ways and Means Committee, House of Representatives, Washington, D. C.

MY DEAR MR. PAYNE: I send you herewith a copy of a letter received from Mr. Frank Duveneck, a prominent artist, and two other artists, whose names appear at the head of a petition for a specific duty on art which your committee has received. You will observe that they signed the petition believing it to be a free-art petition as free art is interpreted by our league. I have no doubt that many of the other artists whose names follow Mr. Duveneck's were influenced in some degree to sign it by the fact that it was headed by Mr. Duveneck, if, indeed, some of them did not make the same mistake that Mr. Duveneck did and thought they were signing a free-art petition. We trust that your committee will incorporate in your revised tariff bill the art schedules as proposed by the league. If I can be of any assistance to you in the matter, I shall be very glad to come to Washington at any time.

Yours, very sincerely, MYRON E. PIERCE, Organizing Secretary and Counsel, American Free Art League.

> CINCINNATI MUSEUM ASSOCIATION, January 6, 1909.

AMERICAN ART LEAGUE,

50 State street, Boston, Mr. Myron Pierce, Secretary.

MY DEAR SIR: Your letter to Mr. Duveneck came yesterday, dated January 4, 1909. We were informed a couple of days ago that the paper signed was not issued by your organization. We are all heartily in sympathy with the free art movement as expounded by your organization. It was signed without thought, and by many without reading, as it was generally thought to mean "free art." All we had to do was to sign, and the rest was done by you (them?). We regret this and ask you to send us some paper to sign (if that is proper) to cancel the error we made in placing our names to the wrong document.

Respectfully, yours,

FRANK DUVENECK, CLEMENT J. BARNHORN, L. H. MEAKIN, Per C. B.

#### MYRON E. PIERCE, BOSTON, MASS., FILES STATEMENT OF CER-TAIN ARTISTS IN FAVOR OF ABSOLUTE FREE ART.

50 STATE STREET, Boston, Mass., January 13, 1909.

Hon. SERENO E. PAYNE,

Chairman, Ways and Means Committee, House of Representatives, Washington, D. C.

My Dear Mr. Payne: I inclose a letter which was sent to me by Mr. Duveneck, the distinguished artist, who signed a specific duty by mistake. It is valuable as expressing very succinctly the arguments against a specific duty. I am sorry to trouble you again.

Yours sincerely,

Myron E. Pierce, Organizing Secretary American Free Art League.

CINCINNATI, OHIO, January, 1909.

To the Hon. SERENO E. PAYNE,

Chairman of the Ways and Means Committee, House of Representatives, Washington, D. C.

Dear Sir: We, the undersigned artists, signed a petition to your honorable committee which we thought was a petition in aid of free art, but which we now learn was a petition to substitute a specific duty of \$100 on certain works of art. We wish to correct this error and to assure your committee that we believe in absolute free art as set forth in the brief of the American Free Art League.

We do not favor a specific duty. We feel that the schedules outlined by the American Free Art League go as far as is practicable in the exclusion of trash. In fact, we think that nearly all works of art that can without reservation be called trash would be excluded by the League's proposed schedules.

The theory of a specific duty is predicated upon the theory that a high-priced painting is good art and that a low-priced painting is bad art. This is not true,

and therefore a specific duty sets up a false test.

A specific duty would be class legislation of a most unjust type, because it would relieve only the larger collector and would impose an unjust burden on the collector of small means, and actually prevent American artists and students from bringing in the sketches and studies given them by foreign artists, which are always among their most treasured studio effects. It may also be said that a specific duty like any other duty would tend to foster the manufacture of trash in this country, and we do not feel at all sure that American trash is any better than European trash.

Another argument against the specific duty is the experience of Europe. The interchange of art works between the countries of Europe is absolutely free, and we know that this condition of freedom in the exchange of art ideas has been of great value in the development of art. We believe that this experience of Europe shows conclusively that any disadvantage from the introduction of trash is greatly outweighed by the advantages to art and industry which come

with absolute free art.

Trusting that your committee will take this view, which we believe is the view of the great majority of artists, we remain,

Yours, very respectfully,

FRANK DUVENECK. CLEMENT J. BARNHORN, L. H. MEAKIN,

Instructors at Art Academy of. Cincinnati, Ohio.

#### CHARLES H. DAVIS, MYSTIC, CONN., THINKS WITH FREE ART THE UNITED STATES WOULD SOON BECOME THE DUMPING GROUND FOR EUROPEAN TRASH.

Mystic, Conn., February 10, 1909.

Hon. SERENO PAYNE,

Chairman of the Ways and Means Committee,

House of Representatives, Washington, D. C.

DEAR SIR: The organization known as the American Free Art League has been carrying on for some time an energetic campaign, and as it appears their arguments are being given due consideration by your committee in the lack of an organized movement of any sort among those who disagree with them, individual expression of opinion on the subject of the duty upon works of art may be justified.

The claim has been repeatedly made that the above-mentioned organization represents the majority of artists in this country.

There is no real basis for this claim.

Is it not apparent that besides high-minded and perfectly sincere professional men identified with it, there are others less disinterested—men who are asking for the protective principle for what affects their revenues, and free trade elsewhere?

In adjusting the duties upon other things made in this country the general conditions are taken into consideration. Why not then

in this?

Works of art are produced under precisely the same general conditions that any work is; one must live, buy materials, pay rents, etc. Competition can be upon a basis either to stimulate or dis-Talent, genius—whatever it is called—can be aided or courage. hampered; in other words, there is no different set of principles to apply to this one line of achievement that may not be applied to all.

Look for a moment at the position of the young American artist under the conditions of free art. Artists of standing are not likely to suffer. They have proved their worth, and, represented in the collections of the country can not be ignored, but the young manthe master of the future who is the student of to-day-is given the most difficult possible task, and surely the pursuit of art is not to be

relegated solely to the sons and daughters of the wealthy.

No country in the world represents like conditions as to the business side of art. The eyes of all the world are turned eagerly upon American dollars. No European country presents such attractions, as no European country is so prejudiced in favor of the "imported" article, be it what it may. The conditions under which the young artist here has to work make it impossible for him to present the same commercial possibilities to the dealer as his competitor oversea.

The reason is plain to see—few dealers care to work for 25 per cent

profits if 100 per cent or 1,000 per cent are possible.

Under free art our country would be a dumping ground for a large part of the trash of Europe. No one with an elementary knowledge of the conditions can doubt that. Our people can be readily made to believe that this is superior to the home production, and where real worth and reputation are eliminated, American work

will go to the wall.

We would be peculiarly at the mercy of the forger and the artisan, rather than the artist of Europe. Surely this is a question of vital importance in the art development of our country. This matter of the revision of our tariff schedules calls everywhere for compromises; free trade as a principle is not even under discussion; all interested in this particular duty agree that the present ad valorem duty is in need of revision; it would seem that a specific duty could be so adjusted as to be a reasonable compromise.

We want all that we can get of the good art of Europe; a small specific duty would not discourage its importation. It would be more effective in keeping out the undesirable work than the present duty, and it would be a fair protection to our own workers in the field of art. If there are objections to a specific duty, one is tempted to ask how many absolutely unassailable adjustments are possible in this

revision.

Much has been said of the "iniquity" of taxing such a means of education, but in the next breath we are told that the means in question are paintings in oil and water color, drawings, original etchings and sculpture, but that reproductions by mechanical processes are not in question.

The Âmerican Free Art League has carefully stipulated this, and then with amazing further inconsistency, calls our attention to the idea that a specific duty would be open to the accusation of a duty

favoring the wealthy.

The masses of the people buy neither paintings, statuary, or even etchings; the art available to them are reproductions by mechanical processes, the hundred and one things in which artistic taste and

invention enter, and consequently are educational.

The reasons for these strange limitations are obvious. In submitting these brief opinions and suggestions, I have reluctantly eliminated statements of facts pertaining to the enormous preponderance of business in foreign work now in this country over the native

product, a fact easily verified.

Briefly and crudely I have tried to express opinions on this subject held by many men in my profession, and also those of some of the faithful, devoted few among the dealers who aim to advance the interests of American art, and have in mind as well the best interests of the general art development of their country.

Respectfully submitted.

CHARLES H. DAVIS.

Communications favoring the removal of duty from works of art were received from the following: Francis R. Allen, 20 Fairfield street, Boston, Mass.; Mary E. Garrett, 101 West Monument street, Baltimore, Md.; Charles Allis, 903 Railway Exchange building, Milwaukee, Wis.; A. C. Smith, of M. E. Smith & Co., Omaha, Nebr.; J. A. Howell, Ogden City, Utah; J. M. Ashton, Tacoma, Wash.; J. W.

Clise, Seattle, Wash.; Charles G. Saunders, 95 Milk street, Boston, Mass.: Helen Osborne Storrow, Lincoln, Mass.: May Hallowell Loud, 82 Pinckney street, Boston, Mass.; William R. Thayer, 8 Berkeley street, Cambridge, Mass.; Frances Lee, 49 Brook Hill road, Milton, Mass.; Anne D. Blake, 265 Beacon street, Boston, Mass.; Alice A. Pearmain, 388 Beacon street, Boston, Mass.; George Alfred Williams, Chatham, N. J.; Frank D. Somers, 5 Park street, Boston, Mass.; Amy D. Blakeley, 255 Warren street, Roxbury, Mass.; M. A. Coe, 96 Chest-D. Blakeley, 255 Warren street, Koxbury, Mass.; M. A. Coe, 96 Chestnut street, Boston, Mass.; Anna I. Phillips, North Beverly, Mass.; Charles Hopkinson, Boston, Mass.; A. S. Hill, 1 Otis place, Boston, Mass.; Mrs. Richard Saltonstall, Chestnut Hill, Boston, Mass.; H. P. Kimball, 350 Otis street, West Newton, Mass.; Eleanor Tudor, 310 Marlboro street, Boston, Mass.; Henry Holt, Burlington, Vt.; M. Eloise Talbot, the Buckminster, Beacon street, Boston, Mass.; John C. Munroe, M. D., 173 Beacon street, Boston, Mass.; H. C. Hoskier, South Orange, N. J.; Helen Marshall, curator Slater Memorial Museum, Norwich, Conn.; Harriet Ross White and Emma S. White, 217 Newbury street, Boston, Mass.; Margaret Chanler Aldrich, 18 East Twenty-sixth street, New York City; J. Randolph Coolidge, Boston, Mass.; Carleton Sprague, Buffalo, N. Y.; Harriet E. Freeman, 37 Union Park, Boston, Mass.; Henry Copley Greene, 2 Newbury street, Boston; Henrietta Crosby, 304 Berkeley street, Boston, Mass.; Frank W. Pickering, 18 Broad street, Salem, Mass.; Eva Channing, Hemenway Chambers, Boston, Mass.; Mrs. James M. Crafts, 111 Commonwealth avenue, Boston, Mass.; Louise Dawson, 8 East Madison street, Baltimore, Md.; Mrs. James T. Fields, 148 Charles street, Boston, Mass.; Mary Ware Allen, 5 Garden street, Cambridge, Mass.; Frederick P. Vinton, N. A., 247 Newbury street, Boston, Mass.; Helen I. Muirhead, 6 Riedesel avenue, Cambridge, Mass.; Elizabeth Randolph Burr, Chestnut Hill, Boston; Newton Mackintosh, the Warren, Roxbury, Mass.; Katharine P. Loring, Prides Crossing, Mass.; M. J. Sitgreaves, Chestnut Hill, Mass.; J. Payne Clark, 71 Marlboro street, Boston, Mass.; Henry T. Bailey, North Scituate, Mass.; Mr. and Mrs. B. J. Lang, Boston, Mass.; Frank L. Bowie, secretary Portland Society of Art; A. J. C. Sowdon, 66 Beacon street, Boston, Mass.; William W. Justice, Germantown, Pa.; Caroline M. Parker, Charles River, Mass.; Marie Blake, Boston, Mass.; Thomas C. Corner, 260 West Biddle street, Baltimore, Md.; Grace Norton, 59 Kirkland street, Cambridge, Mass.; John A. Burnham, Boston, Mass.; Charles F. Thwing, president Western Reserve University, Cleveland, Ohio; Edith M. Howes, 1070 Beacon street, Brookline, Mass.; Sarah G. Putnam, the Charlesgate, 535 Beacon street, Boston, Mass.; Louis Prang, president Prang Educational Company, New York City; William B. Weeden. 158 Waterman street, Providence, R. I.; Prof. Aven Nelson, University of Wyoming, Laramie, Wyo.; G. M. Winslow, principal Lasell Seminary, Auburndale, Mass.; Louis B. Thacher, 131 Statestreet Boston Mass.; Augustus C. Gurnee Bar Harbor Me.; Martha C. Thayer, 67 Sparks street, Cambridge, Mass.; Leon Collver, 420 Boylston street, Mass.; A. H. Griffith, director Detroit Museum of Art, Detroit, Mich.; Thomas M. Osborne, Auburn, N. Y.; Mary R. Sanford, 152 East Thirty-fifth street, New York City; Mary P. Gray. 25 Follen street, Cambridge, Mass.; R. C. and N. M. Vose, Boston Mass.; Theodore F. Green, 15 Westmington street, Providence ton, Mass.: Theodore F. Green, 15 Westminster street, Providence, R. I.; E. Woodward, president New Orleans Art Association, 1009

Hibernia Bank building, New Orleans, La.; T. Guilford Smith. regent University State of New York, 203 Ellicott square, Buffalo, N. Y.; Herbert Myrick, president and editor Orange Judd Company, N. Y.; Herbert Myrick, president and editor Orange Judd Company, 439 Lafayette street, New York City; Edward B. Green, 110 Franklin street, Buffalo, N. Y.; Henry Wilder Foote, Ann Arbor, Mich.; Louis C. Tiffany, Fifth avenue, New York City; I. Bell, Chicago, Ill.; Albion E. Lang, the Waldorf-Astoria, New York City; Walter Cranston Larned, 325 Dearborn street, Chicago, Ill.; R. C. Hughes, president Ripon College, Ripon, Wis.; Burton Mansfield, 179 Church street, New Haven, Conn.; Dr. J. M. Dutton, West Newton, Mass.; Mrs. Franklin Gordon Dexter, 171 Commonwealth avenue, Boston, Mass.; John W. Wrenn, 225 LaSalle street, Chicago, Ill.; George S. Palmer, New London, Conn.; A. J. Montague, Richmond, Va.: Dr. Palmer, New London, Conn.; A. J. Montague, Richmond, Va.; Dr. M. D. Mann, medical department, University of Buffalo, Buffalo, N. Y.; John Bapst Blake, M. D., 1415 Back Bay, Boston, Mass.; C. L. Strobel, 1744 Monadnock block, Chicago, Ill.; Joseph Prince Loud, 85 Water street, Boston, Mass.; Miles White, jr., 13 North street, Baltimore, Md.; George E. Fellows, Splicetter University of Maine, Orono, Me.; Ansley Wilcox, 684 Ellicott square, Buffalo, N. Y.; William H. Knowles, Pensacola, Fla.; J. B. Noel Wyatt, 207 East German street, Baltimore, Md.; Dr. Henry Barton Jacobs, 11 Mount Vernon place west, Baltimore, Md.; Charles Moore, Detroit, Mich.; A. D. F. Hamlin, executive head School of Architecture, Mich.; A. D. F. Hamiln, executive nead School of Architecture, Columbia University, New York City; Frank A. Barney and 40 others, Auburn, N. Y.; George W. Brown, Lincoln and Kneeland streets, Boston, Mass.; Spencer Trask, New York City; Henry J. Bowen, 469 Broadway, South Boston, Mass.; Dr. Charles Henry Miller, N. A., Queens, L. I.; A. W. Elson & Co., 146 Oliver street, Boston, Mass.; D. Blakely Hoar, 161 Devonshire street, Boston, Mass.; J. Duncan Upham, Claremont, N. H.; James R. Angell, president University of Michigan, Ann Arbor, Mich.; Martha C. Wells, Minneapolis, Minn.; Elizabeth Marbury, 1430 Broadway, New York City; Whitney Warren, 3 East Thirty-third street, New York City; John M. Carrere, 225 Fifth avenue, New York City; Clarence B. Humphreys, 272 Congress street, Boston, Mass.; C. Lawrence, Boston, Mass.; Isaac Jackson, 8 Congress street, Boston, Mass.; W. K. Richardson, 24 State street, Boston, Mass. ardson, 84 State street, Boston, Mass.

### STATUARY.

[Paragraph 454.]

## H. T. DEMPSTER, NEW YORK CITY, URGES THAT THERE BE NO INCREASE OF DUTY ON STATUARY.

NEW YORK, December 18, 1908.

CHAIRMAN WAYS AND MEANS COMMITTEE,

Washington, D. C.

SIR: I beg, on my own and the behalf of other importers of statuary and other works of art in marble, bronze, stone, and wood, to call your attention to the hardship that would result through any increase in the duty on these articles.

Were the idea carried out that duties should be levied on imports of these articles on the basis of their relative cost in the countries

of origin and the United States it would, in this particular instance. have the effect of destroying the industry entirely, because, particularly in the case of marble statues for cemetery, ecclesiastical, and general decorative purposes, it may be stated that no such industry is established in the United States and that none could be established. Not only does Italy (from whence the larger part of this work comes) produce the raw material, the artists, and the facilities generally for the production of these articles, but the economic conditions of the industry there are of such a nature as would preclude the possibility of its being transferred to this country. There is no marble produced in the United States that possesses the requisites for this class of work; there are few artists and fewer artisans here competent to produce this kind of work in its entirety, as is established by the fact that most of the works of American sculptors and artists are sent abroad to be put in marble. In order, therefore, to establish such an industry in this country it would be necessary to import the raw material, the artists, modelers, workmen, and handlers, and, taking into consideration the difference in the economic conditions existing between this country and Italy (for example), the enhanced cost involved in transplanting the industry in this country would completely destroy the already limited demand for these articles. Also, no other industry would be in any way benefited by the imposition of a heavier duty on these articles, and, as a matter of fact, the removal of the duty entirely would not only not harm any other industry but would benefit the community artistically by cheapening the cost of and widening the demand for works of art.

As a matter of official routine the Board of General Appraisers some years ago took the ground that works of art in marbles, such as statues, altars, etc., should be assessed as manufactures of marble and not as works of art. Their contention was negatived by several court decisions, and it was established by the courts of last resort that such works are essentially works of art and that the cost of such articles in the countries of production bears no relation to the value of the articles as works of art, because the economic conditions under which they are produced in the countries of origin are such as to

make it possible and profitable to produce them.

I may add that these articles have a decided educational advantage and the community is benefited through their importation. Under the existing conditions many valuable works of art in marble are within the reach of individuals and communities, to the distinct advantage of all. Any increase in the duty would therefore so enhance the cost of these objects as to put them without the reach of all except the very well to do. This consideration alone should influence conservatism in the consideration of this matter.

I am, sir, yours, very truly.

H. T. DEMPSTER.

#### SIMPLE SKETCHES.

[Paragraph 454.]

NEW YORK, December 4, 1908.

CHAIRMAN WAYS AND MEANS COMMITTEE,

Washington, D. C.

Dear Sir: Having read with interest the proceedings before the Ways and Means Committee on the adjustment of the tariff, I beg

to call your attention to what would seem to be the unfairness of placing a prohibitive tariff on the importation of simple sketches sent in from Europe as a pattern from which textile woven-silk goods are made.

It seems unjust to place a prohibitive duty simply on a design which is procured in order that business may be done in this country.

While our country has made rapid strides in all lines of endeavor, there are yet many good lessons to be learned from the Old World, and it seems unreasonable to stand in our own light by putting a tax on an opportunity which would enable us to raise the artistic character of any of our fabrics.

A silk designer sends to Europe for new designs. He receives these ideas in the form of sketches and works out a pleasing pattern for goods made in this country, which is a benefit not only to the manufacturer but to the mill worker and to all parties concerned.

Inasmuch as a designer does not as a rule receive any compensation for the sketch he makes in this country, I see no reason why we should curtail our opportunity for manufacturing high-class designs by pro-

hibiting these imports.

By being gradually educated through the high-class designs of Europe it will not be many years before our artistic side may be so developed that our designers may be able to give lessons to the other side, and thus reverse the condition of affairs, which we could not otherwise do by being deprived of the educational advantages that a European design now affords us.

Trusting that you may consider favorably the suggestion made

by me, Yours, very truly,

FRANK CHARCOT.

### THEATRICAL SCENERY.

[Paragraph 454.]

STATEMENT OF MAYER GOLDMAN, OF NEW YORK CITY, WHO ASKS FOR INCREASE FOR SCENIC PAINTINGS.

Friday, December 4, 1908.

The CHAIRMAN. What paragraph are you speaking to?

Mr. GOLDMAN. Paragraph 454. I appear for the Association of Artists, which is composed of the leading scenic artists of New York City, which means, of course, the leading scenic artists of the country.

The CHAIRMAN. Why were you not here the other day when the

other artists were here?

Mr. GOLDMAN. I am very sorry I did not know they were here. I was somewhat at a disadvantage, because it was yesterday afternoon late when I was requested to come here, and that was the first intimation I had that there was anything of this kind under discussion.

The CHAIRMAN. You had an idea that your articles came under "Miscellaneous"-articles on the free list. Proceed. You are not to

blame for misapprehending what it was.

Mr. GOLDMAN. I did not understand this was on the free list. My point here on behalf of the scenic artists is to increase the tariff.

Mr. Underwood. What paragraph is that?

Mr. Goldman, Section 454.

The CHAIRMAN. You want to increase it above 20 per cent? Mr. Goldman. Yes, sir. I might say, by way of explanation, that the membership of that association of artists is limited to about 15. I understand that those 15 scenic artists do about nine-tenths of the big scenic work of this country—theatrical productions—and they tell me that in the last few years the opera companies, like the Metropolitan Opera House in New York, have been getting in great quanties of scenery from the other side, which comes in under the duty of 20 per cent ad valorem. The only reference to a tax on scenery, theatrical scenery, comes under section 454, which is applicable to paintings. There is no specific classification of theatrical scenery. We think that there should be a particular classification of scenery, and my information is that the duty on the raw material, on the canvas on which this scenery is painted, is 45 per cent ad valorem, so that the finished product which comes in here, the scenery, pays less than one-half of the tax which is paid on the raw material. We think that is wrong. I am not prepared to state at this time just the particular figure to which they seek to increase the tariff, but we think at least the tariff on the finished product, on the scenery completed, should be more than the tariff on the naked canvas. I should like to have permission to file a brief with your committee. I will not burden you now with any further arguments, except to call attention to the discrimination between the canvas and the painted product.

The CHAIRMAN. You should get it in as soon as possible so it will

appear in regular order in the hearings.

Mr. Longworth. Would that not apply to any picture, as well as

Mr. GOLDMAN. Not any picture.

Mr. Longworth. Why?

Mr. Goldman. A picture, a painting, is unquestionably the work of one artist, while theatrical scenery requires the services of a number of men; particularly in the production of a grand opera the scenery there would require the services of a number of men. That labor can be secured much cheaper, I understand, on the other side. The difficulty is that the present tax, being an ad valorem tax of 20 per cent, scenery comes in here and the people who bring it in or have it brought in put a fictitious value on that scenery. Theatrical scenery has no market value, like a great many of the articles which are under discussion before your committee. It is a question of expert opinion, and in the absence of a competent, skilled man at the appraiser's stores, who can fix the value, the people who bring it in put on this fictitious valuation, and of course they do not pay the tax they would properly pay.

Mr. Longworth. That does not answer my question at all. You based your argument on the fact that naked canvas paid a duty of 40 per cent and painted canvas scenery 20 per cent. That would be

equally true of any picture?

Mr. Goldman. Yes, sir. Mr. Longworth. Then you do not make that a part of your argument?

Mr. Goldman. No, sir.

Mr. Gaines. Your distinction is that that kind of picture is a work of art, while the one Mr. Longworth refers to is more the work of a skillful mechanic?

Mr. Goldman. Of course, the scene painter's work might be called

a work of art.

Mr. Dalzell. Is the present duty assessed pursuant to some deci-

sion of the Treasury Department?

Mr. Goldman. I do not understand so, sir. I understand that the present duty is assessed in the present tariff at 20 per cent ad valorem. Mr. Dalzel. That is pursuant to some decision of the Treasury Department?

Mr. Goldman. That I am unable to answer.

Mr Griggs. What is the difference in cost between the canvas and the finished production?

Mr. GOLDMAN. I understand that the duty on the canvas is 45 per

cent.

Mr. Griggs. I understand that, but what is the difference between

the value of the canvas and the finished product?

Mr. Goldman. Of course, that is largely speculative, as to the value of painted canvas. It would take an expert, and experts would disagree on the value of theatrical scenery.

Mr. Griggs. Is it not very greatly more; is it not worth much

more?

Mr. GOLDMAN. The painted product?

Mr. Griggs. Yes.

Mr. GOLDMAN. That is our contention. Mr. Griggs. Ten times as much, is it not? Mr. Goldman. I should say more than that.

Mr. Griggs. Twenty times?

Mr. GOLDMAN. Yes, sir; more than that.

Mr. Griggs. Forty?

Mr. GOLDMAN. It is a very difficult matter to estimate the proportion, because it would depend very largely on the quality of the workmanship and the artistic design and the coloring.

Mr. Griggs. Then if the tariff on the canvas is 45 per cent, that is

45 per cent of one-fortieth of the finished product? Mr. GOLDMAN. I do not know that I follow you.

Mr. Griggs. Say that the canvas was worth a dollar, and the finished product worth \$40. Now, then, the 40 per cent on the canvas would be 40 cents, and the 20 per cent on the finished product would be \$8. Do you not think the difference between 40 cents and \$8 is sufficient protection?

Mr. GOLDMAN. There is hardly a standard by which you could estimate that. This is in a class by itself. It is a mighty difficult thing to determine the value of theatrical scenery. We know that thousands of dollars are spent in a production, and that scenery-

Mr. GRIGGS. I understand that, but we simply took that to illustrate. I thought you and I agreed on those figures of one to forty,

say, as an average?

Mr. GOLDMAN. I would not undertake to make a positive statement on that subject, because I am unable to. I have no standard by which to gauge it. I say this, that theatrical scenery which may cost thousands and thousands of dollars outside of the production

for which it is used is hardly worth anything more than the canvas. The use in which it is employed really determines the value.

Mr. Grices. It would not be made if it was not worth, or thought

to be worth, that much.

Mr. Goldman. In the production in which it is employed?

Mr. Griggs. Yes.

Mr. Goldman. Yes, sir. But to determine the comparative value,

I do not know any standard by which you can do it.

Mr. Griggs. Here is the point I am trying to get at. You do not intend for us to understand that an ad valorem duty of 40 per cent on canvas is anything like equal to a 20 per cent duty on the finished product?

Mr. Goldman. No, sir.

Mr. Griggs. And therefore it is not fair to compare the two.

Mr. Goldman. No, sir.

Mr. Grices. Then you have nothing to do with the duty on canvas; you do not care anything about it?

Mr. GOLDMAN. No, sir.

Mr. Griggs. But you simply want to raise this to make the difference greater, which is already forty times as great, at least.

Mr. GOLDMAN. That is an arbitrary figure, of course.

Mr. Griggs. Yes, I understand that.

Mr. GOLDMAN. But we say if a duty of 45 per cent has got to be paid on the naked canvas, that the finished product, which requires a great deal of work and labor and art, should require a higher tariff.

The CHAIRMAN. Is that scenery painted wholly by hand, or partly

by a mechanical process?

Mr. GOLDMAN. Entirely by hand.

The CHAIRMAN. Not by a mechanical process?

Mr. Goldman. No, sir.

Mr. Longworth. Do I understand you to advocate the placing in of another paragraph?

Mr. Goldman. That was said in the nature of a suggestion.

Mr. Longworth. You do not ask for an increase in the duty on art? Mr. Goldman. No, sir; we are only concerned with the question of theatrical scenery, which, under the present tariff, is covered by the classification of paintings. There is a great deal of theatrical scenery brought into this country which is bonded, I understand, under the provision which allows a manager returning from abroad to bring in theatrical scenery for use in the exhibition which he controls. We understand that that law is evaded constantly by some one going on the other side and coming back to this country with large quantities of theatrical scenery, and he says that he is the owner or proprietor of that exhibition. By giving bond that that property will be returned in six months in the same condition they get that in free. I can not at this moment give specific instances of how many times that has been done.

Mr. CLARK. The proper remedy for that would be to put that fellow in the penitentiary.

Mr. GOLDMAN. Very true.

Mr. CLARK. Why do you not inform the district attorney for the district of New York and set in motion some prosecutions for this constant swindle that goes on?

Mr. GOLDMAN. For the very reason, I might say, that I knew nothing about this until yesterday.

Mr. Clark. Somebody knew something about it before yesterday

or you would not have found it out yesterday.

Mr. Goldman. The trouble is the scenic artists are bad business men, and they have permitted that business to go on for a long time.

Mr. CLARK. They seem to be pretty good business men if they are able to sneak this stuff in under such a pretext as you give there, and the proper remedy for it is to have the district attorney send some of those fellows to the penitentiary. That is exactly where they ought to be.

Mr. Gaines. The scenic artists do not sneak it in.

Mr. GOLDMAN. The scenic artists do not sneak it in, but we are the

people who want to prevent that sort of thing.

Mr. Clark. You have your remedy if you will go and inform the district attorney, and if you inform him and he does not discharge his duty, I will make a pilgrimage to the White House to see if we can not get him fired.

Mr. Goldman. Thank you. But you are mistaken in this regard;

the scenic artists are the ones who are complaining.

Mr. Clark. You are one of the complainants, and I am telling you

the remedy.

Mr. Goldman. If I am permitted to continue in the same capacity with my clients, I hope to start proceedings at some time which will prevent some of these frauds, at least.

Mr. Longworth. Is your whole contention that of undervaluation?

Mr. Goldman. That is one source of our contention.

Mr. Longworth. Would you say, as a general proposition, that theatrical managers buy their scenery abroad because it is cheaper or because it is better?

Mr. GOLDMAN. Because it is cheaper, sir. Mr. Longworth. That is the reason?

Mr. GOLDMAN. Yes, sir.

Mr. Longworth. Then the whole proposition is the undervaluation proposition, is it not?

Mr. GOLDMAN. Well, that is the principal objection—the under-

valuation.

Mr. Gaines. It is labor.

Mr. Longworth. It is not labor? You can not bring in the ques-

tion of foreign labor?

Mr. Goldman. They get cheaper labor, of course, on the other side. They get art students from the various schools over there, who, I understand, get \$5 a month, and then later on get \$10 a month; and their young art students turn out cheaper work than our artists here.

Mr. Longworth. Do not our art students turn out any of that

work?

Mr. GOLDMAN. Very little.

Mr. Longworth. Why not?

Mr. GOLDMAN. Not in that particular branch of painting. This is a class all by itself.

Mr. Griggs. Perhaps you had better start an art school and have

some students.

Mr. GOLDMAN. That would be a good idea; sir.

Mr. Griggs. I am just making suggestions to you as their counsel, which you might make to them.

Mr. Clark. Does your proposition run counter to the arguments of the distinguished artists who appeared here the other night in favor of free art?

Mr. Goldman. Not knowing what their arguments were, sir, of

course I can not answer your question.

Mr. Clark. Their argument was that it would be a great uplift of American intelligence if we had free art.

Mr. Goldman. We have no desire to uplift intelligence.

Mr. CLARK. No; you want to uplift the money. [Laughter.] Mr. GOLDMAN. We want to uplift the tariff.

Mr. GRIGGS. He does not claim to be an artist. He is only a scenic artist.

Mr. Clark. A verbal artist.

### THE ASSOCIATION OF SCENIC ARTISTS ASKS THAT ALL THEAT-RICAL SCENERY BE COMPELLED TO PAY DUTY.

NEW YORK, December 17, 1908.

Hon. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

House of Representatives.

DEAR SIR: Supplementing the oral argument made by the undersigned before your committee on December 4, 1908, on behalf of the Association of Scenic Artists for an increase of the duty on theatrical scenery and for a different method of fixing such duty, I beg to submit the following statement, which is based upon information furnished by members of such association:

Under section 454 of the present tariff bill, scenery is imported under the classification of paintings, and pays a duty of 20 per cent ad valorem. For many years past large quantities of theatrical scenery have been imported by various theatrical managers, who grossly undervalue it, and as a result have paid a tax to the Government which was out of all proportion to the real value of the scenery. It is very difficult to put an established value on scenery, as the real value thereof depends largely upon the artistic skill, workmanship, and coloring employed by those producing it. By reason thereof it has been a comparatively simple matter for persons importing scenery to place fictitious valuations thereon, as a result of which the Government loses in the revenue which it should properly receive for duty. A strict ad valorem duty on scenery renders fraud possible, because of the expert knowledge required in the appraisal of such scenery, and such expert knowledge can only be supplied by scenic artists, thoroughly familiar with their work and accustomed to handling high-class scenic productions. The ordinary government appraiser assigned to appraise theatrical scenery, in the absence of such technical or expert knowledge, is not and can not be properly qualified to determine the real value of scenery where attempts are made to grossly undervalue the same.

Your petitioners therefore urge that the present ad valorem tax on scenery be abolished and that a specific tax be levied thereon on

the basis hereinafter referred to.

The average price of European scenery is about 6-3 cents a square foot, which includes the canvas and the painting of all elaborate subjects. In the United States the same class of scenery on similar canvas and with the same character of subjects would cost from 18 to 20 cents per square foot. This variance of prices is based on the difference in the cost of labor here and abroad, the large rental for studios here, and higher cost of all materials used here.

Your petitioners therefore urge that a specific tax of from 12 to 15 cents per square foot be levied on all imported scenery, in order that

the American scenic artists may receive proper protection.

Your petitioners also claim that large quantities of scenery are brought in, pursuant to paragraph 645 of the present tariff bill, which allows managers of theatrical exhibitions returning from abroad to bring in free of duty scenery used by them abroad for temporary use in their exhibitions here, provided that they give bonds to export the same within six months. This provision is designed to cover only secondhand or used scenery which has been employed abroad in the same production. It is a simple matter for unscrupulous persons to evade this provision and to actually bring into this country new scenery free of duty, under the claim that it has already been used abroad, and it is a simple matter for anyone arriving with such scenery to claim that he is the proprietor or manager of a theatrical exhibition in which such scenery is claimed to be used, and your petitioners believe that such frauds have been frequently perpetrated heretofore. Because of the comparative ease with which unscrupulous persons are able to bring in scenery free of duty under such provision, and the consequent defrauding of the Government out of the proper tax, it is respectfully urged that your committee recommend the abolition of this provision of paragraph 645 permitting scenery to come in free of duty.

Yours, respectfully,

MAYER C. GOLDMAN, Attorney for Association of Scenic Artists.

THE NATIONAL ASSOCIATION OF THEATRICAL PRODUCING MAN-AGERS AND THE METROPOLITAN OPERA COMPANY OPPOSE IN-CREASE OF DUTIES ON THEATRICAL SCENERY.

NEW YORK CITY, December 23, 1908.

COMMITTEE ON WAYS AND MEANS,

House of Representatives:

In the absence of any notice that the tariff act, in so far as it relates to theatrical scenery, was to be the subject of discussion before this honorable committee, we, the National Association of Theatrical Producing Managers, an organization embracing practically all the general theatrical interests and producers of America, employing over 50,000 people, and the Metropolitan Opera Company, of the city of New York, were unable, to our great regret, to appear and present oral argument in opposition to any increase in the present tariff on theatrical scenery and in favor of the retention, with the amendment hereinafter set forth, of paragraph 645 of the act, which provides-

That theatrical scenery, properties, and apparel brought by proprietors or managers of theatrical exhibitions arriving from abroad for temporary use by them in such exhibitions, and not for any other person and not for sale, and which have been used by them abroad, shall be admitted free of duty under such regulations as the Secretary of the Treasury may prescribe, but bonds shall be given for the payment to the United States of such duties as may be imposed by law upon any and all such articles as shall not be exported within six months after such importation: *Provided*, That the Secretary of the Treasury may, in his discretion, extend such period for a further term of six months in case application shall be made therefor.

The attack upon the present law is made by the "Association of Scenic Artists," consisting, as its counsel states, of 15 scenic artists who paint nine-tenths of the scenic work of the theatrical productions of this country. This statement by the association's own counsel that these 15 artists control nine-tenths of the entire scenic output for the theatrical productions of this country, is the most cogent and conclusive evidence of the eminently satisfactory workings and adequacy of protection under the present act and the lack of any

need to tinker or meddle with it.

No single scenic artist, practical or theatrical man, conversant with theatrical affairs or scenery, or the cost of the raw materials of theatrical scenery, or the cost of manufacture, the value of the finished product, the basis of estimating such value, the nature, extent, and character of the importation thereof, appeared before this honorable committee to present a comprehensive, enlightened or intelligent exposition of the subject. No facts, figures, scientific, accurate or reliable information is furnished to this committee as a basis for changing a law that was enacted after careful investigation, much

debate and deliberation.

The learned counsel for the Association of Scenic Artists, with unexampled recklessness in an harangue, and after opportunity for reflection, in a written communication addressed to this committee in effect branded the managers of American theatrical enterprises as smugglers and the customs officers of the United States as their accomplices. His argument consists of general, vague, and indefinite allegations and accusations. He makes wholesale charges of smuggling and violations of law, but does not mention the names of the offenders or their accomplices, the dates when and the ports at which such offenses took place. In his written communication to the committee he says: "The average price of European scenery is about  $6\frac{3}{10}$  cents a square foot, which includes the canvas and the painting of all elaborate subjects. In the United States the same class of scenery or similar canvas, and with the same character of subjects, would cost hrom 18 to 20 cents per square foot". Where he got his information or upon what basis of calculation he obtained his figures as to the relative cost here and abroad he, for some inexplicable reason, fails to state. That he has no personal knowledge of the subject is clearly demonstrated from the colloquy between him and Representative Griggs. In the absence of authoritative information, this statement is not entitled to any weight.

As we had no notice of the appearance of the scenic artists before your committee until Friday, December 18, and then were allowed only to file a brief on this matter and mail the same to your committee by Wednesday, December 23, we are unable to submit the exact figures in this connection; but if your committee so desires, and will give us an opportunity to collect the facts, an accurate statement of

the respective costs will be furnished.

Scenery is brought into America from abroad under but two conditions for dramatic productions: First, where the subject to be por-

traved by the scenery is foreign and must either be made by a foreign scenic artist or by sending an American artist abroad to make the necessary models of the scenery and, second, in plays produced by foreign companies whose seasons are so short in America that it would be utterly impracticable to consider any production by them in the United States except with the scenery used abroad.

Under the scenery included in the first class it would be manifestly impracticable to send an American scene painter abroad for the con-

struction of a single set of scenery.

To illustrate, in a production by Mr. Frohman of the play "Fluffy Ruffles," an act required the portrayal of the French town of D'Armandville. For the purpose of an artistic production an accurate representation of the town was desired. This could only be done by an artist actually familiar with the place. Not only would the expense be absolutely prohibitive in sending a scene painter of America to France, but the painter would necessarily be away from his work several weeks in the mere preparation of this single item. If there were fifteen acts required, according to the statement of the Scenic Artists' Association, there would be no one left in America to attend to the vast amount of scene painting required in this country.

As a matter of fact, less than 1 per cent of the scenery used by dramatic productions in America is of foreign import. The American manager desires to use American scenery whenever possible, as the stage and scenery construction of America is radically different from that abroad, the foreign scenery being constructed to meet the requirements of foreign theater construction, slanting stages, and without provision for meeting the constant shipment and handling of traveling attractions, and, consequently, for an American production the American manager never goes without the country except for the single purpose of producing an artistic and accurate

representation of some foreign scene required by the play.

The burden of the argument of the counsel for the scenic painters was that opera companies, like the Metropolitan Opera House in New York City, have been getting in great quantities of scenery from the other side, which comes in under the duty of 20 per cent ad valorem, and the people who bring it or have it brought in put a fictitious value on the scenery. The Metropolitan Opera Company resents most vigorously any such insinuation that it has undervalued any scenery imported by it, or that it is or has been guilty of any infraction of the tariff act, and in the absence of the substantiation of these charges, all reference to the Metropolitan Opera Company should be expunged from the record. The Metropolitan Opera Company is administered without any thought of pecuniary gain, but on the contrary its purposes are purely altruistic, to foster, encourage, and promote the musical art in this country. Its board of directors include such names as Edmund L. Baylies, T. De Wit Cuyler, Rawlins L. Cottenet, W. Bayard Cutting, George J. Gould, Robert Goelet, Eliot Gregory, Frank Gray Griswold, James H. Hyde, Otto Kahn, Clarence H. Mackay, H. McK. Twombley, W. K. Vanderbilt, Harry Payne Whitney, and Henry Rogers Winthrop.

The grand-opera performances of the Metropolitan Opera Company are to be distinguished from ordinary operatic productions. While the latter usually have long runs, grand opera is given for a season averaging twenty-four weeks, and there are rarely more than a dozen performances of any opera during the entire season, and of some

operas only three performances are given.

Some of these operas require for their production scenery of great magnificence and of very great cost, and if by a change of the law the cost of this scenery was further increased, it would, in view of the few performances given, be made impracticable to present these operas to the American public. The expense of new scenery would exceed by far the receipts of the performances.

by far the receipts of the performances.

It must be remembered that these operas have mostly lived their course and after the revivals will again be dormant for many years and the sceneries be fit only for the storehouse. Even the counsel for the association admitted "that theatrical scenery which may cost thousand and thousands of dollars, outside of the production for which it is used is hardly worth anything more than the canvas. The use for which it is employed really determines the value."

Scenery is adapted to and built for particular productions and can rarely be used for any different opera. If the tariff on scenery were increased, as requested by the Association of Scenic Artists, such revivals as undertaken by the Metropolitan Opera House would be impossible and the American public would be deprived of the benefit and advantage of seeing, hearing, and enjoying the old masterpieces. The European countries, with the exception of England, in order to encourage and promote the musical art, subsidize their opera houses. In America this must be done by subscriptions by public-spirited Productions of operas are made by the European subsidized managements on a very lavish and expensive scale. Frequently, upon the discontinuance of an opera, the entire production is sold at one-tenth the cost thereof and the cheapness of it often commends it to an American operatic management, which is thereby enabled to give a worthy presentation of the opera which would otherwise be impracticable.

The learned counsel for this Association of Scenic Artists further

said:

We understand there is a great deal of theatrical scenery brought into this country which is bonded under the provision which allows a manager returning from abroad to bring in theatrical scenery for use in the exhibition which he controls. The law is evaded constantly by some one going on the other side and coming back to this country with large quantities of theatrical scenery, and he says that he is the owner or proprietor of that exhibition. By giving bond that the property will be returned in six months in the same condition, they get that in free.

It is strange, indeed, that this zealous counsel did not call the attention of the authorities to this fraud, to secure a conviction; it is inconceivable that with his preparation for these hearings and with his abundance of opportunity for research and investigation on the subject, and the aid and assistance which he surely would have received from the Treasury Department, he made no effort to secure the name of at least one person who was guilty of these wholesale frauds.

Is it not most probable that this gentleman was carried away by his zeal and did not mean what he said? In his more sober moments, and when he had a chance to weigh his words by writing them, he says in his brief that under paragraph 645 "it is a simple matter for unscrupulous persons to evade the law." He does not say that any-

one is evading the law.

This paragraph is a very beneficent one and is designed to enable the American people to see and hear distinguished foreign artists, actors, and actresses in their great plays. It is a common thing for world-renowned foreign actors to tour America with their companies. Sir Henry Irving, with a repertoire of fifteen plays; Salvini, Novelli, Mme. Duse, Mme. Bernhardt, M. Coquelin, The Irish Players, The Sicilian Players, with their large repertoires, and others, have come here and have given to American audiences much pleasure and instruction.

To produce each of these plays has required an outlay probably in excess of \$25,000, or, let us say, something over \$300,000 for the productions to be presented under a short engagement to the American audiences. These figures would be many times the profits of the foreign production, and if the companies may not bring in their scenery under bond without a question the American public will be denied an opportunity of seeing the best artists from foreign

countries.

This paragraph is hedged in with safeguards against fraud and was enacted into law with the idea of enabling and encouraging for-

eign artists to visit us and exhibit to us their art.

A most serious consideration to the general theatrical producer and the various interests dependent upon them is that the granting of the request of the scenic artists would result in a loss of the reciprocal grant on the part of Canada with the American producer. An average of at least five weeks' work per year for something like 30,000 people depends exclusively upon the right of the American producer to carry his play into Canada under the terms America now affords the foreign organizations. Canada obtains practically all of her dramatic amusements from the United States. The theatrical producer of the United States takes his scenery and properties into Canada under bond, and under the recent grant that bond is made sufficient to cover these effects even though the manager, for his own convenience, plays at one time on the Canadian side and later in the United States and then again in Canada. The actors and theatrical employees to the extent of 30,000 will be deprived of a considerable portion of their season's work for the benefit of a few scenic artists who would gain absolutely nothing from the enactment of the provisions they desire, as it would be much cheaper to have a foreign painter familiar with the scene to come to America than to send the American painter abroad. The real result, so far as scene painting is concerned, would mean a deterioration in the plays presented, as the producer could no longer afford to make the artistic and accurate presentation now given.

The actual cost of scenery imported from abroad, which, as heretofore stated, is not as satisfactory for the purposes of the producer as scenery built in America, is equally as great or greater when the gross expense of securing this scenery is considered, for there is not only the cost of the construction to be reckoned, but freight to America, insurance, hauling and delivery, injury in long transportation, handling, and other expenses incidental to the delivery of the scenery to the American producer. It always arrives in damaged condition and must be overhauled and retouched by the American scene painter. That this scenery can not be undervalued in its import would seem to be beyond question. The foreign scene painter attaches his bill and swears to it before a proper officer, and this information is before the appraiser when the scenery reaches America. It is inspected by competent officials, who not only have the scenery itself before them, but the sworn statement and bill of the constructor in the foreign country.

We desire an amendment in the proviso of chapter 645, so that

the same shall read:

Provided, That the Secretary of the Treasury may in his discretion extend such period for a further term of six months, or for the season of the play for which such articles were imported.

This amendment is necessary because the time limit for the exportation of the production frequently expires in the midst of the successful run of the play or opera. It thus becomes impracticable to give further performances, and a large number of persons are thereby deprived of employment which they could have otherwise enjoyed.

NATIONAL ASSOCIATION OF THEATRICAL PRODUCING MANAGERS,
By Ligon Johnson, General Counsel.
METROPOLITAN OPERA COMPANY,
By NATHAN BURKAN, Counsel.

#### PEAT MOSS.

[Paragraph 455.]

BRIEF SUBMITTED BY ATKINS & DURBROW, NEW YORK CITY, ASKING THAT PEAT MOSS BE PLACED ON FREE LIST.

160 Pearl Street, New York City, November 14, 1908.

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

Gentlemen: Peat moss is a vegetable product, taken from the surface of a special kind of peat bog found in Europe, but none of any account is exported except from Holland. There are no such beds found in the United States which can be used commercially for the same purpose. It is used as a sanitary bedding for horses and cattle and in the manufacture of hoof stuffing for horses, and is imported by several firms in the city of New York.

For the year ending June, 1907, there were imported 7,605 tons, of the value of \$44,461, and at the port of New York for the year ending June 30, 1908, 6,740 tons, of the value of \$39,235, were entered.

The duty is \$1 per ton.

There is absolutely no domestic raw product with which it competes and no manufactured article which serves quite the same purpose the production of which is hindered, damaged, or injured by using peat moss as outlined herein.

The only effect of the tariff is to increase the cost to the domestic

consumer

It is respectfully submitted that peat moss be placed on the free list. Respectfully submitted.

WALTER DURBROW,
Of ATKINS & DURBROW.

### H. A. FORBES & CO., NEW YORK CITY, ASK REMOVAL OF DUTY FROM PEAT MOSS FOR HORSE BEDDING.

NEW YORK CITY, November 14, 1908.

Hon. SERENO E. PAYNE, M. C.,

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

Sir: We respectfully request the removal of present import duty on crude moss for horse bedding; cost, \$8 per ton, and taxed (at time of measure, "for revenue only") \$1 per ton, or 12½ per cent of

value.

This article is not mined in the United States, and having virtues of peculiarity to itself which no other stable bedding possesses it in no measure infringes upon any American product. It is not a staple as yet, and needs the assistance of all who are concerned in order to increase the consumption of this good bedding in favor of importers, transportation companies, draymen, and laborers, and more especially to largely assist the perfect sanitary conditions of our dairies and stables generally. Prior to the government tax and the increased inland freight rates importations were approximately 10,000 tons annually as against only 7,000 tons per annum at this time.

Any further data in this connection that may be required by your honorable committee will be furnished by us at any time upon request.

Very respectfully,

H. A. Forbes & Co.

## STATEMENT OF MONTAGUE LESSLER, OF No. 31 NASSAU STREET, NEW YORK CITY, RELATIVE TO PEAT MOSS.

Friday, December 4, 1908.

Mr. Lessler. I want to say a word on the subject of section No. 455 of the tariff act relative to peat moss, upon which there is a duty of \$1 a ton. We are asking to have it placed upon the free list.

Peat moss is a vegetable product, taken from the surface of a special kind of peat bog found in Europe, but none of any account is exported except from Holland. There are no such beds found in the United States which can be used commercially for the same purpose. It is used as a sanitary bedding for horses and cattle and in the manufacture of hoof stuffing for horses, and is imported by several firms in the city of New York.

For the year ending June, 1907, there were imported 7,605 tons of the value of \$44,461, and at the port of New York for the year ending June 30, 1908, 6,740 tons of the value of \$39,235 were entered.

The duty is \$1 per ton.

There is absolutely no domestic raw product with which it competes and no manufactured article which serves quite the same purpose the production of which is hindered, damaged, or injured by using peat moss as outlined herein.

The only effect of the tariff is to increase the cost to the domestic

consumer

It is respectfully submitted that peat moss be placed on the free list. In the tariff hearings on the Dingley bill originally, under date of January 11, 1897, a gentleman from Chicago, Ill., appeared and stated that this industry, that of domestic peat moss, served a purpose which should have a protection of \$4 a ton.

Mr. Boutell. What was his name?

Mr. Lessler. Mr. W. Golden. He appeared it seems for the Wisconsin Cranberry, Moss, and Peat Company and predicted that if this \$4 per ton was put on this production, quite an industry could be built up. I am advised that no such industry has been built up, and that on the other hand these peat-moss beds in Wisconsin and out in that country are used now for paper making, and not for the purpose that I have indicated here.

I would like to ask the committee to hear Mr. Durbrow for about

two minutes.

The CHAIRMAN. You say that peat moss is used as a bedding for animals?

Mr. Lessler. Yes, sir; for horses, cows, and cattle.

The CHAIRMAN. Anything besides that?

Mr. Lessler. Yes, for hoof stuffing. They combine this product with greases and oils and use it for stuffing the hoofs of horses and that is all.

Mr. CLARK. As I understand it you take peat moss and mix it with oils of some kind, and greases, and put it under the hoofs of horses. Do you know what kind of oil is used for that purpose?

Mr. Lessler. Mr. Durbrow can tell you.

Mr. Clark. The reason I asked was that that is a very common affliction of horses, when their feet get dry and it is hard to keep their shoes on; and it finally develops into what might be called corns on their feet. It seems like a ridiculous proposition, but it is the truth.

Mr. Lessler. You can ascertain in regard to that from Mr.

Durbrow.

# STATEMENT OF WALTER DURBROW, OF No. 160 PEARL STREET, NEW YORK CITY, RELATIVE TO PEAT MOSS.

Friday, December 4, 1908.

Mr. Durbrow. I desire to take up but very little time of the committee. The original peat moss was brought in free of duty, and at that time we imported about 15,000 tons a year. As Mr. Lessler says, the duty was put on, and the imports have fallen down. to about 8.000 tons. Out West they claimed that they had peat moss. and that they could manufacture it if they were protected. matter of fact, they never have had commercial peat moss out there for our purposes, and they never have come into the market with their product. Our only object in trying to get this duty off is to extend the business, which would be to our benefit and also to the benefit of the consumer, as peat moss is about the best bedding that can be put under a horse. My object in coming down was so as to be able to answer any questions that might be asked with regard to the matter. I will give you any information that I have. I have samples here of the two products, if you would like to see them, the domestic and the foreign, which will show you absolutely that they can not be used for the same purpose.

Mr. BOUTELL. I understand that this was not free under the Wilson

Act. but it was under the McKinley Act?

Mr. Durbrow. Under the McKinley Act; yes, sir.

Mr. Clark. Are you the gentleman who knows about the practical operation of this?

Mr. Durbrow. I have been in the business for twenty-three years. Mr. Clark. How do you fix it so as to keep the horse's hoof from

drying up?

Mr. Durbrow. We make a paste by using crude vaseline and coal oil, glycerine, and carbolic acid. The peat moss serves to hold those things together, with the tannin and other things in the peat moss.

Mr. CLARK. Do you manufacture the article?

Mr. Durbrow. Yes, sir.

Mr. CLARK. Where do you put it, in the frog of the hoof?

Mr. Durbrow. Yes, sir.

Mr. CLARK. How do you keep it in there?

Mr. Durbrow. It is packed in there and allowed to remain while

the horse is standing in the stable.

Mr. Clark. I had a buggy horse nearly ruined that way, and I got a paint bucket, filled it up with linseed oil mixed with meal, and I would pick up his feet and put that in the hoof to keep them from becoming dry. I would have to do that with the horse every two or three days.

Mr. Durbrow. I will send you some of it, Mr. Clark. That is the case with most of the products for that purpose, and they harden in the end rather than soften. But I can overcome that difficulty.

The CHAIRMAN. This is imported at about \$6 or \$7 a ton, is it not?

Mr. Durbrow. About \$8 a ton.

### BRIEF FILED BY WALTER DURBROW, NEW YORK CITY, ASKING REMOVAL OF DUTY FROM PEAT MOSS.

160 Pearl Street, New York, City, December 8, 1908.

The Ways and Means Committee,

House of Representatives, Washington, D. C.

Gentlemen: We desire to call your attention to the following points in regard to peat moss, which were not touched upon at the hearing on the 4th of December, 1908, in order not to take up the time of the committee.

Peat moss is a sanitary stable bedding, noncombustible, which acts as a deodorizer. Its use is desirable from two standpoints of safety—in regard to fire and to keep the air and surroundings of cattle and horses pure and clean.

Under the Dingley bill peat moss (free under the McKinley and Wilson tariffs) was made to pay a duty of \$1 per ton, in order to

protect the manufacturer or producer.

So far as we have been able to learn, little or no domestic peat moss has been marketed, as such samples as have been sent us are entirely

unfit for the purposes of stable bedding.

It was claimed before the Ways and Means Committee at its hearings on the Dingley bill in December, 1896, that there were beds of peat moss in Wisconsin. Admitting this to be a fact, owing to the

freight rates there can be no competition between the domestic and

imported peat moss.

Since the Dingley bill there have not been 500 tons of peat moss sent over 250 miles from the seaboard, and for the same reason whenever peat moss has been produced from western bogs it could not be marketed at the seaboard.

The freight rate from Milwaukee to Buffalo is \$4.20 per ton in carload lots and \$7.50 per ton for less than a carload; to New York \$6 per ton in carload lots and \$9.50 per ton in quantities less than

carloads.

Experience has taught us that it is impossible to sell peat moss at the delivered point for over about \$11 per ton, so it will be seen that with the freight rate of from \$4.50 to \$7 per ton in carload lots, it has been and would be impossible to sell western moss in the East

and vice versa.

It was claimed before the committee at the hearing on the Dingley bill that the average selling price per ton was \$30. The truth is that the average price for the past ten years has not been over \$9.50 per ton and with the freight rates in the shape they are in no business can be had at a shipping point beyond 200 miles, so that from the viewpoint of a protective tariff the duty is absolutely unnecessary.

Under the Dingley tariff not more than 8,000 tons has been imported, on which the duty has been about \$8,000. On the question of revenue this is not of much moment, but taken in connection with the cost of weighing to the Government the revenue is much smaller.

While the so-called McKinley tariff was law, the Government charged the cost of weighing to and compelled its payment by the importer. This was fixed at 3 cents per 100 pounds or 60 per cent per ton. If these figures still obtain, the net revenue to the Government on a ton is 40 cents, making the entire duty collected for a year about \$3,200. It must be kept in mind that the nature of the material itself makes the difficulty.

It seems very desirable from the sanitary viewpoint that the sale of this article be extended among business stables, farmers and dairies near the seaboard, and it is respectfully submitted that that situation

will be helped by taking off the duty.

Respectfully submitted.

ATKINS & DURBROW, By WALTER DURBROW.

### J. R. POOLE, OF BOSTON, MASS., ASKS REMOVAL OF DUTY FROM PEAT MOSS USED AS STABLE BEDDING.

Boston, December 17, 1908.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: Being the most extensive dealer in peat moss in the city of Boston and near-by towns, I would respectfully ask that in revising the tariff that same be put on the free list. Peat moss now

pays a duty of \$1 per ton. There is no American product of the same nature with which this article competes. The only effect of the duty is to raise the price to the consumers, who are truckmen, expressmen, stable keepers, and farmers in the immediate vicinity of the large seaboard cities. As a revenue measure it means nothing to the Government, as the total importations to the port of Boston is only 900 tons per year. I believe, however, with the duty removed the business could be considerably increased, resulting in a benefit to the community through the more general use of the only sanitary stable bedding known.

Yours, respectfully,

J. R. POOLE.

# F. R. STEVENS, GENEVA, N. Y., ASKS FOR INCREASE OF DUTY ON PEAT MOSS TO THREE DOLLARS PER TON.

Geneva, N. Y., January 9, 1909.

Hon. SERENO E. PAYNE,

Chairman Tariff Commission, Washington, D. C.

DEAR SIR: You have before you an application for the reduction of the duty on peat moss from the \$1 per ton now imposed by this Government. We protest against this reduction and urge that the duty be raised to \$3.

About 8,000 tons of peat mess were imported through the customhouse in New York during the past year. The demand for this product is growing and its production is bound to be an important industry.

We have in this country thousands of acres of peat moss equal in

quality to that now imported.

In only one place in the United States is there any attempt to put this moss on the market. Our labor conditions and climate are different from those of the Old World, and the problems of economic production of this moss for bedding, packing for nurseries, etc., must be worked out in a manner applicable to this section. This is an infant industry and needs protection for a few years until the problem has been worked out.

The cheapest labor of Europe is employed in preparing peat moss. We can not hire labor for this work at less than three times the

price paid abroad.

This moss should be produced in this country for two reasons. It necessitates the drainage of bogs, which improves sanitary conditions. It takes the loose coarse peat from the top of the bog, leaving a drained area of muck, which is the best of agricultural lands.

a drained area of muck, which is the best of agricultural lands.

We need this duty of \$3 per ton. Its imposition would harm no one in this country. It is an infant industry which needs protection,

and we respectfully urge that you give it your support.

Sincerely, yours,

F. R. Stevens,
Director American Peat Society.
Per A.

#### LEAD PENCILS.

[Paragraph 456.]

#### JOSEPH DIXON CRUCIBLE CO., CRYSTAL RIVER, FLA., ASKS RE-TENTION OF PRESENT DUTY ON LEAD PENCILS.

CRYSTAL RIVER, FLA., November 21, 1908.

Hon. SERENO E. PAYNE,

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

DEAR SIR: We understand that the tariff will shortly come up for discussion, and we would request of you not to make any change in Schedule N, paragraph 456, for the following reasons, viz:

1. Since the last tariff went into effect the Dixon Company has invested a great deal of money in the purchase of cedar lands, and we represent a great number of farmers in this city in the purchase and sale of timber. This timber is used almost exclusively in the manufacture of lead pencils. The Dixon Company owns a large mill here in Crystal River and have a financial investment in other mills, as well as taking the output of still other cedar mills.

2. The Dixon Company is now engaged in the growing of redcedar timber for lead pencils, and in the purchase and sale of same. and in the manufacture of boards ready for the manufacture of pen-

While we speak for ourselves in this specific matter, yet we speak for many others as well, and we would ask you to bear in mind that in the tariff question nearly all the southern people are high protec-

tionists and don't wish any change in the tariff.

3. If the tariff on the above paragraph is reduced, many of the cedar mills will have to shut down, as lead pencils made out of cheaper and poorer wood would then be imported from foreign countries, to the great detriment of southern farmers engaged in this industry.

4. Aside from the mill industry, the timber land on which this cedar is grown has more than doubled in value, and we can see no reason why the farmers and others who are owners of this land should suffer by reason of a reduction in the tariff. The farmers, especially, have to depend almost entirely for the sale of this product on those who manufacture lead pencils.

Respectfully,

JOSEPH DIXON CRUCIBLE COMPANY. By C. E. HERRICK, Manager.

Letters similar to the above were received from the following: Houston & Liggett, by W. G. Liggett, Houston, Tex.; Hndson Lumber Company, by J. A. Elledge, manager, Springfield, Mo.

#### O. F. CHICHESTER, FREDERICA, GA., REQUESTS THAT PRESENT DUTIES ON PENCILS AND PENHOLDERS BE RETAINED.

Frederica, Ga., November 21, 1908.

Hon. Sereno E. Payne,

Washington, D. C.

DEAR SIE: I am the owner of Little St. Simons Island, in this State, and in view of the new tariff desire to state that I have invested a large amount of money in acquiring this island for the

purpose of cutting the cedar timber.

I would respectfully request that no change be made in the tariff on lead pencils and penholders, and I have an important contract with one of the large pencil manufacturers to deliver them this cedar which it would be impossible to carry out for any fair remuneration if pencils could be imported from Germany. In making this request I represent other farmers who own land containing pencil cedar out of which slats are made in the mills for pencils.

I hope that you will protect us in order to enable us to start a mill and thus employ a good deal of labor which is now idle, as there

are no manufacturing industries in this neighborhood.

Yours, respectfully,

O. F. CHICHESTER.

BRIEF SUBMITTED BY IRVING P. FAVOR, REPRESENTING L. & C. HARDTMUTH, PENCIL MAKERS, BUDWEIS, AUSTRIA, RELATIVE TO LEAD PENCILS.

Washington, D. C., November 27, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: My appearance before your honorable committee is for the purpose of inducing you to effect a change in the present tariff laws which will bring about a reduction in the tariff on lead.

pencils.

The present tariff practically prohibits the importation of medium and ordinary grade foreign-made pencils, as nothing but the highest quality of pencils can enter this country and find any market at the present time, and even pencils of the highest grade find the present tariff almost prohibitive. The purpose of the United States Government to obtain a revenue through the tariff returns is thus thwarted on lead pencils by the fact that the medium and ordinary grade goods can not enter.

It appearing that an import revenue tariff is a part of the settled: fiscal policy of this Government, I believe that such tariff should be protective, but not prohibitive. I further believe that after the customs duties have been paid on foreign products, such products should be permitted to enter this country and find in this market only just

and fair competition with American-made goods.

The raw materials entering into the manufacture of foreign lead pencils are largely purchased in the American market. My firm, L. & C. Hardtmuth, of Austria, purchase all their cedar in this country, as well as other raw material, and all foreign makers come to this country for their cedar and for a large portion of their graphite. After thus buying raw materials in this country of American producers we should not be barred, through the tariff, from bringing our finished products back into the country.

I ask for a just and equitable revision, and would suggest if, in the opinion of your honorable committee, a specific rate is necessary in addition to an ad valorem rate, that the rates in the new bill be made not to exceed 20 per cent ad valorem and not more than 25 cents per gross specific. Anything in excess of these figures absolutely prohibits the importation of anything but the very highest quality and most expensive goods, even though the raw materials have been purchased in the American market of American producers.

Respectfully submitted.

IRVING P. FAVOR,
Representing L. & C. Hardtmuth,
Pencil Makers, Budweis, Austria.

## PHILIP BEROLZHEIMER, NEW YORK CITY, ASKS THAT PRESENT DUTIES ON LEAD PENCILS BE RETAINED.

Washington, D. C., November 28, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: I respectfully request that paragraph 456 be not

changed in the pending tariff for the following reasons:

Labor in the pencil industry in America is 400 per cent higher than in Germany and Austria and 300 per cent higher than in England. The actual wages paid in the month of September, 1908, in factory of Eagle Pencil Company, London, England, were \$10 per month per person, and during the same month in the factory of the Eagle Pencil Company, New York City, they were \$37 average, manufacturing the same class of goods.

Importations of pencils to the United States since the present tariff went into effect have increased almost four times as much. (Com-

parison attached.)

Raw materials are imported to a considerable extent, subject to duties, freight, and profit to the importer. I would mention clay, dry colors, slate, shellac, bronze powder, gold and silver leaf, etc.;

all graphite must be imported.

Cedar wood for lead pencils in this country comes from the Southern States. Many slat mills have been erected who buy this wood from the farmers and, after cutting it into various sizes, sell it to the pencil factories. These mills have been flourishing and the farmers are receiving good prices for their wood. A reduction of the tariff means the shutting down of mills, as European pencils made of linden and other woods would take the place of the southern product. (See letters attached.)

Japan has established in recent years between 30 and 40 pencil factories, and of late has adopted improved machinery purchased in Germany. Most of the hand labor is done by servants, children, and coolies at home, and is about one-tenth of the American labor, paid in silver. Lately their goods have reached the Pacific coast (samples submitted), consisting of such infringements as to make it almost impossible to distinguish these goods from the American product. For these reasons we were compelled to establish a factory in England two years ago.

Submitted by—

PHILIP BEROLZHEIMER, 377 Broadway, New York.

(Representing American Lead Pencil Company, Eagle Pencil Company, Eberhard Faber, Jos. Dixon Crucible Company, O. F. Chichester, Hudson Lumber Company.)

### BUSINESS MEN OF LEWISBURG AND MURFREESBORO, TENN., ASK RETENTION OF PRESENT DUTY ON LEAD PENCILS.

Washington, D. C., November 28, 1908.

Hon. SERENO PAYNE, Washington, D. C.

DEAR SIR: We, the undersigned business men of Lewisburg and Murfreesboro, Tenn., most respectfully ask that, as chairman of the Ways and Means Committee, you submit the following facts to the consideration of your committee:

For a number of years the cedar-pencil industry has thrived in several counties of middle Tennessee; especially is this true in our own

county.

The American Lead Pencil Company has a plant here that gives employment to 150 to 200 employees. These employees are paid \$1,000 per week, and, as a matter of course, this money is spent here in our town.

In addition to that the farmers are continuously receiving money for their timber, thus enabling them to have some ready money the year round, changing the rule that formerly existed of having money once a year—when they sold their crops.

From \$100,000 to \$200,000 is paid in this town for such cedar

yearly.

A reduction of the tariff on lead pencils of course would naturally tend to lower wages for the employees, and our farmers would get less for their cedar. Not only this county, but various localities in the South would suffer by a reduction of the schedule.

In view of the above facts we respectfully ask your committee not

to change the present schedule.

Very respectfully, Jo Wheeler et al.

# SUPPLEMENTAL BRIEF OF PHILIP BEROLZHEIMER, NEW YORK CITY, RELATIVE TO DUTY ON LEAD PENCILS.

New York, December 3, 1908.

Hon. Sereno E. Payne, M. C., Washington, D. C.

Dear Sir: Referring to the brief of I. P. Favor, representing the Austrian pencil makers, L. & C. Hardtmuth, filed November 28, 1908, I desire to contradict certain statements contained therein, sup-

plementary to my brief of same date.

No graphite of any kind is mined or known to exist in the United States suitable for the manufacture of pencils. By far the greatest part of this raw material is mined and shipped from Budweis, Austria, at which place the pencil factory of L. & C. Hardtmuth is located. The only other graphite mine supplying pencil factories is located in Sonora, Mexico, and is owned by American interests. The graphite from this mine is shipped wholly or in part to Saginaw, Mich., whence, after being assorted and graded, it is reshipped to various parts of the world.

The statement that the present tariff prohibits the importation of medium and ordinary grades of foreign-made pencils is also incorrect. The published circulars of the Treasury Department prove the

importation of many low-priced pencils, as low as M. 1.80 per gross

(about 43 cents) from foreign countries.

A specific and ad valorem duty on pencils has been in force here for many years in the McKinley bill, to wit, 50 cents per gross and 30 per cent ad valorem. The Wilson bill changed the tariff to 50 per cent ad valorem, without specific, and had as a consequence, gross undervaluations and frauds, which were practiced during the Wilson bill for many years by certain foreign pencil makers. Of the great number of additional duties paid and fines imposed under the Wilson tariff by the United States Board of General Appraisers, I will mention only one, amounting to almost \$40,000 (see Treasury Department Circular No. 40, hereby attached). In the Dingley bill the tariff was changed back to what it was in the McKinley bill, with the exception of a slight reduction (to wit, 45 cents per gross and 25 per cent ad valorem). This change was made at the suggestion and by advice of Colonel Tichenor, then president of the United States Board

of General Appraisers. Mention is made in government reports of the exportation of lead pencils from the United States to Canada and other countries. Investigation shows that nearly all the shipments to Canada shipped as lead pencils were in reality stationery novelties. The freight rate for lead pencils, which go under the commodity rate, being 331 per cent less than stationery and novelties, which go under a class rate. No American pencils of any kind are shipped to the European Continent, Asia, Africa, Australia, or to South America, unless it be a very small amount, of less than \$1,000 per annum, by local dealers in connection with other stationery, which I can not trace. Mexico and Cuba buy American pencils in small quantities, mostly for the use of their Governments, on account of prompt deliveries, which can be made from this country. The only exportation of pencils to England is now made by the Eagle Pencil Company, shipping pencils in small quantities, in the rough, to their branch factory in London, where the goods are finished on account of the great difference in

Respectfully submitted.

PHILIP BEROLZHEIMER.

(Representing: American Lead Pencil Company, Joseph Dixon Crucible Company, Eberhard Faber, Eagle Pencil Company, O. F. Chichester, Houston & Liggett, and Hudson Lumber Company.)

#### PENCIL LEADS.

[Paragraph 457.]

REPRESENTATIVES OF MANUFACTURERS OF LEAD PENCILS ASK FOR COMPOUND DUTIES ON LEADS.

> 377-379 Broadway, New York, January 7, 1909.

Hon. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

Washington, D. C.

DEAR SIR: Black leads for pencils are made of graphite and clay. The number of operations is so great that it requires from three to

four weeks to complete the finished stick. The actual cost of labor on a gross of leads is three times the cost of the materials used, and averages 14 cents against a 3-cent cost in Germany. This cost of labor increases in proportion to the increased diameter of the lead.

Attention is called to the fixed charges, which are in most cases higher than in Germany, Austria, or England, such as rent, power,

insurance, and management.

This condition indicates the absolute necessity of a specific duty in addition to an ad valorem rate, in order to protect the American manufacturer only in so far as to put him on an equal basis with the

foreigner.

Colored and copying leads: The American manufacturer pays 8 cents duty per pound of milori blue and other colors used for colored leads, and 30 per cent ad valorem for methyl violet, used for copying leads, which is equivalent to 15 cents duty per gross of leads, to say nothing of the labor, which is from four to five times that of Germany, Austria, or England. At the present ad valorem rate of 10 per cent a profitable industry may be developed by importing leads for the purpose of extracting the colors. The following duties imposed upon pencil leads (paragraph 457) would simply equalize the difference in labor here and abroad, viz: Black leads, 10 cents per gross and 10 per cent ad valorem; colored, copying, or other pencil leads, 10 cents per gross and 25 per cent ad valorem.

Respectfully submitted.

PHILIP BEROLZHEIMER,
Representing American Lead Pencil Co., Eagle
Pencil Co., Joseph Dixon Crucible Co., O. F.
Chichester, Houston & Liggett, Hudson Lumber Co.

### PHOTOGRAPHIC FILMS AND PLATES.

[Paragraph 458.]

#### STATEMENT MADE BY F. ERNEST CRAMER, OF ST. LOUIS, MO., REL-ATIVE TO PHOTOGRAPHIC DRY PLATES.

Saturday, November 28, 1908.

Mr. Chamer. Mr. Chairman and gentlemen of the committee, I realize that your patience has been sorely tried by the voluminous arguments that have been presented to you, not only during the day, but during the last three weeks, and I can appreciate what that means, because, like yourselves, I am a member of a legislative body. I have the honor of being a member of the city council of St. Louis, where frequently we call public hearings on important public bills, at which times many citizens appear who ask to be heard on both sides of the question. For that reason I am going to be as brief as I possibly can.

Mr. Grices. You have almost used up your five minutes already. Mr. Cramer. Before I begin I want to bring to you, Mr. Chairman, a message from a man who is well and favorably known to each

and every member of your committee. I refer to your distinguished colleague, my very good and esteemed friend, the Hon. Richard Bartholdt. Mr. Bartholdt sends to you a message of greeting and also a message of regret at his inability to be present with you to-day on account of illness.

Mr. Griggs. Will you file that, please. [Laughter.]
Mr. Cramer. If I am not interrupted quite so often I will get through quicker.

The CHAIRMAN. The gentleman will please not interrupt him.

Mr. Griggs. I will not interrupt you at all, sir.

Mr. Cramer. I appear here in behalf of the dry-plate industry. Our business, in comparison to the shoe business, in the volume of business we do, can probably properly be termed an "infant" industry, and, as such, claims the protection of the Government. Under the Wilson bill the duty on glass was fixed at 1 cent a pound; that is, the glass under 10 by 15 inches. I will not refer to the sizes above that. We are willing to have the duties on those remain as they are. In the Dingley bill that duty has been advanced to 1\frac{3}{2} cents a pound, an advance of practically 50 per cent. On gelatin, which is also one of our principal raw materials, the duty under the Wilson bill was an ad valorem duty of 25 per cent. Under the Dingley bill there is a specific duty of 15 cents a pound added to the price over in Europe, and then an ad valorem duty of 25 per cent is added also. Under the Dingley bill the duty on dry plates imported into this country is 25 per cent, whereas under the McKinley bill it was 40 per cent. You gentlemen can therefore appreciate the position in which we are placed. The duty on the raw material, on both glass and gelatin, has been increased and the duty on the finished product has been decreased, and this notwithstanding the fact that neither the glass nor the gelatin which we use may or can be made in this country. We have tried repeatedly to get both the glass and the gelatin in this country. We have applied to the manufacturers who make glass and who make gelatin, and in both instances we were told that they did not care to make the material which we used. Our glass is put up in 100-foot boxes, whereas the American glass is put up in 50-foot The foreign gelatin which we use comes in packages of 1 pound, in sheets, whereas the gelatin made in this country is shredded, so that there is absolutely no danger of any fraud being practiced, and we would suggest that the regulation which was adopted by the Canadian government in 1907 at our request be incorporated in the new tariff, which reads as follows:

Sec. 317. Glass cut to size adapted for use in the manufacture of dry plates for photographic purposes, when imported by the manufacturers of such dry plates for use exclusively in the manufacture thereof in their own factories,

You see by adopting that classification there is absolutely no chance of the glass being used for any other purpose.

The CHAIRMAN. Your time has expired.

Mr. CRAMER. I have finished.

Mr. Griggs. Will that suit you—putting glass on the free list?

Mr. CRAMER. Yes, sir; glass and gelatin. If you will do that, we are satisfied to have the duty on the finished product remain as it is, although it comes in in large quantities, the plates coming into this country and competing with us, by reason of the fact that the labor

is cheaper over there than it is here, and by reason of the fact that they have no duty to pay on either glass or gelatin, which we must pay.

## THE EASTMAN KODAK CO., ROCHESTER, N. Y., URGES RETENTION OF PRESENT DUTY ON PHOTOGRAPH SUPPLIES.

ROCHESTER, N. Y., November 30, 1908.

The Eastman Kodak Company, of Rochester, N. Y., respectfully urges that the import duty on photographic papers and photographic films and cameras should not be reduced, for the following reasons:

1. The duty on the finished product should be retained, because the company pays duty on enormous quantities of the raw material which it uses and which it is obliged to import from foreign countries, which duty is as great, and in some cases greater, than the import duty upon the finished product.

This company manufactures sensitized photographic papers, photographic films, photographic dry plates, photographic cameras (kodaks),

and various other photographic supplies.

In manufacturing it uses, among other things, photographic gelatin, raw photographic paper, raw baryta-coated paper, and glass for

photographic plates, in large quantities.

It is obliged to import all of the above materials from foreign countries, either for the reason that the same is not manufactured in this country or because there is none manufactured in this country which is suitable for its use.

Upon these imports it pays under the present tariff the following

rates:

Photographic gelatin 15 cents per pound and 20 per cent ad

valorem (par. 23).

Raw photographic paper for sensitizing or baryta coating, 3 cents per pound and 10 per cent ad valorem (par. 398).

Baryta-coated paper for sensitizing, 30 per cent ad valorem (par.

398).

Glass for photographic plates, from 1\frac{2}{3} cents to 2\frac{2}{3} cents per pound, depending upon size of sheets (par. 101).

The duty on photographic film and photographic plates is 25 per

cent ad valorem (par. 458).

The duty on sensitized photographic paper is 30 per cent ad valorem (par. 398).

The duty on cameras is 45 per cent ad valorem (par. 111).

It is plain, therefore, that as the company is obliged to purchase the raw materials above mentioned from foreign countries and pay a duty thereon of 30 per cent or more, the duty on the finished product, viz, films, sensitized photographic paper and photographic plates, should not be reduced.

2. The duty on photographic films and photographic sensitized paper should not be reduced, because such reduction would directly tend to drive the business away from the United States to England, Germany, and France, in which countries competing films, sensitized papers and photographic plates are now manufactured.

It is estimated that over 6,000 wage-earners are employed in the

United States in the manufacture of photographic goods.

The average wages paid to employees in the factory of this company at Rochester, N. Y., where the films, papers, and plates above referred to, are manufactured, are as follows:

	Per week.	
Girls and women	\$8.00 to	\$11.00
Boys.	8.00 to	10.00
Boys. Men (average)		14.00

The wages paid for similar services in a corresponding photographic factory, located at Harrow, England, a few miles from London, are as follows:

	Per week	i.
Girls and women	\$3.00 to \$4	4. 00
Boys	2.50 to 3	3. 00
Men		

The above figures show that this company is paying in a similar factory in the United States more than three times as much to the boys, and more than two and one-half times as much to the girls, and more than twice as much to the men, as is paid in the English factory.

(The reason that in England the girls are paid more than the boys

is that boys are employed at a younger age than girls.)

Even at the present rate of duty on the finished product, English and French films are imported into and sold in this country in competition with American film.

The main reason why they are able to do this is that they pay so

much less for labor.

Should the present duty be decreased, foreign manufacturers could place their film on the market in this country at a less cost than that at which our goods can be manufactured, by reason of the smaller wages paid by foreign manufacturers in the manufacture of the film and the advantage which they have in not being compelled to pay duty on raw materials. The result would necessarily be a large reduction in the total amount of goods manufactured in this country and the discharge from our factories of a corresponding number of employees.

We could not retain such employees, not only because we would not have work for them to do but because they would not stay at the

necessarily reduced wages.

Notwithstanding the fact that wages paid in our factory have increased, the price of films is less than it was when first introduced, about January 1, 1890, the prices of sensitized plates and paper have steadily decreased, and the price of cameras has shown a still larger decrease, although the prices we are obliged to pay for the raw materials have increased very greatly.

Until Congress has the right to fix the rate of wages which are to be paid it should not decrease the present duty on films and sensitized papers, and thus deliberately drive a large volume of trade from this

country to foreign countries.

3. Film photography was first made practicable for general use

in this country.

Amateur photography was practically unknown until, by the inventive genius and business ability of American inventors and manufacturers, the taking, developing, and printing of pictures became so simple and so cheap that children could take accurate and beautiful pictures and people of moderate means could afford to use the camera.

The products of this inventive genius and business ability have teen of incalculable value to science, to newspapers and periodicals, and to very many other different kinds of business, and have been a means of education and a source of enjoyment to millions of people in this country, and thousands of men and women have been given employment at good wages.

Foreign manufacturers have followed in the wake of American inventors and manufacturers and have attempted to profit by the processes and inventions which were discovered and first introduced here.

Every film camera and every photographic film made in foreign countries is an imitation of, or an attempted imitation of, cameras and

films made in this country.

It would be unfair for Congress to reduce the duty on the finished product, and thus deliberately offer aid and inducement to foreign manufacturers to land their goods on our shores and to compete on an equal footing with American manufacturers, after such foreign manufacturers have succeeded in making a competing article by imitating as far as possible our processes and pirating our inventions and discoveries.

In conclusion, we also call attention to the fact that it is estimated that upward of 60 per cent of goods of our manufacture is used by amateurs, and that such goods are luxuries as distinguished from necessities. Under the well-recognized policy of this Government luxuries are made subject to an import duty when revenue is to be raised and American industries are to be protected against foreign cheap-labor competition.

For the above reasons we respectfully submit that if any change is made in the duty on imported photographic films, sensitized photographic papers, sensitized photographic plates, and cameras, the rate should be increased rather than diminished, and that it certainly

should not be decreased.

Eastman Kodak Company, By George Eastman, Treasurer and General Manager.

#### UNDERWOOD & UNDERWOOD, NEW YORK CITY, WISH PHOTO-GRAPHIC FILMS AND PLATES PLACED ON FREE LIST.

New York, N. Y., December 9, 1908.

COMMITTEE ON WAYS AND MEANS,

House of Représentatives, Washington, D. C.

Sirs: We beg to suggest that this class of imports merit free entry, and in support thereof to state:

The facts given apply especially to manufacturers of stereoscopic photographs, but we believe also apply equally to all American

manufacturers who photograph abroad.

The United States is at present many times the largest producer of high-grade stereoscopic photographs, and exports a liberal percentage of its product. Although there is at the present time indications of keen competition developing in Germany, France, and

Japan, America has heretofore been many times the largest pro-

ducer of high-grade stereoscopic photographs.

Photographs of foreign sites and subjects are essential to this export trade, and are of large importance in domestic trade, both for educational institutions and private use.

Photographs, stereoscopic and otherwise, have come into large use

in educational institutions.

For quality of high grade, a photograph must be from an original negative. A negative of Rome must be made in Rome and not copied from another picture, or the photograph therefrom will be inferior.

As modern stereoscopic photography has largely been developed by Americans and its special needs in subject and composition understood by them, the custom is almost universally followed by these manufacturers of sending their own operators, selected and trained by themselves, and then returning the exposed plates or negatives directly and exclusively for use in their own factories in this country.

Photographic negatives are not articles of merchandise in the usual sense of the word. But few of those made for commercial

uses ever change hands.

They are simply tools; the manufacturer who uses them must, in almost every case, make them himself; those of foreign subjects must be made abroad. On entering this country they go at once into the

manufactory, where they stay.

Imposing a duty on such exposed plates or negatives is a discrimination against the American manufacturer of photographs of foreign subjects. Their importation increases a home industry and works no disadvantage or injury to anyone; obviously original

foreign negatives can not be made in America.

The law of 1897 includes in the free list different products and materials intended expressly for use in American manufactory, as bolting silks, paragraph 498; glass plates, paragraph 565; lithograph stones, paragraph 601, and many articles more strictly raw material; also the work of American artists, paragraph 703. The characteristic of these imports accord so closely with those of the exposed photographic plates or films and negatives we feel the general spirit of the present law would at once admit these latter to the free list.

There is no specific provision in the law of 1897 for either exposed photographic plates or films or negatives. From all information we conclude this class of imports was then practically unknown to

the customs service.

This has resulted, in spite of the painstaking endeavors of the customs authorities, in inconsistencies very unsatisfactory to the importers, and, we are persuaded, as little satisfactory to the authorities. For example: Under T. D. 24012, October 14, 1902, exposed photographic films—that is, an emulsion on celluloid—has been admitted free. Exposed photographic plates—that is, a similar emulsion on glass-have paid duty. Although photographic dry plates and photographs were dutiable at 25 per cent ad valorem, yet exposed photographic dry plates were until early in 1907 and photographic negatives still are classified as "manufactures of glass," dutiable at 45 per cent. We are not informed as to the practice in the case of developed photographic films, but the same method of classification would make them dutiable as celluloid at a rate wholly different from the rate on the negative on glass. In fact the glass and the celluloid, as substances, bear no relation at all to the operative properties of the negative, the requirement being merely a cheap transparent substance of any material whatsoever which will support the emulsion.

We will appreciate opportunity to furnish any information desired

or substantiate any statements made.

For these reasons we earnestly urge consideration by the committee of the free entry of exposed photographic dry plates and films and negatives.

Respectfully submitted.

Underwood & Underwood, By B. Underwood, President.

(A letter similar in purport to the above was filed by the H. C. White Company, North Bennington, N. Y.)

#### SMOKERS' ARTICLES.

[Paragraph 459.]

# WM. DEMUTH & CO., NEW YORK CITY, CLAIM THAT PRESENT DUTIES ON PIPES AND SMOKERS' ARTICLES ARE FAIR.

New York, November 18, 1908.

COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

Gentlemen: Being manufacturers and importers of pipes and smokers' articles, we take the liberty of addressing you in reference to tariff revision on these articles.

Established in 1863, we imported all our goods, and when a higher protective tariff of 75 per cent ad valorem and \$1.50 per gross specific duty came into existence we were encouraged to commence manu-

facturing here.

When a revision of the tariff took place we used our efforts to have the Committee on Ways and Means reduce the rates on smokers' articles to 75 per cent ad valorem, to take off the specific duty, and to place raw materials, such as French brier-wood blocks, on the free list, as we had been considerably hampered owing to duty on this material. This French brier wood is the only wood in existence which is practical for a useful pipe, and nothing has been found in this country which could be applied as a substitute.

The very last revision of the tariff reduced the rate to 60 per cent. Foreign manufacturers were then very much encouraged and made special efforts, and so did the importers here who had no interest in the American factories, and the result was larger importations, whereby the American industry here had to suffer. This, luckily, was overcome later on, as the price of labor in Europe increased with

larger importations.

We have an experience of about forty-five years, have the largest plant in this country or Europe, with the best equipment; have, or course, never been able to do any exporting to Europe, but we are still importing such goods on which the cost of labor is the predominant part of the total value. The enormous difference between the cost of skilled labor in America and that of Europe (the puchasing power of 40 cents there being equal to that of \$1 here) is the item we have to contend with.

The importations in smokers' articles, at invoice price, including duty (which means our cost price) as per custom-house records, for

the fiscal year of 1907, amounted to a little over \$1,600,000.

This country produced in pipes and smokers' articles, figuring the manufacturer's cost, during the same period the sum of about \$3,500,000.

The importations of the year 1906 were \$1,250,000, including duty, while the production in this country during the same time was fully

20 per cent less than in 1907.

These figures are a conclusive proof of the fairness of the present tariff. While protecting the American manufacturer, it still permits the importation of smokers' articles equal to 45 per cent of the goods manufactured in this country. Therefore any reduction of the tariff would seriously harm the American industry. As much as we have been opposed in the past to an excessive duty, which invariably leads to an unhealthy condition, we to-day are strongly in favor of maintaining the present rate, which has proven to be a just one to us, being importers as well as manufacturers, and to the Government.

Permit us to suggest, as our senior advised many, many years ago, the enactment of a law to compel the European merchant to file an oath in the manner prescribed by his respective country as to the correctness of his invoice, and that our consul should not pass same without certificate of such oath. We know for a fact that some European merchants do not realize the sanctity of an oath when made in the American way, without any formalities, whereas an oath executed in the manner they are accustomed to, and lawful in their respective countries, is less liable to be misused, because this is the only oath which they consider binding. If this procedure were followed it would have a tendency to correct the evil of undervaluation, which would be an additional protection to the American industry.

Yours, respectfully,

Wм. Dемитн & Co.

### BRIEF SUBMITTED BY EDWARD REAGAN, OF SYRACUSE, N. Y., RELATIVE TO CLAY TOBACCO PIPES AND BOWLS.

207 to 213 Cayuga Street, Syracuse, N. Y., November 24, 1908.

Mr. WILLIAM K. PAYNE,

Clerk, Committee on Ways and Means,

House of Representatives, Washington, D. C.

DEAR SIR: I understand that on November 28 next the Ways and Means Committee of the House of Representatives will consider the question of import duties on goods manufactured under Schedule N, which embraces the manufacture of clay tobacco pipes.

I therefore desire to present to you a few facts in this connection in behalf of this industry in the United States, and I would thank you to present the same to the committee on the date mentioned.

I have been a manufacturer of clay tobacco pipes in this city for upward of thirty years, and am thoroughly familiar with all modes

of manufacture. At the present time there are about 15 factories in this country making clay pipes, which are located in various cities and towns between New York and St. Louis. The labor employed by these factories is largely skilled labor, and at least 95 per cent of the cost of manufacturing clay pipes, exclusive of packing boxes, is hand labor.

The competition that we meet with in the sale of foreign pipes, as made in Germany by boys, girls, and women, which are produced so cheap that the specific duty of 15 cents per gross, which is the present tariff on clay pipes, is not sufficient to reasonably protect the industry in this country and to offer a fair remuneration to labor.

The machine-made pipes which are sold in this country and made in Scotland are entirely unsatisfactory for home consumption in that country owing to the demand for hand-made pipes, which have many decided advantages over machine-made pipes and are much more expensive to produce. Therefore, a quantity of machine-made pipes are sent to this country, and under the present duty are profitable for importers to handle, as they can be produced for considerable less money than any hand-made pipe made either at home or abroad, except produced by child labor, and because of this extra profit many extensive jobbing houses in this country refuse to buy the Americanmade pipes because they are not as profitable for them to handle, and I feel that the present duty is insufficient to warrant the slightest improvement in the present conditions relative to the manufacture of American clay pipes, and that it should be advanced to at least 25 cents per gross, specific duty.

From my long experience, association, and intimate acquaintance with all the principal manufacturers of clay pipes in this country, I feel very certain that a tariff of 25 cents per gross on clay pipes will only reasonably equalize the difference between the cost of manufacture at home and abroad, and I would ask that you give this appeal the proper consideration when rearranging the schedule in which

this industry appears.

I have the honor to remain, yours, very truly,

EDWARD REAGAN.

#### CHAS. KURTH COMPANY, NEW YORK CITY, ASKS RETENTION OF THE PRESENT DUTY ON CLAY TOBACCO PIPES.

NEW YORK, November 24, 1908.

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

Gentlemen: We herewith enter our protest against any contemplated reductions in the rates on the articles which we manufacture, namely, clay pipes for smoking tobacco, and we advance the follow-

ing arguments to support our protest:

The present rate of 15 cents per gross on clay pipes costing 40 cents or less per gross does not allow us to compete with the same articles of British, Dutch, and German manufacture, as the importers can undersell us to the extent of 10 cents per gross, which is a large difference on an article selling at 55 to 60 cents per gross wholesale. We are therefore compelled to import such quantities of cheap pipes which we need for the wants of our trade in order to make good our

claim that we carry in stock all kinds of clay pipes. If, therefore, we had protection to the extent of an extra 10 cents per gross, or an import rate of 25 cents per gross, we could make these cheap goods right here, employ American labor to make them, and pay American wages for the making without increasing the cost of the articles to the smoker, as these pipes would not retail for more than 1 cent apiece, anyway.

The present tariff rate on the better grades of pipes, 50 cents per gross and 25 per cent ad valorem, just allows us to compete with goods of British manufacture only for the reason that we produce with American union labor an article which, although more costly to the retailer, is better in quality and appearance than the imported,

and also more durable.

In summing up we ask that the present rate of tariff on the better grades of clay pipes be maintained, and also ask you to consider an increase of 10 cents per gross in the rate of tariff on the cheap grades, and further offer for your consideration the following facts:

We employ about 50 hands in our factory.

We pay the highest rate of wages to our employees on piecework.

Our representative, Mr. Charles Kurth, will be in Washington on Friday and Saturday next to present our case to you in person, and will then be ready to give you any further detailed information which you ask for, providing you grant him the interview which we herewith request.

Respectfully submitted.

CHAS. KURTH CO.

# JOHN S. V. HUNTER, PHILADELPHIA, PA., THINKS THAT THE DUTY ON CLAY TOBACCO PIPES SHOULD BE INCREASED.

1032 Arizona Street, Philadelphia, Pa., November 27, 1908.

Hon. S. E. PAYNE, M. C., Washington, D. C.

DEAR SIR: The present tariff on common clay pipes wholly of clay is 15 cents per gross, but it would require to be raised to give us adequate protection against foreign labor, as labor is about 65 per cent of the expenses of manufacture of common clay pipes wholly of clay. Owing to the small profit we are unable to offer sufficient induce-

ment to young men to learn the trade. Therefore we are unable to build up our business on a large scale, which would mean a more

economic process of production in Philadelphia.

The present market price of common clay pipes which retail at 1 cent each is 50 cents per gross. This is as high as we can command on account of the imported pipes coming in competition. The dealer on an outlay of 50 cents gets a return of 144 cents, or 94 cents profit. Therefore, I don't think it unreasonable to ask that the tariff on common clay pipes wholly of clay be raised from 15 cents per gross to 25 cents per gross, as it is absolutely essential to the well-being of our trade of the future, and the price to the consumer would still be the same. Trusting this will receive your consideration, I remain

Respectfully, yours,

JOHN S. V. HUNTER.

STATEMENT OF CHARLES KURTH, OF BROOKLYN, N. Y., WHO WISHES INCREASE OF TEN PER CENT IN THE DUTY ON CLAY TOBACCO PIPES AND PIPE BOWLS.

SATURDAY, November 28, 1908.

The CHAIRMAN. We will hear you for five minutes, if you desire. Mr. Kurth. Mr. Chairman and gentlemen of the committee, I have a very small brief, which I will read.

Mr. Chairman and gentlemen, seeing that the Ways and Means Committee is here for the purpose of revising the tariff, I come here to plead for an advance on a certain class of goods, namely, clay tobacco pipes and pipe bowls, valued at 40 cents and under per gross, which is not enough to protect our industry; especially on that class of goods we should at least have 25 cents specific per gross.

By granting my request you will not only protect American-made goods, but will do so at no extra cost to the consumer, the cost now being within the lowest medium of our currency, namely, 1 cent each for those most general in use. A reduction of those, therefore, will

be out of the question.

By increasing the import duty, and thus in some degree discouraging the importation of foreign-made pipes, this line of manufacture would be greatly stimulated in this country and there would necessarily spring up factories for their production in regions in which they could not now exist and which are at present reached only by foreign goods. This is true of the entire South, the nearest home factory in that portion being situated in the city of Baltimore, and if we produced 75 per cent of what is consumed in the United States we would be satisfied for the present and therefore could give steady employment to all of the unemployed clay tobacco-pipe makers in the United States. Perhaps you would like to know the average wages paid in foreign countries and the United States. Germany, per gross, 13 cents; United States, 36 cents; difference per gross, 23 cents. Canada, 13 cents; United States, 36 cents; difference, 23 cents per gross. Scotland, 17½ cents per gross; United States, 36 cents; difference, 181 cents per gross. Holland, 11 cents; United States, 36 cents; difference, 25 cents per gross.

By these figures, gentlemen, you can see that it is impossible to com-

pete with foreign labor on this class of goods.

Also on the full line of better-class clay tobacco pipes the tariff is now 50 cents per gross and 25 per cent of ad valorem. I do suggest at least 10 per cent ad valorem added to what the tariff is at present.

#### W. C. BANNERMAN AND WORKMEN, NEW YORK, ASK AN IN-CREASE OF TEN CENTS PER GROSS ON CLAY TOBACCO PIPES.

NEW YORK CITY, December 1, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: I, as a manufacturer of clay pipes and employer of men in that business, knowing the keen competition from other countries abroad and the small wages our workmen make through the cheap goods-i. e., pipes imported from Germany and Scotland under

the present low tariff, namely, 15 cents per gross on common clay pipes, while we are paying our men 80 to 90 per cent more for making the same class of goods here; then, their wages are only \$8 to \$9 a week—I, with my employees, respectfully request that in the revision of the present tariff on common clay pipes you will so use your influence as to have the tariff raised to 25 cents per gross, specific duty. The advance we request of 10 cents more on the gross will not affect the price of the pipe to the smoker, as it is simply an increase of 10 cents on 144 pipes, but will enable us to pay better wages to our workmen; it will also enable us to employ a number of men who have gone out of the trade because of low wages and the high cost of living. All material used by us in the manufacture of clay smoking pipes is the product of this country.

For the above reasons we respectfully request that you will aid us

in this matter.

Respectfully submitted, by W. C. Bannerman and employees.

W. C. Bannerman, Tobacco Clay Pipe Manufacturer.

### CLAY TOBACCO PIPE MAKERS ASK AN INCREASE OF TEN CENTS PER GROSS ON COMMON TOBACCO PIPES.

Brooklyn, N. Y., December 5, 1908.

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

Gentlemen: We wish to present to the Committee on Ways and Means a few facts of interest to us and relative to our industry in the United States. We have been employed as clay tobacco pipe makers for the last fifteen years and more, and are thoroughly familiar with all the modes of manufacture.

The imported article with which we compete is produced in Europe and Canada by machines, boys, girls, and women, who work for so little that the present rate of duty on imports is insufficient to reasonably protect our industry and offer a fair remuneration to clay

tobacco pipe makers in the United States.

The machine-made pipes which are sold in this country are made in Scotland and are an inferior article and are entirely unsatisfactory to the home market, owing to the demand for hand-made pipes, which have many decided advantages and are much more expensive to produce than machine-made pipes. Therefore the foreign manufacturers are using this country as a dumping ground for their cheap and inferior article.

At the Dingley tariff bill hearing we asked for a specific duty of 25 cents on all common tobacco pipes and pipe bowls made wholly of clay, but were not recognized, owing to a misunderstanding on the part of a manufacturer who represented our industry at that time.

Since the Dingley tariff went into effect our industry has gradually been increasing on the better class of goods. The European manufacturers, however, still hold the market in this country on the inferior class of goods, owing to the large quantity of machine-made pipes which are sent to this country, and which are, under the present rate

of duty, more profitable to the dealer to handle, as they can be produced for considerably less money than any hand-made pipes made either at home or abroad, and because of the extra profit many pipe dealers in this country refuse to buy the American-made article.

We are positive from our long experience that the present rate of duty is not sufficient to better present conditions in our industry.

In advancing the rate of duty on common clay pipes 10 cents per gross the cost to the consumer will not be any greater than at present, as this small advance will not make the retail price any higher than 1 cent, the present price. In our opinion all common tobacco pipes and pipe bowls made wholly of clay, valued at not more than 40 cents per gross, should pay a duty of 25 cents per gross specific instead of 15 cents specific, and the full line of better goods which are at present dutiable at the rate of 50 cents per gross specific and 25 per cent ad valorem should be 50 cents per gross specific and 35 per cent ad valorem, which, if granted, would give the Clay Tobacco Pipe Makers' Union of America a fair remuneration for their labor.

Before the McKinley tariff went into effect our industry was pro-

tected by a duty of 35 per cent ad valorem.

The McKinley tariff made the duty 15 cents per gross specific.

The Wilson tariff reduced the duty to 10 per cent ad valorem, which forced hundreds of our workmen out of the industry.

The Dingley tariff put the duty back to the same rate of the

McKinley tariff, namely, 15 cents per gross specific.

With all these changes not one manufacturer came to this country to start pipe making, although many small manufacturers came with that intention, but after becoming acquainted with conditions dropped the idea and went into other lines of business, which, gentlemen, is the best argument that our industry has never been sufficiently protected.

Respectfully,

John W. Thomas, Secretary, Clay Tobacco Pipe Makers' Association.

# J. W. & J. T. SMITH, UNION HILL, N. J., URGE AN INCREASE IN THE DUTY ON CLAY TOBACCO PIPES.

Union Hill, N. J., December 7, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: I am one of the clay-pipe manufacturers that would like to see the tariff advanced on clay pipes. We are compelled to compete against machine-made goods made in Scotland and also Germany. The cost to the consumer would be the same, and it would encourage the output to double what it is to-day in this country. It will encourage young men to learn this branch of business if we are protected. We would like to have an advance of 10 or 15 cents per gross.

Hoping this will meet with your approval, and that we may reach a

satisfactory result, I am,

Yours, very respectfully, J. W. Smith,

Of J. W. & J. T. SMITH.

#### AGRICULTURAL MACHINERY.

[Paragraph 460.]

## BRIEF SUBMITTED BY HUGH REID GRIFFIN, EUROPEAN MANAGER OF THE JOHNSTON HARVESTER CO., BATAVIA, N. Y.

Washington, D. C., November 18, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: At present in France all American and Canadian makers of agricultural machinery pay a duty of 15 francs per 100 kilos.

England, Germany, and Sweden all sell their machinery in France, but pay two-fifths less duty because they enjoy the minimum tariff rate of 9 francs per 100 kilos. Except on hay rakes and tedders, the advantages enjoyed by these countries have not diminished our trade. but England and Germany are doing more than they did because French importers, fearing that Canada may benefit by the treaty now under consideration to grant her the minimum tariff rates, are looking for other machines in such an event, for those made in the United States of America will be seriously affected by the difference in duty shown in a table which follows. The French trader has spurred the English and German manufacturer to greater effort to aid him.

There is a French competition which covers in mowers, binders, and reapers about one-seventh of the sales in France and is growing, but we can find no fault with the growth of a national industry. But if we wait before we secure the advantage of the minimum tariff, French interests will more strongly oppose. Then comes Canada,

with a treaty drafted and accepted in part.

Canada is already able to fight side by side with our American industry in agricultural machinery, even with certain disadvantages in lack of steamship lines direct to France. Under the new treaty, if granted and agreed to, direct lines will run at least to Havre. The advantage offered by the difference in the minimum tariff has not escaped the public notice of the International Harvester Company of America, who, in their official report of December 31, 1907, state:

The Canadian trade is supplied chiefly from the Hamilton Works, and, in view of its large and valuable trade with France, the company is fortunate in having a plant in Canada from which it can also supply the demands of its French customers; otherwise, owing to the recent commercial treaty between Canada and France, which practically precludes the company from selling American-made machines in the latter country, we could not hope to compete for the French business with Canadian and other foreign manufacturers.

The International Harvester Company alone possesses a factory in Canada at present equipped for the manufacture of harvesting machines, but other makers may be forced to follow, greatly to the detriment of United States labor, transport, and raw material interest, not to mention the diversion of United States capital.

Our industry needs little or no protection. We use steel and iron almost entirely in the building of our machines, and the quantity used is important to iron and steel enterprises already highly protected. We have greater outlay and expense for wood for poles and cases for packing machines each year. We would benefit by reduc-

tions in the duties on raw materials, steel, and wood, but should these industries require the protection they now enjoy and it remain unchanged to our disadvantage, as stated, then these industries, iron and steel, would have to suffer with us if, on account of advantages enjoyed by Canada, our exports dropped off largely, for 50,000 or 60,000 mowers, reapers, and binders call for tons and tons of iron and steel.

To get we must give, for France is alive to her interests. Our industries require the open door, or the door ajar, at least, and we can not afford to see the gates locked in our face without the strongest effort to protect and retain what American inventive genius created, American industry established, and the eternal watchfulness of American citizens abroad who have opened the remotest countries for our production have fought for and are striving to conserve.

I have frequently since election day put this question of tariff before laymen and professional business men, and their powers of belief have been taxed when I have named the total of this branch of trade in France, and, while vaguely admitting that it seems as though this industry should be vigorously cared for, they conclude by saying: "But why is it that French farmers can buy mowers, reapers, and binders for less than the American farmer?" The facts controvert such statement, but the impression exists generally and accounts for the public indifference, and shows the necessity of a committee who can deal with data.

In France in 1908 the farmer paid for American and Canadian machines: For mowers, \$60 (the American farmer paid \$45); for binders, \$170 (the American farmer paid \$125), in sizes such as are

sold in France.

The duty and charges in France on a binder are \$32, on a mower, \$13, and in mowers there is a very keen French competition and there are special expenses necessarily incurred, but beyond the actual duty the Franch farmer pays a considerable advance in price

duty the French farmer pays a considerable advance in price.

Duty now paid at 15 francs per 100 kilos.—The minimum tariff two-fifths less would show: On 2-horse mower, 50 francs, 20 francs reduction, or \$4; 1-horse mower, 38 francs, 15.20 francs reduction, or \$3; reaper, 60 francs, 24 francs reduction, or \$5; binder, 120 francs, 48 francs reduction, or \$9.50; hay rake, 29 francs, 11.60 francs reduction, or \$2.25; tedder, 43 francs, 17.20 francs reduction, or \$3.50.

Weight of machines vary and also rate of exchange, but the reduction under the minimum tariff as shown is not affected by these slight

differences to any extent.

At present English, German, and Swedish makers benefit to the extent shown in the above table on account of the minimum tariff which they enjoy. Canada, if she obtains the concessions covered by the treaty under consideration, will enjoy the same benefit. Canada now has one-seventh of the French mower, reaper, and binder trade and is equipped to contest it on the present lines of equality. With a preference such as shown she can seriously injure this valuable branch of American industry. The table above shows a reduction on the full line under minimum tariff rates, and this reduction represents a profit which any American maker would be satisfied with on the French trade.

Hugh Reid Griffin, Paris France, European Manager the Johnston Harvester Co., Batavia, N. Y.

### GAAR, SCOTT & CO., RICHMOND, IND., WELCOME REDUCTION IN DUTY ON THRASHING MACHINERY AND MATERIALS.

RICHMOND, IND., December 16, 1908.

Hon. S. E. PAYNE,

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

DEAR SIR: Replying to your favor of the 14th, it is impossible for us to give you a detailed statement showing labor cost entering into each item of our product. We can say, however, that we find from investigation that the wages paid by thrashing-machine manufacturers in England and Germany are from 25 to 50 per cent lower than are paid in this country; but this difference is greatly reduced, if not entirely wiped out, by superior methods of production, improved shop equipment, shop practice, etc.

It is also true that, as a general thing, foreign agricultural implements and machinery are inferior to those produced in this country, and in many lines this exists to such an extent that the American farmer would not have the foreign product, regardless of price.

The difference in wages of this country and Canada in our line is not very great, and we have no objection whatever to the tariff on thrashing machinery from that country being reduced to the same amount that the Canadian government puts on our machinery, or even to a lower point. In fact, we think the duty should be reduced at least one-half, regardless of what the Canadian government may do, and taken off entirely if they will do the same.

We again beg to say that we will welcome any reduction in the tariff on thrashing machinery that is made on the materials entering

into the construction thereof.

Yours, truly,

GAAR, SCOTT & Co.,

Manufacturers of Thrashing Machinery.

By S. S. STRATTAN, Jr.,

Secretary.

# STATEMENT OF EDWIN D. METCALF, OF AUBURN, N. Y., RELATIVE TO AGRICULTURAL IMPLEMENTS AND MACHINERY.

Saturday, December 19, 1908.

(The witness was duly sworn by the chairman.) The Chairman. You may proceed, Mr. Metcalf.

Mr. Metcalf. Mr. Chairman and gentlemen of the committee, I prepared a short brief and afterwards I will be glad to answer any questions that you may desire to ask.

Agreeable to your request, I herewith submit my views. Paragraph 460, section 1 of the tariff law of 1897, is as follows:

Plows, tooth and disk harrows, harvesters, reapers, agricultural drills and planters, mowers, horserakes, cultivators, thrashing machines, and cotton gins, twenty per centum ad valorem.

I would respectfully petition that all the articles covered by this paragraph be included in the free list with the following proviso, which is necessary to protect the small manufacturer:

Provided, That articles mentioned in this paragraph, if imported from a country which lays an import duty on like articles imported from the United States, shall be subject to a duty of twenty per centum ad valorem.

That is necessary, particularly in the case of Canadian importations.

This proviso, we believe, will lead to the giving to manufacturers of this country equal advantage with others in foreign countries, as has been our experience with the same clause in paragraph 491, section 2.

The present tariff has not been absolutely prohibitive, as is shown by the following receipts and duty collected upon items covered by paragraph 460:

Fiscal year ended June 30—	Rate of duty.	Value.	Duty collected.	Ad valo- rem rate of duty.
1898 1899 1900 1901 1902 1903 1904 1905 1906 1907	Per cent. 20 20 20 20 20 20 20 20 20 20 20 20 20	\$3,702.40 10,074.00 5,407.95 38,380.39 44,900.05 21,640.35 17,068.55 13,876.24 24,785.68 23,643.70	\$740, 48 2, 014, 80 1, 081, 61 7, 676, 10 8, 980, 03 4, 328, 07 3, 413, 71 2, 775, 24 4, 957, 13 4, 728, 74	Per cent. 20 20 20 20 20 20 20 20 20 20 20 20 20

Practically everything that goes into the manufacture of agricultural machinery is protected by a protective tariff—steel, iron, lumber, paint, and varnish—and wages are from 40 to 125 per cent more in this country than in many European countries where agricultural machinery is made for the local market, but in spite of these handicaps the manufacturers of this country have fairly prospered and continued to improve the character and efficiency of their tools and enlarge their factories until now the production far exceeds the requirements of this country, and for several years they have been compelled to seek a market in foreign countries to run their factories anywhere near up to their capacity, and we respectfully submit that any change in the present fariff on agricultural farm machinery should be shaped so as to enable us to market our surplus product in foreign countries on an equal basis with that of our principal manufacturing competitors in England and her colonies.

Duties.—The duty in foreign countries on the leading articles of

export in this class are as follows:

Austria-Hungary.—Rate, 24 crowns per 100 kilos net weight, \$4.80 per 220 pounds. Duty per grain binder, \$33.60; reaper, \$20.40; mower, \$15.36; hay-rake, \$7.60. Twine, 12 crowns per 100 kilos or \$2.40 per 220 pounds or \$1.09 per 100 pounds. Imports from United States are entered under minimum rates.

Belgium.—Rate, 4 francs per 100 kilos net weight, \$0.77 per 220 pounds. Duty per grain binder, \$6.22; reaper, \$1.65; mower, \$1.25; hayrake, \$1.39. No

minimum rates.

Bulgaria.-Machines free; twine free.

Denmark.—Rate 2½ ore per Danish pound; \$0.00658 per 1.102 English pounds.

Duty per grain binder, \$8.42; reaper, \$5.39; mower, \$3.95; hayrake, \$2.23. Twine, 2½ ore per Danish pound or \$0.508 per 100 pounds. No minimum rates. France.—Rate, 15 francs per 100 kilos; \$2.895 per 220 pounds. Duty per grain blnder, \$23.31; reaper, \$12.36; mower, \$9.35; hayrake, \$5.20. Goods from United States are entered under maximum rates. The minimum duties per machine are: Grain binder, \$13.99; reaper, \$7.42; mower, \$5.61; hayrake, \$3.12. Twine, 12.50 francs per 100 kilos, \$2.41 per 220 pounds, \$1.097 per 100 pounds. Minimum rates: Ten francs per 100 kilos, \$1.93 per 220 pounds, \$0.877 per 100 pounds.

Finland.—Rate, 10.60 marks per 100 kilos net weight, \$2.046 per 220 pounds. Duty per two-horse mower, \$6.55; hayrake, \$3.81. Twine, 7.10 marks per 100 kilos, \$1.44 per 100 kilos, \$0.655 per 100 pounds. No minimum rates.

Germany.—Rate, binders and reapers 4 marks per 100 kilos gross weight: mowers, \$0.952 per 220 pounds; hayrakes, 8 marks per 100 kilos net weight, \$1.904 per 220 pounds. Duty per grain binder, 10.47 marks; reaper, 5.48 marks; mower, 4.52 marks; hayrake, 4.30 marks. Twine, 8 marks per 100 kilos, \$1.904 per 100 kilos, \$0.866 per 100 pounds. These goods from the United States are entered under same rate as similar goods from other countries.

Great Britain.-Machines free; twine free.

Holland .- Machines free; twine free.

Italy.—Rate, binders and reapers, 9 lire per 100 kilos gross weight; \$1.737 per 220 pounds. Rakes and mowers, 4 lire per 100 kilos gross weight; \$0.772 per 220 pounds. Duty per binder, \$18.59; reaper, \$10.20; mower, \$3.46; rake, \$4.22; twine, 11.50 lire per 100 kilos, \$2.20 per 100 kilos, \$1 per 100 pounds. There is a reduced rate on mowers which applies to mowers from United States.

Norway.—Rate, 10 per cent on invoice value plus ocean freight, insurance, and landing charges; but can be declared free if no similar goods are made in Norway. Hayrakes only are charged duty. Duty per hayrake, about \$2; twine, 5 ore per kilo, \$0.614 per 100 pounds. There are no minimum rates.

Russia.—Rate, binders, reapers, hayrakes, free; mowers, 75 copecks per pood.

net weight, or \$0.387 per 36 pounds. Duty per mower, \$7.03; twine, 1,080 pounds free with a binder; other R., \$1.05 per pood, \$1.53 per 100 pounds. United States goods are entered under minimum rates.

Roumania.—Rate, 2.50 francs per 100 kilos net, \$0.482 per 220 pounds. Duty per binder, \$3.65; reaper, \$2.06; mower, \$1.44; hayrake, 90 cents. Twine, 6.50 francs per 100 kilos, \$1.255 per 100 kilos, 57 cents per 100 pounds. Goods from the United States are entered under the minimum rate.

Sweden.—Rate, 10 per cent on invoice value plus ocean freight, marine insurance, and landing charges. Duty per binder, \$10.30; reaper, \$5.10; mower, \$3.04; hayrakes, \$1.60. Twine, 10 ore per kilo, \$1.228 per 100 pounds. There

are no minimum rates.

Switzerland.—Rate, 7 francs per 100 kilos gross weight; \$1.35 per 220 pounds. Duty per reaper, \$7.56; mower, \$6.22; hay rake, \$3.21. No twine used.

ports from United States are entered under minimum rates.

Spain.—Rate, 10 francs sold per 100 kilos gross weight; \$1.93 per 220 pounds. Duty per binder, \$20.65; reaper, \$11.33; mower, \$8.65; hay rake, \$4.69. Twine, 30 francs per 100 kilos; \$3.96 per 100 kilos; \$1.80 per 100 pounds. The United States enjoys the minimum rates.

Our manufacturers would prefer to make everything that they sell abroad in this country, but owing to the extensive duty and threatened discriminations in the tariff of some nations against the product of this country, there have been built factories in Canada and Sweden, and there will soon be built similar plants in Germany and France if they continue to sell goods in those markets, unless a

favorable treaty can be ratified.

American farm machinery is wanted in foreign countries and commands a necessarily higher price than that manufactured locally at the native factories, due to their lightness of draft, adaptability to the service required, and general efficiency, and I believe that with a minimum and maximum duty, such as has been suggested, all foreign nations will treat us as well in tariff legislation as they do other countries, and we could still continue to enlarge the foreign business, thus giving employment to a larger number of employees in our factories as well as other industries, such as steel, iron, lumber, paint, and varnish, by the use of their products at home rather than to purchase abroad for the requirements of a foreign factory. Tools manufactured here and sold in foreign countries also furnish business for our bankers and shipping interests.

The CHARMAN. How long have you been engaged in the manu-

facture of these implements?

Mr. Metcalf. Since 1890.

The CHAIRMAN. You were connected with D. M. Osborne & Co., of New York?

Mr. METCALF. Yes, sir.

The CHAIRMAN. At the time that you commenced your engagement with them, were they exporting to any extent?

Mr. Metcalf. Our foreign sales in 1890 were about \$20,000.

The CHAIRMAN. Abroad?

Mr. Metcalf. Yes, sir. Our exports have risen to over \$3,000,000 a year from Auburn.

The CHAIRMAN. They are \$3,000,000 a year now?

Mr. Metcalf. They were for that one company at Auburn.

The CHAIRMAN. What means did your company take to obtain that trade abroad?

Mr. Metcalf. We formed an organization in foreign countries the same as we had in this country. We visited the countries and learned what the people wanted and how they wanted their tools made, and made them as they wished them and did not try to compel them to take a machine which was known as a standard machine in this country.

The CHAIRMAN. Have you had difficulty with foreign tariffs?

Mr. Metcalf. Very great difficulty. The CHAIRMAN. In what countries?

Mr. Metcalf. Particularly in France, Germany, and Austria. For instance, in Austria we are obliged to pay \$33.60 tariff on a binder, \$20.40 on a reaper, \$15.36 on a mower, and \$7.60 on a hayrake.

The CHAIRMAN. How much trade have you in Austria?

Mr. Metcalf. We have not a very large trade in Austria; we have a larger one in France. In France we are obliged to pay the maximum duty, while England, who is our principal competitor in the foreign markets, is able to send her goods into France at the minimum duty. We pay on a grain binder \$23.31.

Mr. Gaines. What does that binder retail for in this country?

Mr. Metcalf. I can not tell you the exact retail price. It is, according to the section of the country, all the way from \$125 to \$135. We pay 15 francs per 100 kilos, while Great Britain is able to export her farm machinery to France upon payment of 9 francs per 100 kilos, and that makes a difference, for instance, on a grain binder of nearly \$10. On a reaper we pay \$12.36, while the English manufacturer only pays \$7.42. On a mower we are compelled to pay \$9.35. while England gets her mowers into France for \$5.61. On a havrake we pay \$5.20, and England pays only \$3.12.

The CHAIRMAN. You get in on the minimum duty in Germany? Mr. Metcalf. There is but one tariff on agricultural implements, but possibly next year there will be a maximum duty in Germany.

The CHAIRMAN. On agricultural implements?

Mr. Metcalf. Yes, sir.

The CHAIRMAN. There is a minimum tariff now?

Mr. Metcalf. Yes, sir; but there is a difference of opinion there in regard to a duty on agricultural implements. They are a very aggressive people and they copy our tools and then offer them as the product of the American factory, although made in Germany.

The CHAIRMAN. The Osborne Company was merged afterwards

into the International Harvester Company?

Mr. Metcalf. Yes.

The Chairman. The International Harvester Company has a plant at Hamilton, Ontario?

Mr. Metcalf. They have one there.

The Chairman. Are you exporting from Canada?

Mr. Metcalf. They are.

The CHAIRMAN. To what countries?

Mr. Metcalf. All the foreign countries and particularly to France. We are very much interested at the present time in the treaty between Canada and France.

The CHAIRMAN. You get the benefit of the minimum tariff in

France for your Canadian concern?

Mr. Metcalf. They do not now, but will under the treaty which is expected to be ratified between France and Canada.

The CHAIRMAN. At the present time you pay the maximum duty?

Mr. Metcalf. Yes, sir.

The CHAIRMAN. And you have your foreign trade with your American plant?

Mr. Metcalf. Yes, sir.

The CHAIRMAN. Mr. Miles stated that he had not tried to get the foreign trade for similar articles which he manufactured.

Mr. Metcalf. He does not manufacture binders.

The CHAIRMAN. But harrows and plows?

Mr. Metcalf. Yes, sir; the small goods he manufactures.

The CHAIRMAN. He stated that he was not able to because of the tariff wall; but you have been able to do so, notwithstanding the foreign tariff?

Mr. Metcalf. D. M. Osborne & Co. did and the International

Harvester Company have.

The CHAIRMAN. He said that the tariff on his raw materials handicapped him so that he had not been able to sell abroad.

Mr. Metcalf. The International Harvester Company have built up

a foreign business amounting last year to \$26,000,000.

The CHAIRMAN. What price do you get there in comparison with this country?

Mr. Metcalf. The export business is better than the domestic business, and that is why they have been making such a special effort to get into the foreign countries.

The CHAIRMAN. On the whole, the result is that your foreign business nets you a larger price for the same article than the price in the

United States?

Mr. Metcalf. It does.

The CHAIRMAN. You advocate that these articles be placed on the free list?

Mr. Metcalf. Yes, sir.

The CHAIRMAN. Do you make any condition in reference to any articles which you use as a condition precedent to that—a revision in the tariff on steel or any other of the articles which you use?

Mr. Metcalf. I think the fact that the International Harvester Company have been able with the present tariff to build up a business abroad of \$26,000,000 last year is the best answer possible to that question.

The CHAIRMAN. Twenty-six million dollars for all the plants?

Mr. Metcalf. Yes, sir; for all the plants. I have some figures here to show that the prices are much less to-day than in the past, when D. M. Osborne & Co. built up their business.

The CHAIRMAN. On what?

Mr. Metcalf. On the steel that we use a great deal of in our factory. I have here an advertisement torn out from a book issued September 13, 1899, by D. M. Osborne & Co., showing the cost per pound of all raw materials going into our products, and I have in the same line, in red ink, the price of the same materials on November 26.

Mr. NEEDHAM. 1907? Mr. METCALF. 1908.

The CHAIRMAN. What is the first date?

Mr. METCALF. The first date, when we were making a struggle for the foreign business, September 13, 1899.

The CHAIRMAN. Of course you will put those figures in with your

statement?

Mr. Metcalf. I will. I happened to find it in our scrapbook.

Mr. Underwood. If it is not too long, please read it. The Chairman. Yes; we would like to have you read it.

Mr. Metcalf. This was issued, before the formation of the United States Steel Corporation or the International Harvester Company, in the Iron Metal Trades for September 13, 1899. We paid for foundry pig, No. 2, \$22.25 in 1899.

The CHAIRMAN. For what?

Mr. Metcalf. For foundry pig, No. 2, standard, Philadelphia market. To-day the price is \$17.25. In 1899 we paid \$20 for southern pig in the Cincinnati market, and it is \$16.25 to-day. In 1899 we paid \$21.50 for pig iron in Chicago, and now we pay \$17. Bessemer pig was sold in 1899 at \$23.25 and is now \$17.40. Gray forge pig iron, Pittsburg, in 1899 we paid \$20.50, and now it is \$15.15. In 1899 we paid \$23.50 for Lake Superior charcoal iron in Chicago, and now it is \$19.50. As the chairman knows, we have had to buy billets for years for our use, and therefore I include billets in this circular. We paid in 1899 for billets \$38.50 a ton. To-day the charge is \$25 a ton. We paid in 1899 \$41 for steel billets in Philadelphia, and they are \$26.20 now. We paid in 1899 \$41 for steel billets in Chicago, and we pay now \$26.25. We paid in 1899 \$45 for wire rods in Pittsburg, and they are now \$33. Finished iron and steel: We paid in 1899 \$2.05 for refined iron bars, and we pay to-day \$1.50. I think there is an inside price of \$1.40 at the present time. At Youngstown we paid for common iron bars in 1899 \$2, the price to-day is \$1.50. In 1899 we paid for steel bars at Pittsburg \$2.35, and the price to-day is \$1.40. We paid for sheets in 1899 \$3.40, and the present price is \$2.50. For wire nails we paid in 1899 \$2.80, and we pay now \$1.95. In 1899 we paid for cut nails \$2.40; the present price is \$1.75. We paid for copper in 1899 \$18.50; now it is \$14.50. For spelter we paid in 1899 \$5.50, and it is now \$4.95. For lead we paid in 1899 \$4.60, and now we pay \$4.22½. For tin we paid in 1899 \$32.75, and now we pay \$30.25. We paid for nickel in 1899 \$36, and the price now is \$45; that is higher. For tin plate we paid in 1899 \$4.82½, and the present price is \$3.89. Those are all items that are used in our factory, and therefore in view of the statement made by Mr. Miles I was interested to look up and see whether during the time D. M. Osborne & Co.

were building up this foreign business our material cost us so much less than it does now. In 1901 and 1902 there was a great depression in the prices of raw material used in the manufacture of harvesters, mowers, etc., and after that a substantial advance; but it never reached the prices paid in 1899, when D. M. Osborne & Co. were making their greatest increase in their foreign trade.

The CHAIRMAN. Your idea is that Mr. Miles could send his things

abroad and get the trade?

Mr. Metcalf. Mr. Miles is a personal friend and competitor of mine in some lines and I do not want to say anything derogatory about Mr. Miles's judgment, but he and I are rather divided on the methods and ways of getting business abroad. The way to get it is to go there and find out what the people want and build it for them.

The Chairman. Go after it?

Mr. Metcalf. I have found in this foreign business in central Russia—I used to go there every year—circulars and letters sent out by other manufacturers of agricultural machinery, written and printed in the English language and sent to places where they did not have even an English interpreter, and they expected to get business by that method abroad. The same thing has been done in all parts of Europe, but I have seen it in central Russia myself.

The CHAIRMAN. Have you made any use of the drawback clause

in exporting?

Mr. Metcalf. We have. We have a rolling mill in Auburn. We have always watched the foreign market on pig iron and steel billets, and we probably have imported more steel and more pig iron into the Auburn factory than almost any other manufacturer of agricultural implements, for two reasons—it is near the seaboard and handy to import and export, and we found it decidedly to our advantage in the foreign business. It places us nearer the competitive prices of our competitors abroad.

Mr. Gaines. Do you get the rebate? Mr. Metcalf. The refund of duty. Mr. Gaines. The refund of duty?

Mr. Metcalf. Yes, sir; on imported material used in our exports. Mr. Gaines. I understood Mr. Miles to say that that was impracticable if a person does do a business larger than to employ 1,500

hands. What would you say about that?

Mr. Metcalf. It is feasible and open to any man employing 100 hands, as I understand the law, although we have 3,500 men at our factory at Auburn; but the same thing is feasible to anyone, no matter how small his factory is, if he keeps a strict account of the imported material and how he uses it in his factory.

The Charman. You say that you looked into it and got onto the right track and learned to keep the books and accounts properly. After you got to that point you had no difficulty in getting the proper

allowance for drawback?

Mr. Metcalf. I asked the Treasury Department to send a special agent up there to give us special instructions. I felt that was important to our interests.

The CHAIRMAN. I think your office went so far as to send a special

agent up there?

Mr. Metcalf. That is what I stated.

The CHAIRMAN. In order to get the right information?

Mr. Metcalf. Yes.

The CHAIRMAN. After that you had no difficulty? Mr. METCALF. No difficulty; a very great advantage.

The CHAIRMAN. The Johnson Harvester Company is a small concern, is it not?

Mr. Metcalf. They do not consider themselves very small.

The CHAIRMAN. I know, but it is small in comparison with the International Harvester Company?

Mr. Metcalf. Yes.

The CHAIRMAN. It is one of the independent companies?

Mr. Metcalf. Yes, sir.

The CHAIRMAN. And about the average size of the other companies, aside from the International Harvester Company?

Mr. Metcalf. Yes.

The CHAIRMAN. In a brief which they have filed I notice they say that their industry is rather unprotected, and they speak of the difficulties of getting a part of the trade in the foreign markets. They seem to think, in their brief, that you have an advantage over them because of your Canadian factory. As I understand you, the tariff in France is the same as to Canada and the United States up to date?

Mr. METCALF. It is.

The Chairman. But it is expected that a treaty will be made soon that will give Canada the benefit of the minimum rate of duty?

Mr. Metcalf. It is. Sir William Fielding, the minister of finance of Canada, told me that France never would have considered that had it not been for the minimum and maximum tariff of Canada; that that was the means by which they were able to make that treaty. They are getting in under it because of the minimum and maximum tariff of their own.

The CHAIRMAN. As a practical man, is it your opinion that with a minimum and maximum tariff we will be able to make better trade agreements with the other nations that have the same kind of tariff?

Mr. Metcalf. It is. There is a difference of opinion, Mr. Chairman, on that subject. I am one of those who believe that we should have a uniform tariff for everyone and then a maximum tariff for those nations that do not give us a fair deal with other nations.

The CHAIRMAN. By a uniform tariff, what do you mean, a protec-

tive tariff?

Mr. Metcalf. A protective tariff which will protect our industries and maintain the present wage scale, and then a still higher tariff for those nations which will not enable us to sell our products in their countries on an equal basis with Great Britain.

The CHAIRMAN. You have been pretty intimately connected with the foreign business in this concern, have you not, for a number of

vears?

Mr. Metcalf. Yes.

The Chairman. Frequently going abroad and visiting all your agencies there, or most of them?

Mr. Metcalf. Almost every year up to 1905.

The CHAIRMAN. And at the same time you have given personal attention to the details of manufacturing at home, not so much in later years, but formerly, giving particular attention to the details

of manufacturing, so as to become acquainted with the cost price of the business all through?

Mr. Metcalf. As general manager of D. M. Osborne & Co. it was

my business and I did it.

The Chairman. When you went abroad, did you make any inquiry as to the cost of production there of similar tools?

Mr. Metcalf. I did.

The CHAIRMAN. And you say that American machine tools sell better and at a better price in that market than the foreign-made tools?

Mr. Metcalf. Yes, sir; they are lighter and better adapted for the purpose for which they are intended. We lead all nations in the

constructing and building of agricultural implements.

Mr. Fordney. I understood you to say that the price of steel to-day is less than it was before the formation of the United States Steel Corporation?

Mr. Metcalf. Yes, sir; it was lower in 1899.

Mr. Fordney. Mr. Miles stated the other day that he could not exist and do business and ship his goods unless the duty was taken off of steel, because the Steel Trust controlled the market, and the price was so high that he could not buy their product and ship abroad. I think that was the statement he made. You do not agree with him?

Mr. Metcalf. That is not my experience, and we had a very large

foreign business. Mr. Miles had not quite as large.

Mr. CRUMPACKER. I have had a few letters from manufacturers of farm implements in Indiana—I got one yesterday from Richmond—making the complaint that Mr. Miles made. They state that the steel, iron, lumber, and leather which they use has been going up year after year and year after year until the price had absorbed practically the entire profit. Garr, Scott & Co. wrote me to the same effect three or four weeks ago. That is an old concern, and probably you are acquainted with them?

Mr. Metcalf. I know Mr. Carr, of the American Seeder Company,

of Richmond, Ind., who do a large foreign business.

Mr. Crumpacker. Joseph Oliver, of South Bend, says the same thing. The M. Rumely Company and Ward, Dickey & Co. have written me along the same line, and some of them have given figures. Do you now say that the steel and iron used by the manufacturers of agricultural implements are lower than they were some years ago?

Mr. METCALF. Yes, sir; lower than in 1899, but not as low as in

1901 and 1902.

Mr. CRUMPACKER. Has the price been going down?

Mr. Metcalf. Since the formation of the United States Steel Corporation the price of steel has been more uniform and has not fluctuated as much as it did prior to that time. We were particularly interested in this subject because we had a rolling mill.

Mr. CRUMPACKER. For a ten-year period has the average price been as low since the formation of the United States Steel Corporation as

it was before in a like period?

Mr. METCALF. I do not think so, for the reason that the past five years have been very prosperous and there has been a demand beyond the possibility of production in some lines of goods that are used in the manufacture of harvesters, mowers, etc., which caused an increase in prices, as shown by the following table of comparison:

Comparison of prices of principal materials and of labor used in making harvesting machines.

Materials.	Contract prices, 1901-2. a	Contract prices, 1907. a	Increase.
Pig iron: No. 2 foundry iron Malleable Bessemer Steel Lumber: Yellow-pine pole stock Hardwoods Crating. Cotton duck	\$14.50 per ton \$1 35 per cwt \$26.00 per M \$25.50 per M \$9.00 per M	\$21.40 per ton \$1.665 per cwt \$37.50 per M	23.3 44.2 47.0 66.6

Current market prices show an increase of from 10 to 15 per cent over the contract prices used above.

Wage.	1902.	1906.	Increase.
Average wage per hour, combining time and piece work	Cents.	Cents.	Per cent.
	19. 4	22. 6	16.5

Mr. Crumpacker. Another question about lumber: Has the price of the lumber which you use gone up or down or been stationary?

Mr. METCALF. The duty is \$2 a thousand, and the price has increased very much more than \$2.

Mr. CRUMPACKER. Now, you use some leather?

Mr. METCALF. They do not.
Mr. CRUMPACKER. You recommend an abolition of the duty on farm implements, do you not?

Mr. METCALF. I do.

Mr. CRUMPACKER. What for?

Mr. Metcalf. So as to open the markets of all nations on an equal

basis so as to increase our foreign business.

Mr. CRUMPACKER. That we have but one tariff for foreign manufacturers and treat them all alike, and you think that if we would abolish that tariff we can get better trade conditions in foreign coun-

Mr. METCALF. With the proviso which I recommend, which is

very important to the smaller manufacturer.

Mr. CRUMPACKER. That is the retaliatory provision.
Mr. METCALF. If we do not get the same treatment they give

favored nations, then they shall pay the 20 per cent tariff.

Mr. CRUMPACKER. Would it be any inducement to the foreign manufacturer of farm implements to open a market here for him when he can not compete successfully with you in his own market?

Mr. METCALF. There are some nations that would probably send

some goods to this country.

Mr. CRUMPACKER. Why did you build your Canadian plant?

Mr. METCALF. Because of the Canadian duty.

Mr. CRUMPACKER. Do you manufacture any cheaper in Canada than in the United States?

Mr. METCALF. They do not.

Mr. Crumpacker. As cheaply? Mr. Metcalf. Comparatively.

Mr. CRUMPACKER. Can you manufacture cheaper than the English manufacturer or the German manufacturer?

Mr. Metcalf. I think they can. Otherwise they could not compete

with them in Germany and also in England.

Mr. Crumpacker. About labor, the price of labor is higher here than in England and Germany?

Mr. Metcalf. Yes; it is.

Mr. Crumpacker. By manufacturing upon a large scale it enables you, with others, to make your products cheaper than your foreign competitor who has the cheaper labor?

Mr. Metcalf. We have improved methods in this country in al-

most every industry which help our industries.

Mr. Crumpacker. You have not been able to do that simply on

account of the tariff on iron and steel?

Mr. METCALF. I can not see how the tariff is responsible for the fluctuations of iron and steel, for the reason that I have paid, and every other manufacturer in this country has paid, as low as \$10 for pig iron, and it has been as high as \$25. Within the last ten years, since the Dingley bill was framed, there has been a difference of \$15 between the prices and only \$4 tariff; therefore I am one of those who believe that the fluctuation is largely the result of demand and supply.

Mr. CRUMPACKER. At the time that the price went high, if we had no tariff some of our consumers might be able to import products, and

would not that tend to prevent the violent fluctuations?

Mr. Metcalf. If the fluctuation was so large the tariff would not have any effect. D. M. Osborne & Co. were the only manufacturers of agricultural machinery importing pig iron at that time in the agricultural tool line.

Mr. Crumpacker. Iron and steel fluctuate in the foreign markets

nearly as much as here?

Mr. Metcalf. Yes, sir.

Mr. CRUMPACKER. You are a member of the International Harvester Company?

Mr. METCALF. I am employed by it.

Mr. Crumpacker. And you have an establishment at Auburn?

Mr. Metcalf. They have.

Mr. Crumpacker. It is a constituent of that organization or combination.

Mr. METCALF. We sold out to parties who transferred it to them. Mr. Crumpacker. How many establishments are in that combination?

Mr. METCALF. I do not know. I think they claim they have five companies.

Mr. Crumpacker. Five of the largest companies?

Mr. Metcalf. We were not in originally. We sold out to them.

Mr. CRUMPACKER. You were a competitor for some time.

Mr. Metcalf. Yes, sir.

Mr. CRUMPACKER. Do you know the capitalization of the International Harvester Company?

Mr. METCALF. I do.

Mr. CRUMPACKER. How much is it?

Mr. Metcalf. One hundred and twenty million dollars.

Mr. Crumpacker. Do they have the Deering establishment?

Mr. METCALF. Yes, sir.

Mr. CRUMPACKER. What others?

Mr. Metcalf. The McCormick; the Deering; the Plano; Warder, Bushnell & Gleesner, and the Milwaukee. These were the five companies originally organized as the International Harvester Company.

Mr. CRUMPACKER. They manufacture perhaps a majority of the

reapers and mowers manufactured in the United States?

Mr. METCALF. They do.

Mr. Crumpacker. What percentage of the total output of this country does that big concern manufacture?

Mr. Metcalf. I can not give the exact percentage. Mr. Crumpacker. Could you approximate it? Mr. Metcalf. Possibly more than 50 per cent.

Mr. CRUMPACKER. Then you have another corporation called the "International Harvesting Company of America?"

Mr. METCALF. Yes, sir.

Mr. CRUMPACKER. That is the selling company?

Mr. Metcalf. Yes, sir.

Mr. Crumpacker. So that the International Harvester Company manufactures the product and turns it over to the International Harvesting Company of America, who sells the product?

Mr. Metcalf. Yes, sir.

Mr. CRUMPACKER. You manufacture especially for the foreign market in many lines?

Mr. Metcalf. They manufacture for the domestic and also the for-

eign market.

Mr. CRUMPACKER. You stated a little while ago that the way you worked up your foreign trade was by going into the country and studying the conditions and habits and customs of the people and making what the people wanted?

Mr. METCALF. I did.

Mr. CRUMPACKER. So that, in a way, a portion of your output is designed and calculated to meet the foreign conditions?

Mr. METCALF. It is.

Mr. CRUMPACKER. A small institution manufacturing agricultural implements could not afford to do that. Take an institution like the one that Mr. Miles has; it could not afford to change the mode, style, and fashion of its output to meet the conditions abroad?

Mr. METCALF. Much smaller ones than Mr. Miles's claim to be

doing it.

Mr. CRUMPACKER. I am speaking now of the ordinary manufacturing establishment in this country, what we call the small establishments like Garr, Scott & Co., of Richmond, Ind., which has but one model, perhaps, which they manufacture for the American market. They could not tell during the year how much of their product they sell abroad and probably could not afford to buy imported material, pay the duty, and keep track of it all the way through. They sell their surplus abroad as a rule?

Mr. METCALF. The International Harvester Company do not.

Mr. Crumpacker. I know you have a great gigantic concern which manufactures more than 50 per cent of all the farm implements in America, and that is a tremendous volume of business, of course. Of

course you can afford, with that large business, to make a specialty of the foreign trade with your \$120,000,000 of capital, but a small concern out in Indiana with \$75,000 capital can not afford to do that, can it?

Mr. Metcalf. It can if it makes a specialty of it. I know of a company in Syracuse which manufactures some of the same lines of goods that Mr. Miles manufactures, and they have been able to do a large business by the same methods and ways we have. Mr. Manning, their treasurer, has been to Europe or South America every year.

Mr. Crumpacker. Do you think if the duty is taken off of farm implements that it would not hurt such institutions as I have described?

Mr. Metcalf. Not with the proviso. So far as the International Harvester Company is concerned, I think I express their views when I say that it will not make any difference to them whether the duty is changed or not. They are selling their product so cheaply in this country, notwithstanding the increased cost of wages, etc., that it is immaterial; that affords them a certain amount of protection against foreign invasion, as it does every other manufacturer of agricultural tools, and with the proviso is perfectly safe, in my opinion.

Mr. CRUMPACKER. Every concern that trades in the foreign markets; but most of the institutions in this country have no foreign trade. These small independent plants scattered throughout the country, practically the only competition you have, would they suf-

fer any if the tariff was taken off?

Mr. METCALF. I do not think so with the proviso.

Mr. CRUMPACKER. That proviso would not help them any because

they do not go into the foreign markets.

Mr. Metcale. You think that there would be imported agricultural implements under the tariff as suggested by me. I do not believe they would be imported, because prices here are so low. I believe that will protect us against Canada, which is really the only nation that we have to fear.

Mr. CRUMPACKER. They would be imported if the prices were such as to justify it, but if the prices were so low as to keep them out,

would it not starve out these independent concerns?

Mr. Metcalf. I do not think so.

Mr. Crumpacker. Now, in regard to iron and steel, it has been stated that the large institution could stand a reduction, but the small independent concerns could not. Now, you represent the one great mammoth agricultural manufacturing concern and you say that you can stand an entire abolition of the duty, but I would like to know about the small independent concerns who could not afford it.

Mr. METCALF. I think Mr. Carr, of the American Seeder Company,

of Richmond, Ind., would tell you the same thing that I have.

Mr. Crumpacker. He has been persistently insisting that the duty

should be cut down on lumber, iron, steel, and leather.

Mr. Metcalf. I do not object to that. I am not appearing on the iron and steel schedule. The question has been asked me if it was possible to go into the foreign markets with the present market price of iron and steel, and I said yes, that I got in at a higher price.

Mr. Crumpacker. You got in?

Mr. METCALF. I started with \$20,000 in a single year's business, and we built up a business of \$3,000,000 a year when we sold out.

Mr. Crumpacker. What company was that?

Mr. Metcalf. D. M. Osborne & Co.

Mr. CRUMPACKER. I have seen that reaper.

Mr. Bonynge. You stated that you sold the same goods abroad at a better price than you sold them in the United States?

Mr. Metcalf. That is correct.

Mr. Bonynge. Do you sell in any of the countries abroad for less than you do at home?

Mr. Metcalf. They do not.

Mr. Bonynge. You were not speaking of it as a general business. but that relates to all the different articles?

Mr. Metcalf. Every one.

Mr. Fordney. Do you advocate a reduction of the duty on any of the raw materials that you use-lumber, iron, steel, and coal?

Mr. Metcalf. I am not advocating anything in the shape of a reduction on other lines than my own. I do not believe it is necessary for me or my interests to sacrifice some other person's interest for us to go into the foreign markets.

Mr. Fordney. You use those raw materials? Mr. Metcalf. Yes, sir.

Mr. Fordney. You do not express yourself as being in favor of reducing the duty on any of those articles?

Mr. Metcalf. I do not wish to express an opinion, because I do not

wish to sacrifice another man's business for my own.

Mr. Fordney. That is fair. I have a letter from one of your competitors, and he thinks and he says that he needs the greatest quantity of protection to manufacture his product, but he wants lumber, iron, steel, and coal on the free list.

Mr. Dalzell. He is generous.

Mr. Fordney. He says his institution needs protection. He says that the manufacturers in the Middle and Western States must have protection in order to protect the labor, but he wants the raw materials all on the free list.

Mr. Metcalf. I only appear in connection with the statement that we could not do a foreign business. I differ decidedly with that statement, and the facts and figures which I have submitted here I believe

justify my position.

Mr. FORDNEY. I think you are fair.

Mr. RANDELL. You stated that you favored taking the duty off of binders?

Mr. Metcalf. Yes, sir.

Mr. RANDELL. Is that the only article? Mr. Metcalf. The full line. Mr. RANDELL. The full line?

Mr. Metcalf. Covered by paragraph 460, section 1, which includes plows, tooth and disk harrows, harvesters, reapers, agricultural drills and planters, mowers, horserakes, cultivators, thrashing machines, and cotton gins. The present duty is 20 per cent ad valorem.

Mr. RANDELL. You are engaged in the manufacture and sale of

these articles?

Mr. Metcalf. Have been.

Mr. RANDELL. When you say you are engaged, you mean the International Harvester Company?

Mr. Metcalf. Yes, sir; and the company I was formerly connected with, D. M. Osborne & Co.

Mr. RANDELL. That company practically has the control of the market for such things now in this country?

Mr. Metcalf. I do not think so. Mr. Randell. What companies, if any, have control?

Mr. Metcalf. No one has control of the market. It is a free market

to everyone.

Mr. Randell. I do not know whether you understand me or not. Is there any such condition that practically that company can command the price and thus fix the price that is maintained in this country on these different articles?

Mr. METCALF. I think they act independently and fix what they believe is a fair price. I know the competitors have complained for several years that they did not advance their price as much as they

Mr. RANDELL. That is hardly an answer to my question. I think you know what I am driving at. This company is either in a position where it can practically fix the price or it is not in such a position.

Mr. Metcalf. They can not fix the price over all of their com-

petitors. They can control only their own price.

Mr. RANDELL. I understand that they make the price, and any other persons engaged in the same business understand that they had better adopt that price or otherwise they will have a war of competition that might sweep them out of the market altogether, and therefore, just as a matter of common sense, looking at the situation as it is, they try to avoid a war of competition by adopting the price that your company names.

Mr. Metcalf. I do not think that condition exists on the sole. ground that there has been a war on for the last twenty years. To my knowledge, for the last twenty years there has been conflict be-

tween the different manufacturers.

Mr. RANDELL. Is it not a fact that one of the companies that you are interested in was declared a trust in the State of Texas and pleaded guilty and has been excluded from the State?

Mr. METCALF. That is a western proposition with which I am not

familiar.

Mr. RANDELL. Your company covers the whole country?

Mr. Metcalf. I am located at Auburn and am particularly inter-

ested and acquainted with the facts at Auburn.

Mr. RANDELL. You are at Auburn, N. Y. You do not know anything about the International Harvester Company being adjudged a trust and excluded from Texas?

Mr. Metcalf. I do not know.

Mr. RANDELL. Nor the other company that does the selling?

Mr. Metcalf. I do not.

Mr. RANDELL. The International Harvesting Company of America?

Mr. Metcalf. I do not.

Mr. RANDELL. You do not know anything about that? Mr. METCALF. I do not.

Mr. Gaines. Is it a fact that the International Harvester Company was declared a trust?

Mr. RANDELL. That is my recollection from the newspaper. I do not wish to make a statement here reflecting upon any institution, but I know that there was some international harvesting company, either the one which manufactures or sells, which got into trouble, and, from my understanding, was excluded from the State.

Mr. Gaines. How long ago?

Mr. RANDELL. Last year or the first part of this year. I will communicate with the attorney-general.

Mr. Gaines. What was the effect on the price?

Mr. RANDELL. This was a special investigation, and I do not think

it cut the price down.

Mr. BOUTELL. Right there, on that point. On the supposition that there is a harvester trust, and on the supposition that the organization of that trust is due to the tariff, and on the supposition that there is a dictation of price, and on the supposition that the tariff made that possible, I understand that you are here asking that the duty be repealed?

Mr. Metcalf. I am here stating the case.

Mr. Boutell. Exactly. So, if this is all due to the tariff, you are here asking us to put an end to it?
Mr. Metcalf. Yes, sir.

Mr. RANDELL. I will write to the attorney-general and get a statement from him as to what did take place, and I will file it with the committee.

The CHAIRMAN. Your proposition does not seem to fit anybody, Mr. Randell.

Mr. RANDELL. I want to prove that, Mr. Chairman.

The people who have large interests in the International Harvester Company and the International Harvesting Company of America also have large interests in the outside companies?

Mr. Metcalf. I do not know.

Mr. RANDELL. The cost of your articles manufactured in America depends very largely upon the cost of iron and steel and the various things that enter into their manufacture?

Mr. Metcalf. Yes, sir. Mr. Randell. The tariff is an element which you recognize either does or can be used to increase that price, does it not?

Mr. Metcalf. I do not see how, when the price varies from \$10 to

\$25, a difference of \$15, and the tariff is only \$4.

Mr. RANDELL. That is not an answer to my question. It can be used or it can not be used by the consumer of that raw material? The tariff on the raw material would not tend to lower the price?

Mr. Metcalf. Not necessarily.

Mr. RANDELL. It is an instrument which if used at all with any effect would be used to raise the price of material out of which you manufacture your product?
Mr. Metcalf. That is not the record.

Mr. RANDELL. I am not arguing the matter. I want to get an answer to my question. Please answer yes or no. If such an instrument was used at all, it would have to be used to raise the price and not lower it?

Mr. METCALF. It might be.

Mr. RANDELL. You are here advocating the maintenance of such a power in the hands of those from whom you buy your raw material?

Mr. METCALF. No, sir

Mr. RANDELL. You are here advocating the taking away of the tariff wall so far as your product is concerned, but are willing that the tariff on the other things should stand as it is. That is your position.

Mr. Metcalf. I do not believe-

Mr. Randell (interrupting). You can answer that question "yes" or "no."

The CHAIRMAN. He has a right to answer it in his own way.

Mr. RANDELL. Have you any objection to answering a question "yes" or "no?"

Mr. Metcalf. I prefer to hear the question.

Mr. CRUMPACKER (to Mr. Randell). That is hardly fair.

Mr. RANDELL. I think my question will be fair. My question is this: You are here, then, advocating the abolition of the tariff on your products, but are willing that the tariff should remain on all the

raw material that you use, just as it is?

Mr. Metcalf. I advocate the taking off of the tariff on agricultural implements and feel that the foreign market is open at the present price of the raw material, as was stated before; others feel that the competitors of ours can not go into the foreign market without taking off all the duty on the materials which enter into their products.

Mr. Randell. You are willing that the duty on these articles which

you manufacture should remain as it is?

Mr. Metcalf. It is necessary for us to go to the foreign market, and

therefore we do not-

Mr. RANDELL. But you are willing that the duty shall remain as it is, as far as you are concerned?

Mr. Metcalf. Individually, yes.

Mr. RANDELL. You manufacture in Canada? Mr. Metcalf. The International Harvester Company do.

Mr. RANDELL. If there is no tariff on these farming implements and machinery you can bring in your manufactured articles from Canada without any obstruction from the tariff and, of course, compete with

the manufactured articles in this country, could you not?

Mr. METCALF. Not with the very proviso which I recommend should accompany the free list. If our goods go on the free list, it can only be done safely for the small manufacturer by the proviso which I suggest. As long as Canada has a duty of 20 or 25 per cent against us our Canadian products would have to pay a duty into this coun-

Mr. Randell. But if they do not pay it?

Mr. Metcalf. It is necessary to have it for the protection of the small manufacturer.

Mr. RANDELL. You manufacture in Canada and in the United

Mr. METCALF. The International Harvester Company do.

Mr. RANDELL. And you are reaching out for the foreign market?

Mr. Metcalf. They are.

Mr. RANDELL. You would not expect to manufacture in the United States with a tariff on the raw material that you use and to send those articles to foreign countries, instead of manufacturing in Canada and sending those articles to the foreign countries?

Mr. Metcalf. There is a higher duty in Canada than in the United States. On pig iron they have to pay \$7 bonus on every ton, \$3

higher than the duty in this country.

Mr. RANDELL. Have you considered whether or not it is to the interests of those manufacturing the goods to take off the tariff on harvesters and other implements you manufacture, farming machinery, and to leave it on the raw material that is used in the manufacture of those articles in this country?

Mr. Metcalf. As far as the harvester company is concerned, they look upon it as immaterial whether the duty remains as it is or is

changed as suggested by me.

Mr. RANDELL. I will ask you if that does not necessarily mean that they have a hold on the market in some way that makes them inde-

pendent of the tariff and independent of competition?

Mr. Metcalf. They have competition; but while manufacturers of almost all other machinery sold to farmers have increased their prices, to cover the increased cost, the International Harvester Company has avoided any substantial increase in its selling price and has en-deavored to meet the increased cost by improved methods of manufacture.

Mr. RANDELL. Just put it this way. I am trying to get at the facts. If you were a farmer, if you represented the farming element of this country, which uses and buys these things—

Mr. Metcalf (interrupting). I have been.

Mr. RANDELL. Knowing what you know about this matter, would you advocate what you advocate here?

Mr. METCALF. I certainly would.

Mr. RANDELL. You would advocate keeping the duty on the raw material that enters into the manufacture of these farming implements?

Mr. Metcalf. I am not here advocating that. I say that it is immaterial—getting foreign business. What is far more important is the ability to get into other markets at a minimum duty, same as

England does.

Mr. RANDELL. If you were speaking in the interests of the consumers of this country, would you from that standpoint, at the same time that you advocate the abolition of the duty on harvesters and other farming implements and machinery, advocate the abolition of the duty on the raw material that goes into those articles?

Mr. METCALF. If I believed, which I do not, that the tariff was

responsible for the fluctuation of prices of the raw material.

Mr. RANDELL. I say, if you believed that the tariff affected the price, whether it influenced the fluctuation or not, you would be in favor of the abolition of it, would you not?

Mr. Metcalf. I answered the question; if it affected another in-

dustry, I would not.

Mr. RANDELL. I am speaking simply of this industry, so far as that industry is concerned.

Mr. Metcalf. But you can not impair and injure a large interest

without affecting all of us—
Mr. RANDELL. Then, you give it as your opinion that it would wrongfully and improperly and injuriously affect the coal and lumber interests, if the tariff was taken off iron and lumber?

Mr. Metcalf. I am not here advocating that.
Mr. Randell. Then why keep that matter up, when I am merely talking about the interests of another class?

Mr. Metcalf. I am not here advocating a reduction of tariff on other lines than our own. I am not here advocating a retention of the

taritf\_\_\_\_

Mr. Randell. Do you know of anybody else in the manufacture of any other article that has ever come before this committee or before any other power and asked that the tariff be taken off of their manufactured article, and at the same time was willing for the tariff to be on the raw material they use to manufacture the article? Have you ever known such a thing before?

Mr. Metcalf. Because, Mr. Randell, the prosperity of our company depends, as much as that of any other company in the United States, upon the general prosperity of this country; and this country

can not prosper under free trade for all industries.

Mr. RANDELL. Do you not know that they all claim that if there is a tariff on the raw material they have to have a corresponding tariff on the manufactured article, or else it would abolish the manufacture of the article in this country?

Mr. Metcalf. There is a difference of opinion among manu-

facturers.

Mr. RANDELL. In England they might make the machinery, and make it in a free market, and bring it in here and sell it in a free market against the manufacturer here.

Mr. Metcalf. We will take our chances on that, owing to the low

prices prevailing in this country.

Mr. RANDELL. Does that not show, to use a slang expression, that you have a cinch on the thing, independent of what the tariff may be on the raw material? That would be one of the methods to help break down the wall between this country and the other countries, and at the same time hitting at the steel trust and the lumber trust.

Mr. Metcalf. We are entirely independent of the steel trust.

matter of fact, we do not buy any steel or iron of them.

Mr. RANDELL. How long have you been out of the business?

Mr. Metcalf. Personally, four years.

Mr. Randell. Is there not a blending of interests here of harvesters and other farming implements, and of lumber and iron and steel and of other products, and of the railroads and all that; do you not represent somewhat of a blended interest along those lines?

Mr. Metcalf. The International Harvester Company have small industrial railroads, lumber interests, ore beds, furnaces, and rolling

Mr. RANDELL. And when those who own the lumber cut it out of the forests and those who dig the ore out of the mines and manufacture these things then have the transportation business and fix the tariffs to suit themselves, what does the consumer get? If you can answer that question, I will be through.

Mr. METCALF. The past is the best criterion of the future, and prices have not advanced on agricultural implements in proportion to

what they have in other lines.

Mr. RANDELL. The price has not advanced on coal oil, either, but that does not keep it from being a trust and injurious to the public.

Mr. Metcalf. There is no line of goods made in the United States that is sold as cheap, for the amount of labor and amount of mate-

rial in it, as agricultural implements to-day.

Mr. RANDELL. Do you think the liberties of the people depend on how cheap they can get something sold by the trusts or upon the freedom each man has in the race of life and not to be hampered by somebody that has a monopoly or by somebody who has the people in his power?

Mr. Metcalf. There is nothing in the present conditions to prevent

anybody from going into the business.

The CHAIRMAN. In order to properly connect the rail oads, is it not a fact that your company owns a railroad near Auburn about a

Mr. Metcalf. Yes, sir.

Mr. CRUMPACKER. And one in Chicago probably about 3 miles

The CHAIRMAN. I wanted to bring that out so as to properly con-

nect the railroads in this blending.

Mr. RANDELL. I was not intending to get on anybody's toes, politically or otherwise, in reference to this matter, but trying to find out whether there was, as I believed, a combination of the various capitalized corporations in this country to control the business of the country. It is a matter the people are interested in.

The CHAIRMAN. If you think by that question you have got onto

his toes, proceed.

Mr. RANDELL. I thought perhaps I had got off his toes-

The CHAIRMAN. I would like to ask you whether you object to taking this duty off?

Mr. RANDELL. No, sir.
The CHAIRMAN. I thought you did from the tone of your inquiry? Mr. RANDELL. No. I can express my position. I am in favor of taking the tariff off all farming implements, tools, and machinery; and I am in favor of a tariff that will then give to the manufacturer, the honest manufacturer in this country, a chance to manufacture those things. Therefore, I am in favor of taking the tariff off the raw material. I will ask you, if you will pardon me, are you not in favor of the same thing, or are you against it?

The CHAIRMAN. I did not understand all you said in regard to your

position.

Mr. RANDELL. My position is that I am in favor of taking the tariff off.

The CHAIRMAN. I want to say right here that this side of the House, having some responsibility in regard to the making of the tariff bill, before we make any tariff bill, I, for one, am not declaring myself on any proposition. Wherever I have declared it publicly before I have not hesitated about the matter, and I do not hesitate now to say so; but on these other propositions—I am not standing alone—I want to consult with the other Members—

Mr. RANDELL. I am much obliged for the compliment the chairman has paid me. I understand him to say that he wants to consult me before making his mind up. I hope he will profit by that con-

sultation in the making up of the bill.

Mr. CRUMPACKER. Do you manufacture steel and iron for the trade or just for your own use?

Mr. Metcalf. Principally for our own use at Auburn.

Mr. CRUMPACKER. Do you manufacture substantially all that you use vourself?

Mr. Metcalf. Yes; we do sell some surplus product, but not very much.

Mr. Crumpacker. To whom?

Mr. Metcalf. To other agricultural-implement concerns and other concerns.

Mr. Crumpacker. Do you manufacture substantially all of your own iron?

Mr. Metcalf. Not entirely.

Mr. CRUMPACKER. So you do not buy iron in the trade, in the market, like these independent manufacturers do?

Mr. Metcalf. They do not very much.

Mr. CRUMPACKER. That is all.

Mr. Randell. One question on that line. Then, if the tariff was to remain on this raw material, you, being a producer of it, can manufacture just the same as if there is free trade along that line, but your competitor would have to buy his raw material under the tariff and would not have an opportunity to sell as against you; is not that the fact?

Mr. Metcalf. As a matter of fact their iron and steel business is entirely separate, and their agricultural-implement business pays the same as any other agricultural-implement concern in the United States to the steel company.

Mr. RANDELL. I thought you said that you did it; in other words, that you have one pocket as a manufacturer and another pocket in

which you have raw materials. That is all.

The CHAIRMAN. Your competitors do manufacture and sell abroad as well as yourself?

Mr. METCALF. Many of them.

Mr. NEEDHAM. Why is it that steel is so much cheaper now than in 1899, and these agricultural implements are so much higher?

Mr. Metcalf. I do not think they are.

Mr. Needham. Is it not a fact that mowers and reapers and wagons are higher than they were in 1899?

Mr. Metcalf. Not materially; nowhere near as much cost of pro-

duction in proportion to the increase.

Mr. Needham. That is generally supposed to be the fact, is it not? Mr. METCALF. There were a good many stories told during the campaign that can not be backed up by facts.

Mr. RANDELL. There is no doubt about that. If that had not been

the case the election would have been different.

Mr. Longworth. Have you a market in China and Japan?

Mr. METCALF. They have not. There is very little grain cut there, and they do not go anywhere where grain is not cut.

Mr. Longworth. There is a good deal of grain cut in Manchuria. Mr. METCALF. They go to Manchuria, but they call that a Russian province and not Japanese.

### HATTER'S PLUSH.

[Paragraph 461.]

PHILADELPHIA, November 30, 1908.

Hon. John Dalzell, M. C., Washington, D. C.

DEAR SIR:

\* \* \* \* \* \* \*

There is one question that I would like to put before you. I put it before the committee during the preparation of the last tariff, and that is hatter's plush. It comes under a separate duty from any other article, and it is purely a luxury, used for the manufacture of silk hats. Now, if there is anything that should pay a duty, it should be this, because it is a luxury to all intents and purposes. There is none made here, nor ever will be any made here as long as the rate of duty remains as it is.

Thanking you in anticipation of your interest in the above schedule,

I remain,

Yours, sincerely,

JAMES DOBSON.

## UMBRELLA AND PARASOL HANDLES.

[Paragraph 462.]

IMPORTERS AND MANUFACTURERS OF CANES AND PARASOL AND UMBRELLA FITTINGS ASK FOR REDUCTION OF DUTY ON UMBRELLA HANDLES.

63 WALL STREET, New York City, February 15, 1909.

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

Gentlemen: The following brief in the interest of the undersigned manufacturers and importers of walking canes and parasol and umbrella fittings, asking for a reduction in the proposed new tariff of the rate of duty on sticks and handles for walking canes, parasols, and umbrellas, is respectfully submitted to your committee for consideration.

NO CHANGE IN PRESENT RATE OF DUTY ASKED FOR IN COMPLETED UMBRELLAS AND PARASOLS OR RIBS AND FRAMES.

The present tariff under paragraph 462 provides, among other things, for sticks for umbrellas, parasols or sunshades, and walking canes, finished or unfinished, at 40 per cent ad valorem.

The importation of completed parasols or umbrellas into the United States, except for the purpose of copying, is practically nil, and from any American view point is not considered necessary or desirable

that the present duty on completed umbrellas or parasols be reduced, and for the purposes of this brief we may eliminate the question of parasols and umbrellas, confining the argument to the particular item, the subject of this brief, in its relation to parasols and umbrellas.

A large part of the latter consisting of the frame, ribs, and stretcher, is specifically provided for eo nomine under paragraph 170 of the present tariff, and for economic reasons unnecessary to enlarge upon it is admitted that the provision at present in force is equitable

and proper from an American view point.

Handles for parasols and umbrellas are imported into this country from England, France, Germany, and Austria to the value of about \$400,000 annually, and it is believed that the value of the American product for the same period is approximately \$1,500,000. No reliable basis for comparison, however, for tariff purposes can be obtained from these figures, for the reason that probably 80 per cent of the latter sum represents sterling silver workmanship which is entirely of American product and manufacture. The imported handles are made principally of galilith (a product of casein), horn, wood, ivory, vegetable ivory, and metal, or a union of two or more of these materials, the present tariff fixing the rate of duty according to the component material of chief value, at 20 per cent, 30 per cent, 35 per cent, and 45 per cent.

The handle as an integral part of an umbrella or parasol represents probably 25 per cent of the cost of the completed article. The American manufacturers of umbrellas and parasols do not manufacture any handles, and the many novelties which are imported aid them materially in the sale of their product, the ideas and designs of the European countries as represented in this particular line fixing

or influencing fashions or tastes in the United States.

In the umbrella and parasol manufacturing industry in this country the annual output would figure about \$12,000,000, of which sum, as above noted, the import value of handles would represent approximately 3 per cent, and this proportion, while exerting practically no influence on the principle of protection to American industries (rather, on the contrary, stimulating and encouraging the native American imitative genius), represents, nevertheless, an appreciable advantage to the average American consumer. In the trade in this country umbrellas and parasols are usually segregated for selling purposes into prices of 75 cents, \$1, \$1.50, \$2, \$3, and \$5 per piece, which prices are made in harmony with or regulated by the handle attached to the article; those selling for more than \$5 in most cases having American-made sterling silver, gold plated, or chased handles.

In the opinion of the undersigned manufacturers and importers there is no principle of protection to American workmen involved in this class of merchandise; on the contrary, it would appear that a less restricted importation would be justified by lessening the cost of parasols and umbrellas to the American consumer; increased importations, thus yielding a greater revenue to the Government; improv-

ing the American manufactures.

We respectfully urge your committee to incorporate in the paragraph of the proposed new tariff law corresponding to paragraph 462 of the present tariff law a provision as follows:

"Sticks and handles and parts thereof for umbrellas, parasols, sunshades, and walking canes, finished or unfinished, 25 per cent ad valorem." (See Exhibits A and B hereto attached.)

Respectfully submitted.

DOST & BRANDT, 265 West Broadway, New York City.
Morgenstern & Goldsmith, 77 White Street, New York City. SWITZER & SCHUSSEL, 114 Franklin Street, New York City.

CHURCHILL & MARLOW,

Attorneys and Counsellors-at-Law, 63 Wall Street,

New York City.

#### EXHIBIT A.

112, 114 FRANKLIN STREET, NEW YORK. February 15, 1909.

WAYS AND MEANS COMMITTEE,

Washington, D. C.

GENTLEMEN: I, Frederick E. Switzer, president of the corporation of Switzer & Schussel, importers and dealers in umbrellas and parasol fittings, walking canes, etc., at 112 Franklin street, New York City, N. Y., do solemly and truly swear that I have been in such business for a period of over twenty years, and that I believe myself qualified as expert on such matters. That I have read the brief to be presented to your committee asking for a reduction in the rate of duty on umbrella handles, and that the statements made therein are, to the best of my knowledge and belief, true. That I am willing to appear before your committee on reasonable notice to testify on any matters connected with the subject of the brief.

Yours, truly,

FREDERICK E. SWITZER.

Subscribed and sworn to before me this 15th day of February, 1909. [SEAL.]

EDWIN C. GIBSON, Notary Public for Kings County, No. 89,

Certificate filed in New York County. My commission expires March 30, 1909.

#### EXHIBIT B.

77 WHITE STREET, NEW YORK, February 15, 1909.

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

I, Eugene J. Goldsmith, a member of the firm of Morgenstern & Goldsmith, importers and dealers in umbrella and parasol fittings, walking canes, etc., at No. 77 White street, New York City, N. Y., do solemnly and truly swear that I have been in such business for a period of fifteen years, and that I believe myself qualified as an expert on such matters.

That I have read the brief to be presented to your committee asking for a reduction in the rate of duty on umbrella handles, and that the statements made therein are, to the best of my knowledge and belief, true.

That I am willing to appear before your committee on reasonable notice to testify on any matters connected with the subject of the brief.

EUGENE J. GOLDSMITH.

Sworn to before me this 15th day of February, 1909. [SEAL.]

LEO LEVY, Notary Public, No. 54, New York County.

#### NEW RUBBER WASTE.

[Paragraph 463.]

#### B. A. LEVETT, NEW YORK CITY, RECOMMENDS THAT NEW RUB-BER WASTE BE ADMITTED FREE OF DUTY.

Saturday, November 28, 1908.

Mr. Levett. Mr. Chairman and gentlemen: The parties I represent are importers of scrap rubber. With one exception, which I will point out, that is all assessed at 10 per cent under paragraph 463 as waste not otherwise provided for. That scrap consists of new pieces of rubber. That would come in free under paragraph 579 of the free list if it were not new. That provision says:

India rubber, crude, and milk of, and old scrap or refuse india rubber which has been worn out by use and is fit only for remanufacture.

These scraps comply with the requirement that it shall be fit only for remanufacture. They can not be used for anything else. They are remanufactured into other rubber used as adulterants and so on, and for no other purpose. As they come in they can have no other use. Here is one clipping; that is a cutting from the lining of rubber boots and shoes [exhibiting clipping]. That came in up to about four months ago at 10 per cent under this paragraph 463 as waste not specially provided for, and it generally came in through the border ports from Canada. A shipment came along and the collector at Rouses Point was a little in doubt about the rate and he wrote to New York and asked the appraiser what rate should be put on that. The appraiser at New York had it analyzed and he found that this was in part wool, and he said "This is not waste not specially provided; it is specifically provided for as wool waste at 20 cents a pound." The value of that wool waste is 5 cents a pound, and the word went out that this was to pay 400 per cent duty as wool waste.

Mr. Clark. Four hundred per cent?

Mr. LEVETT. Four hundred per cent; and at the time that this order went out, B. Loewenthal & Co., whom I represent, had a shipment that had come in at St. Albans, Me. This shipment amounted to \$2,000. There were 40,000 pounds. The duty was assessed at \$200. Then came the word from New York that the duty should be 20 cents a pound, which made the duty \$8,000. Fortunately, we were informed in time, so that we telegraphed up to the broker not to pay the duties, and therefore the collector would not pass the goods; under the law we applied to the Secretary of the Treasury for permission to export those goods by paying 1 per cent of the duty. That permission was granted, and we shipped out those 10,000 pounds of this wool waste; we have not imported a pound since. The only way in which that rubber can be recovered is by destroying the wool; it can not possibly be used for anything else but for the recovery of that rubber, and there is no reason under the sun why it should not come in free of duty, just as old rubber worn out by use comes in under paragraph 579. We ask not only that this should come in free of duty, but also that these pieces of new rubber should come in under

section 579, and to meet that proposition I ask that the paragraph be changed by omitting the word "old" and the words "which has been worn out by use and is," and by the addition of the words "and waste in part of rubber fit only for the recovery of the rubber contained therein," so that the paragraph will read:

India rubber, crude, and milk of, and scrap or refuse india rubber fit only for remanufacture; and waste in part of rubber fit only for the recovery of the rubber contained therein.

I do not want to tread on the toes of the wool people. The wool can not be used at all, and it is only a question of getting the rubber in free, which does not compete with any American manufacture and really furnishes employment to American labor. It is a fact that the manufacturers who use this and convert it into new rubber can not get enough of it, and that is why they import it from Canada; they can not get enough in this country. They import it and recover the rubber and use it in that way, and it can be used for nothing else.

## B. A. LEVETT, NEW YORK CITY, FILES SUPPLEMENTAL STATE-MENT RELATIVE TO NEW RUBBER CLIPPINGS.

NEW YORK, December 3, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: As supplemental to my statement before you on behalf of B. Loewenthal & Co. and others relative to new rubber waste,

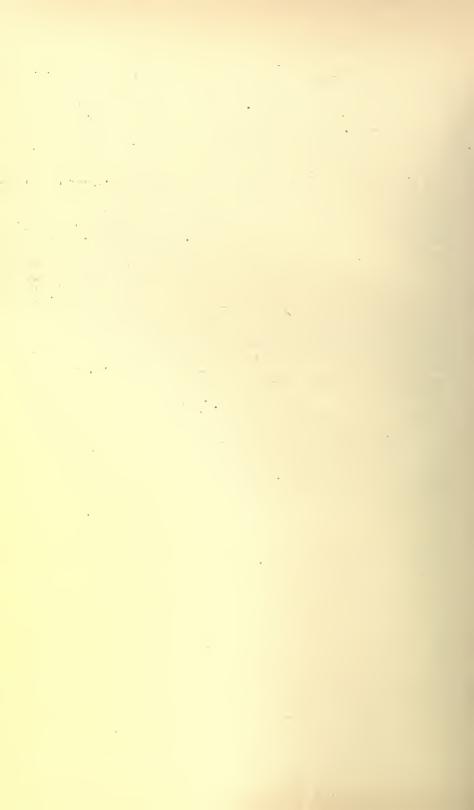
I beg to make the following statement:

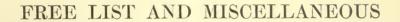
The provision covering rubber clippings as it appears in the present act seems to have been inserted for the first time in the act of 1890. It was reenacted in the same language in the act of 1894, and in the same language in the present act. The act of 1883 contained a provision in the free list for "India rubber crude and milk of." In the case of Cadwalader v. Jessup & Moore (149 U. S., 350) the Supreme Court had before it the question as to whether old indiarubber shoes were free of duty under this provision or were dutiable as articles composed of india rubber. While it was held that they were free, the amendment in the act of 1890 of the india-rubber freelist paragraph was undoubtedly made to cover such goods. Presumably the question of new scrap rubber was not brought to the attention of Congress, but if there was at that time any reason for excluding the new clippings from the free list, certainly that reason no longer exists, inasmuch as these scraps enter into no competition with any domestic article, and being fit only for remanufacture, their free entry serves to give employment to American workmen and to foster American industries, while their exclusion means the fostering of foreign industries. It is urged that absolutely no reason can be advanced why they should not be put upon the free list.

Respectfully submitted.

B. A. LEVETT.

(Representing B. Loewenthal & Co., Wm. H. Cummings & Sons, Theo. Hofeller & Co., Salomon Bros. & Co., Felix Salomon & Co., E. Bers & Co., J. Loewenthal & Sons.)





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## ARTICLES OF HOME ORIGIN.

[Paragraph 483.]

HENRY J. WEBSTER, NEW YORK CITY, QUESTIONS THE APPLICATION OF THE PROVISION FOR ARTICLES, THE GROWTH, PRODUCE, AND MANUFACTURE OF THE UNITED STATES.

17 Battery Place, New York, January 23, 1909.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: In my experience in tariff matters representing both the Government and importers a matter has frequently come to my attention which I believe deserves the attention of the Congress, particularly as it does not seriously affect any special interest, but is probably of greatest importance to travelers and individuals importing articles for their own use. I refer to the second in portation of

an article which has once paid duty.

It is submitted that if a man imports an article and pays duty upon it and takes it out of the country he should be permitted to bring it back without additional payment. Every person who has been compelled to pay duty a second time on the same article has certainly felt aggrieved, and Congress itself seems to have taken the same view as to a few articles. For example, paragraph 483 of the present tariff act (which relates chiefly to American products returned) provides for the free admission of quicksilver flasks of foreign make previously exported from the United States. Again, in paragraph 697, personal effects taken abroad by residents of the United States may be brought back by them without payment of duty, without reference to whether they are of American or foreign manufacture.

The Secretary of the Treasury also permits the free entry of automobiles of foreign manufacture when imported for a second time. His instructions to collectors are broad enough in their terms to include any article imported for a second time, but they have not been generally applied to other articles than automobiles. (T. D. 23923.)

The Secretary also permits teams and automobiles to cross the Canadian and Mexican borders temporarily without payment. (Art. 659, Treas. Reg. of 1908.) Sealskin garments of foreign manufacture may also be taken abroad and brought back without duty, if registered. (Art. 633, id.)

If the foregoing articles are properly admitted free upon second importation, would it not be proper to extend the rule to all classes

of articles?

Some cases where a second duty was assessed are as follows:

T. D. 15321 (G. A. 2755). A pump of English manufacture was sent from San Francisco to the coast of British Columbia to be used

in raising a sunken vessel. When this pump was brought back into San Francisco duty was assessed and the Board of General Ap-

praisers confirmed the assessment.

T. D. 15474 (G. A. 2823). The same rule was applied to a quantity of prune juice imported from a foreign country, then exported to Honolulu, and reimported into San Francisco. This was before the annexation of Hawaii.

T. D. 15675 (G. A. 2856). Iron tanks originally imported filled with glycerin, exported with acids and reimported with molasses,

were required to pay duty on the second importation.

T. D. 25768 (G. A. 5849) relates to an automobile of foreign manufacture imported and duty paid, exported to a foreign country, imported again and duty paid again.

Specifically, my suggestion is that paragraph 483 of the present law be amended by striking out the words "the growth, produce, and manufacture of the United States" and the further words "of American manufacture." The provision for quicksilver flasks would then become surplusage and could as well be omitted, the words "bottles" and "flasks" being inserted in the general clause.

The whole paragraph as proposed would then read:

483. Articles when returned after having been exported, without having been advanced in value or improved in condition by any process of manufacture or other means; casks, barrels, bottles, flasks, carboys, bags, and other vessels exported filled with American products or exported empty and returned filled with foreign products, including shooks and staves when returned as barrels or boxes; but proof of the identity of such articles shall be made under general regulations to be prescribed by the Secretary of the Treasury, but the exemption of bags from duty shall only apply to such bags as may be imported by the exporter thereof, and if any such articles are subject to internal tax at the time of exportation, such tax shall be proved to have been paid before exportation, and not refunded: Provided, That this paragraph shall not apply to any article upon which an allowance of drawback has been made, the reimportation of which is hereby prohibited except upon payment of duties equal to the drawbacks allowed; or to any article manufactured in bonded warehouse and exported under provision of law: And provided further, That when manufactured tobacco which has been exported without payment of internal-revenue tax shall be reimported it shall be retained in the custody of the collector of customs until internal-revenue stamps in payment of the legal duties shall be placed thereon.

The amendment as proposed would preserve the safeguards of the present law as to proof of identity, drawback, internal revenue, etc.

The persons affected by this question are, for the most part, not continuously interested, and it is natural that they should not appear before your committee. Those who may have to pay double duty in future probably do not anticipate it now, and those who have paid it in the past do not expect to do so again. It is for this reason that I have taken the liberty of addressing you, believing that, under these circumstances, your committee would consider the matter on its merits, although presented by one who has no financial interest in the result.

Respectfully, yours,

HENRY J. WEBSTER.

# THE GRASSELLI CHEMICAL COMPANY, CLEVELAND, OHIO, WISHES A SPECIAL PROVISION FOR CHEMICAL CONTAINERS.

CLEVELAND, OHIO, January 25, 1909.

Hon Sereno E. Payne,

Chairman Ways and Means Committee,

Washington, D. C.

Dear Six: The Graselli Chemical Company begs to call the attention of your committee to the hardship imposed upon the American manufacturer by a strict interpretation of paragraph 483 of the present tariff act. Paragraph 483 places on the free list "articles the growth, produce, and manufacture of the United States, when returned after having been exported, without having been advanced in value or improved in condition by any process of manufacture or other means; casks, barrels, carboys, bags, and other vessels of American manufacture exported filled with American products, or exported empty and returned filled with American products, including shooks and staves when returned as barrels or boxes; also quicksilver flasks or bottles of either domestic or foreign manufacture, which shall have been actually exported from the United States;" etc.

Under this paragraph the division of customs rules that every time a container or covering which is of foreign manufacture is returned empty to the United States after having been exported filled with American merchandise it must pay duty. For example, the Grasselli Chemical Company is exporting acids to Mexico. The packages for the acid are iron drums which originally came to the United States as coverings or packages for glycerin, which commodity pays a specific duty. These glycerin containers are not manufactured in this country and are the only satisfactory containers or packages which we can use to export our acids to Mexico. We have been unable to find any drums in this country that will stand the severe test of this long haul when filled with heavy chemicals, such as sulphuric acid. When these drums are returned to us to be refilled the collector imposes a duty of 45 per cent ad valorem on them as manufactures of metal. Furthermore, he assesses this duty not only once but every time the same drum comes back. Thus you will see that after it has been returned three or four times the Government would have received in duties considerably more than the full value of the drum.

These drums are not a source of revenue; they are simply packages for our merchandise, and we protest that it is not within the spirit, if it is within the letter, of our tariff laws that packages for American goods should be made to pay such exorbitant tribute. The Mexican market for acids is just opening to the American manufacturer, and it will be hopelessly closed unless this tariff on these iron drums is lifted. Therefore we respectfully ask for careful consideration of the following amendment to paragraph 483 and urge its insertion in the new tariff act which your committee is drafting. The only addition we have made to paragraph 483 is the addition of the words "iron glycerin drums" after the word "bottle," in line 8.

483. Articles the growth, produce, and manufacture of the United States, when returned after having been exported, without having been advanced in value or improved in condition by any process of manufacture or other means; casks, barrels, carboys, bags, and other vessels of American manufacture exported filled with American products, or exported empty and returned filled

with foreign products, including shooks and staves when returned as barrels or boxes; also quicksilver flasks or bottles, *iron glyccrin drums*, of either domestic or foreign manufacture, which shall have been actually exported from the United States," etc.

THE GRASSELLI CHEMICAL CO.

#### BEESWAX.

[Paragraph 490.]

THE W. H. BOWDLEAR CO., BOSTON, MASS., ASKS THAT A DUTY BE PLACED ON REFINED OR BLEACHED BEESWAX.

Boston, December 9, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: As bleachers and refiners of raw beeswax, we wish to call your attention to the advisability of having a duty placed

upon beeswax that has been bleached or refined.

There are several bleachers and refiners in this country, and beeswax without distinction from crude, refined, and bleached is all free. We are meeting competition from foreigners on the refined and bleached article and much of it is coming in here to-day free.

We desire protection as manufacturers to the extent of having a duty placed upon the refined or bleached beeswax. The crude or

raw material we desire to come in free of duty.

We would suggest 20 per cent ad valorem or 7½ cents per pound.

Respectfully, yours,

THE W. H. BOWDLEAR CO., W. H. BOWDLEAR, President and Treasurer.

## SEA GRASS.

[Paragraph 617.]

OSCAR SMITH & SONS CO., PHILADELPHIA, PA., WISH A DUTY PLACED UPON UPHOLSTERING GRASS.

PHILADELPHIA, PA., November 19, 1908.

WILLIAM K. PAYNE,

Clerk Committee on Ways and Means, Washington, D. C.

DEAR SIR: In reply to yours of the 11th, in connection with our letter of November 9 to Hon. Sereno E. Payne, to which your letter is a reply, we submit copies of our letter of September 2, 1908, to Hon. Boies Penrose, and copy of letter of V. W. Winchester, Baltimore, Md., to Hon. Isidor Rayner, both of which set forth our claim that a duty of at least \$4 per ton of 2,000 pounds should be placed upon this article imported into the United States. There is also a possibility of this article being imported from Germany.

Respectfully,

OSCAR SMITH & SONS Co., ALBERT T. SMITH, Manager.

#### EXHIBIT A.

Baltimore, September 9, 1908.

Hon. ISIDOR RAYNER, Baltimore, Md.

Dear Sir: For the past three years I have been endeavoring to foster an industry of a product which is of natural growth on our shores and what I believe to be a valuable article to the upholstering line of trade, also for other purposes—that is, I am gathering a sea grass which grows naturally in the waters of the Chesapeake and the neighborhood of Tangier Sound. I have interested quite a number of oystermen to engage in this industry, they having particularly nothing to do between oyster seasons, May to September, and while they have made a partial success, yet I find they are hampered by having in competition a similar product gathered in Canada, principally along the St. Lawrence River. I find there is quite a large demand and ready market for this domestic product (commercially known as sea moss), but as mentioned before, the gatherers can not realize a profit with any degree commensurate to the amount of labor attached. Now, upon some little investigation, I find the Canadian product can be put on the market for less expense, owing to the cheaper labor and general low expenses they have to contend with all around. Therefore I will urge you to take an interest in this matter, with the view in end of having a tariff created to protect and help to foster this industry of your native State.

I trust you will favor my efforts in this respect and take prompt steps to put the matter before a proper committee which would have the most weight in reaching the desired end. If you should want any further information on the subject, I shall be only too glad to cheerfully furnish the same as far as I am able. I beg to remain,

Yours, very truly,

V. W. WINCHESTER.

## Ехнівіт В.

SEPTEMBER 2, 1908.

Hon. Boies Penrose,

'Arcade Building, Philadelphia, Pa.

Dear Sir: We have within the past few years started a new industry in the United States, the gathering of sea grass, by some termed "sea moss," taken from the bays in the vicinity of Barnegat, N. J., also along the Maryland coast. This grass is sold principally for the filling of mattresses and upholstered furniture. We find, however, that we are discriminated against in the way of competition with a similar product gathered in the vicinity of Isle Verte, Quebec, Canada. First, because of freight rates the Canadian gatherers, having much lower rates for the same haul, are furnished larger cars for the same minimum weights and have labor at their command at one-half the price we are paying.

Sea grass is treated or prepared for market exactly as hay is cured,

and when baled for shipment, in the same manner.

As we understand, there is a duty of \$4 per ton on hay shipped from Canada to the United States. We feel we are justified in asking that you, at the proper time, take this subject up with the tariff

commission at Washington and ask that a duty of \$4 per ton be placed on shipments of this product to the United States, which should equalize cost of production with the Canadian shippers.

should equalize cost of production with the Canadian shippers.

Four dollars per ton would give us no advantage, and it simply represents difference in cost of labor. The matter relative to freight

rates we can take up with the transportation companies.

Very truly,

OSCAR SMITH & SONS CO.

#### PETROLEUM.

[Paragraph 626.]

THE BEAVER REFINING CO., WASHINGTON, PA., PROTESTS AGAINST FREE RUSSIAN CRUDE AND REFINED OILS.

Washington, Pa., January 4, 1909.

WAYS AND MEANS COMMITTEE,

Washington, D. C.

Gentlemen: We notice by the papers that there is a possibility of taking the tariff off on Russian petroleum. We think it would be a great mistake to take it off the crude and refined oils from that country, as it would be pretty severe competition for the small refiners. We do believe that if the tariff is taken off Russian white paraffin oils from 865 to 885 specific gravity, it would be a great help, as, so far, these oils can not be made out of any oil products in this country.

Yours, truly,

Beaver Refining Co.,
Refiners of Petroleum and its Products,
C. A. Wales, President.

## PARAFFIN WAX.

[Paragraph 633.]

THE WILL AND BAUMER CO., SYRACUSE, N. Y., CLAIMS THAT IT IS IMPOSSIBLE TO IMPORT PARAFFIN FREE OF DUTY.

Syracuse, N. Y., November 20, 1908.

Hon. SERENO E. PAYNE,

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

DEAR SIR: Referring to the article paraffin wax, we desire to call your attention to the fact that while this article is upon the free list, in actual practice it is practically impossible to import paraffin wax free of duty.

The article in question is a by-product of petroleum, and is controlled in this country by the Standard Oil Company, their control being more particularly upon the refined and semirefined wax than upon the crude—but all three forms of this wax were intended to be upon the free list.

While it was possible some years ago to purchase this wax at reasonable prices, since the advent of the Standard Oil Company in the candle business they make it a point to maintain a high price for the wax, at the same time constantly depressing the prices of candles, the object of this action being to eliminate competition in the candle business.

The reciprocity feature of the present tariff provides that, upon paraffin wax imported into the United States, the same duties shall be charged as are being exacted by the country from which such wax

may be imported.

As a result of this it is possible to import wax only from England, and the Standard Oil people appear to have a working arrangement with the English manufacturers whereby the prices in England are the same as those in the United States, thus completing a monopoly which is almost international in its scope.

With this restriction removed, the candle manufacturer would be in position not only to meet the unjust competition of the Standard Oil Company in this country, but could also compete sucessfully for

the export trade in candles with manufacturers abroad.

We respectfully submit, therefore, that paraffin wax should be completely upon the free list, without modification by any reciprocity clauses.

Trusting your committee will grant our prayer, we remain,

Very truly, yours,

THE WILL & BAUMER CO.

# REGALIA, GEMS, AND STATUARY.

[Paragraph 649.]

## STATEMENT OF WLLIAM L. TIERNEY, 27 WILLIAM STREET, NEW YORK CITY, N. Y., RELATIVE TO CHURCH STATUARY.

Saturday, November 28, 1908.

The CHAIRMAN. You may have five minutes, Mr. Tierney, on the subject of church statuary.

Mr. Tierney. I will simply file a brief on this subject, but there are one or two points that I would like to bring out before I file the

brief.

We come under paragraph 649 of the free list. Church statuary comes in free of duty for educational purposes and for churches and other like institutions as "casts of sculpture." That is a decision of the United States Supreme Court, which construed a statue, because it is an article made of composition and cast, as coming under this heading of "casts of sculpture." It is our contention that our article, not being a work of art but being a manufactured product, has no business under that paragraph, and it really does not belong under the heading "casts of sculpture." It is also our contention that in 1897 Congress, in the redrafting of the tariff, intended to protect our industry by putting a duty of from 35 to 60 per cent on the component materials that go to make up the statues. That duty was imposed up to 1904, and as a result of this decision of the United States

Supreme Court the duty has not been levied for the last three or four

vears.

We ask that this article be treated as a manufactured article, and not that a duty be levied according to its component materials, the component materials being plaster of Paris, terra cotta, and cement.

The changes we ask in the act are in my brief and are pretty well covered, I think. We do not wish to exclude all casts of sculptures, but simply church statuary, where used for church purposes or for any other purpose other than art or art-educational purposes.

BRIEF SUBMITTED BY WILLIAM L. TIERNEY, NEW YORK CITY, FOR AMERICAN MANUFACTURERS, ASKING FOR A DUTY ON CHURCH STATUARY.

NEW YORK, November 27, 1908.

WAYS AND MEANS COMMITTEE,

Washington, D. C.

Gentlemen: The undersigned are domestic manufacturers of "church statuary," so called, and technically known as casts of sculpture painted and decorated.

The article is imported free of duty by affidavit under paragraph

No. 649 of the tariff act of 1897, where used for churches, etc.

We ask to have this article taken from the free list and a duty

levied thereon based upon the component materials thereof.

Following is a copy of the present paragraph No. 649, and parallel thereto a draft of the amended paragraph as we propose it. The changes and additions are underlined. The committee will also note that we differ but slightly in language from the proposed amendment now before the committee. Our amendment aims to further protect us in sales to schools and other institutions as well as to churches.

PARAGRAPH 649.

Act of 1897.

Regalia and gems, statuary, and specimens or casts of sculpture,

where specially imported in good faith for the use and by order of any society incorporated or established solely for religious, philosophical, educational, scientific, or literary purposes, or for the encouragement of the fine arts, or for the use and 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,

Paragraph as amended or reconstructed.

Regalia and gems, statuary, and casts of sculpture for use as art models or for art educational purposes exclusively.

where specially imported in good faith for the use and by order of any society incorporated or established solely for religious, philosophical, educational, scientific, or literary purposes, or for the encouragement of the fine arts, or for the use and by order of any college, academy, school, seminary of learning, orphan asylum, or public hospital,

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; and such articles shall not be sold, transferred, or used contrary to this provision and shall be subject at any time to examination and inspection

by the proper officers of the customs;

but the term "regalia" as herein used shall be held to embrace only such insignia of rank or office or emblems as may be worn upon the person or borne in the hand during public exercises of the society or institution, and shall not include articles of furniture or fixtures, or of regular wearing apparel, nor personal property of individuals.

but the term "regalia" as herein used shall be held to embrace only such insignia of rank or office or emblems as may be worn upon the person or borne in the hand during public exercises of the society or institution, and shall not include articles of furniture or fix-tures, or of regular wearing apparel, nor personal property of individuals.

Our amendments are suggested with a view of removing from the free list our article where used for church, school, convent, chapel, or other such institution as an article of church or school adornment, equipment, furniture, or such that goes to complete its character as such an institution, or which goes to make up the religious or semi-

religious purposes of its existence.

Our article is no more entitled to be admitted free of duty for these purposes than are the usual and customary fittings of a church or school of any denomination. Practically all the parts or subjects best known in making up such institutions are subject to duty; for example, stained-glass windows containing religious figures; the outside stone or wooden cross; the material used for mural decorations in the way of devotional paintings; and, in fact, substantially every article, piece of material, or furniture used within the institution or in construction thereof excepting such few and limited articles as come in under the heading of "regalia," and these are specially provided

We ask that the words "specimens or casts of sculpture" be supplanted by the words "casts of sculpture for use as art models or for art educational purposes exclusively," the purpose being to establish the duty Congress intended to establish in 1897 on the immense importation of the one article, church statuary, that yearly comes into this country from the numerous well-established Canadian and European houses who deal exclusively in this article, and whose immense profit is reaped from the sale thereof to approximately 15,000 churches, and a like number of religious schools, colleges, and other like institutions in the United States.

Owing to the possibility of a religious statue being used in a religious school and construed by the courts as being in part suited for religious exercises and part for educational purposes, we ask that its use where it is imported free of duty be limited exclusively to educa-

tional, and that form of education to be of art instruction.

The use of the words "orphan asylum or public hospital" are intended, we believe, to give the privileges of this paragraph to these institutions and this privilege we favor under the restrictions we are

asking for herein.

There is also added the words "subject to such regulations as the Secretary of the Treasury shall prescribe." These words, we believe, form a very necessary amendment, because of the fact that they allow the Treasury Department the powers usually specifically conferred in such sections of the acts, but which were apparently overlooked in the drafting of this paragraph.

The remaining portion of our amendment we desire as a protection against a system of carelessness, and we might say recklessness, in the present method followed by the importer in the use, wording, and practice of the affidavits under which these goods are imported free of duty. We believe that the intentions of the law will be best preserved and carried out if this safeguard is afforded us, namely, that the custom authorities may have the power to inspect the article at its destination at any time subsequent to its arrival to see that the purpose of the act is lived up to, and that the article is not used for or transferred to a different purpose through the ignorance, forgetfulness, or other motive of the importer.

These last additions that we ask are embodied in substantially the same language in paragraph 702 of the free list of the 1897 act, which is a kindred paragraph on the subject of art. We are informed that this addition to paragraph 702 has worked out well in practice and aids materially to the proper enforcement of the law without

undue restraint on the importer.

We are a temporary association, recently formed for the sole purpose of presenting this question to Congress. We represent the bulk

of the industry in the United States.

Taking the year of 1907 as a basis, approximately 25,000 religious statues were cast and sold by the domestic manufacturers of the United States. This includes anything over 1 foot and embraces statuary, bas-relief, etc., up to an average height of 6½ feet. At an average selling price per piece of \$25, the yearly value of our domestic industry is about \$600,000. In the year 1907 the value of the imported goods coming in free of duty is about \$400,000. This is the selling value, which is approximately double the value fixed for duty purposes. We are unable to give any satisfactory figures on the amount imported for other than institutional purposes, owing to the same being dutiable under the subject of the component material, and not in any way distinguishable from numerous other articles imported under the same classification.

A fairly conservative estimate of the yearly sales of this article in the United States, domestic and foreign, will amount to fully

\$1,000,000

The article is best described as a hollow figure of a religious subject cast from a mold. The cast is made up of an earthy substance, plaster of Paris, cement, or terra cotta, painted and decorated. It is used largely for devotional and decorative purposes in churches and religious institutions and private houses. Many of the figures are life-size and range down to a few inches, though the larger figures form the bulk of the industry. These figures are in the round, single, in groups, and in bas-relief. The market prices figure about \$40 to \$50 for a 5-foot statue of "rich" decoration, changing according to the component material or the value of the decorations used.

The article is not a work of art in any sense of the word. A man with some skill makes a clay model; from this model molds and casts are struck off until a final mold is obtained for permanent use. This mold is either made of glue and plaster of Paris or plaster of Paris alone. One is called a "glue mold," and the other a "piece mold." From this final mold is cast the statue. The work of casting is done by a mechanic. They are cast in a workshop in sets of four to six. These casts are then painted and decorated. The caster and molder receives from \$2.50 to \$3 a day in New York and Chicago; the painter and decorator receives about \$4 to \$6 per day. In foreign

cities the caster and molder is paid as low as 85 cents, and the painter

and decorator \$1 per day.

The original creation, clay model, final mold as cast, decorated and sold, are not recognized by the art schools or art authorities as works of art; but they are classified and should be classified as a trade article of the production of a factory or workshop similar to profane statuary cast from molds and sold in the market and other articles of like classification.

Previous to 1897 the industry was not recognized to any extent in the United States in the way of tariff protection. Paragraph No. 649 of the act of 1897 was construed by the Treasury department and customs authorities from 1897 to January, 1904, to not include "church statuary," on the theory that the language "specimens, or casts of sculpture" referred to works of art, the exclusive production of an artist or sculptor; while "church statuary" was construed as a cast painted and decorated, the production of a mechanic and laborer, and made in line conflicting with true are. For example, a statue cast in composition, earth, cement, etc., paid a duty of 35 per cent; one cast of plaster of Paris a duty of 45 per cent; one cast of terra cotta, porcelain, etc., 60 per cent; all under the following paragraphs of the act, to wit, Nos. 97, 450, and 95.

The Benziger decision (Benziger v. United States, 192 U. S.), in January, 1904, construed our article as coming under the generic heading of "specimen or cast of sculpture." As a result it was permitted to come in free of duty for the churches and other religious

institutions which formed the bulk of the trade.

This decision is an extreme case of statutory construction. It reversed the rulings of the collector of the port of New York, Board of Appraisers, circuit court of the United States, and circuit court of appeals. The decision is based largely on the confusion as to the true meaning of paragraph 649. The effect of this decision would be described as ludicrous were it not for its serious and disastrous effects on our industry.

Under the United States Supreme Court's definition that a cast of sculpture is anything molded or cast from a mold, there has been imported as "casts of sculpture," free of duty, zinc statues, a marble font, and a lead statue. We see no reason why the court's definition could not include all forms of brass and iron goods molded, even to stove fittings or a "rubber doll," to quote the comparison made by

the circuit court judge in that case.

Our theory is that Congress clearly intended to protect us in 1897. That by reason of faulty wording of the act or by reason of a new definition given to an old subject by the United States court we have failed in the protection intended for us. We ask now no more than what Congress intended to give us at that time, namely, an ad valorem duty of from 35 per cent to 60 per cent, according to the basic components of the article. This duty is not wholly adequate to put us on an even basis with the importer, as will be shown by the comparative figures following. However, it will be a long step in the proper direction, and we are willing to make up the difference by keen competition and superior workmanship.

I have taken a 5-foot statue cast in composition, of rich decoration, and compared the cost of the same as based on labor and wages in the cities of New York and Chicago as against the same statue manu-

factured in Montreal, Berlin, or Paris. There is some slight difference in wages in the three cities; my figures are the average and are based on data obtained from various sources, including that given by impartial experts from these cities, and which will be gladly detailed or explained by experts in person at the election of the committee.

Cost of production of 5-foot church statue cast, technically known as "religious casts of sculpture," painted and decorated.

	Domestie.	Foreign.
Labor, including casting, molding, cleaning, painting, packing, and shipping.  Material, including plaster of Paris, cement, fiber, iron, dexterine, oil, turpentine, paints, gold leaf, use of brushes and wood.  Model and mold, including labor and material (this amount is only the proportionate amount of cost to each of the several easts made from the mold).	\$21.83 7.00 6.00	\$8.73 4.50
Loss and collection (5 per cent)	34.83 1.75 3.50	16.23 .81 1.62
Transportation:  Average cost to New York of 250 pounds from Chicago and vicinity  Average cost, Berlin or Paris to New York of 250 pounds  (Montreal to New York rate is but \$1.65, but not taken as a basis.)	40.08	18.66
Duty of 35 per cent (such as we ask)	43.58	27.66 9.68
Total cost f. o. b. New York of domestic as compared with foreign statue.	43.58	37.54

These figures do not include the selling costs or sales, commission, interest on principal, capital, etc., or profit of any kind. They represent rock-bottom costs, and show that even with the duty we ask put on the importer can undersell us.

The cost of material is about the same in each of the foreign cities, but the cost of labor differs slightly. Plaster of Paris, pure, or terra-cotta statues cost 15 per cent to 25 per cent more. The smaller statue is proportionately cheaper as to material, but the labor is only

slightly reduced.

The foreign houses are paying American agents from 50 per cent to 100 per cent commission. Well-known houses in addition to this are paying dividends of from 25 per cent to 35 per cent on their stock. The catalogue prices of the various foreign and domestic manufacturers, while not uniform and not altogether a fair basis of the selling prices, still show the selling prices of the statues, such as we describe, will run between \$40 and \$50 for both foreign and domestic. These prices give the American manufacturer a loss in some instances and in others a profit of not more than 10 per cent, providing the selling cost is reduced to a minimum by the manufacture in numbers. Ten per cent is not a proper working profit for this line of work.

Competition is so keen and the selling prices so close that smaller statues of the 1 and 2 foot style are frequently sold at a considerable loss.

The one of the largest houses in the business, a house established in 1860, has seriously and is seriously considering a plan to move its factory to Europe and there manufacture the article for purposes of American sale. This they claim is necessary if they wish to remain in business, as the time is close when the domestic manufacturer must close up in the event of another cut in the competitive

prices.

An illustration of the hardship worked may be gathered from a comparative estimate of statues made in and about Chicago and shipped to New York with the same statue made in Montreal and shipped to the same point. A Canadian statue reaches New York free of duty at a freight rate of \$0.55 per hundred and takes less time than the statue manufactured in Chicago at almost double the expense and paying a freight rate of \$0.75 per hundred. We need more protection against the Canadian trade than we do the European.

In conclusion, we state that the condition of the American industry is growing poorer each day. The prices obtained for religious statuary average far less than the prices obtained for the same goods

made up into profane statuary.

The profits of the business are reduced to a minimum, and in many cases are wiped out altogether. The American manufacturer must undersell the importer to secure the home market. When the production of any one style of article or any one house interferes with the sale of foreign goods, the manufacturer drops his prices to a scale below profit or even the cost of the American manufacturer and still nets a handsome profit. With the increased cost of labor and material in the United States in the last ten years, the prices obtained for statuary have not increased, but in numerous cases decreased, although the quality of the material and the grade of workmanship has been materially bettered. The industry has increased in volume fully 200 or 300 per cent, while the profits have as rapidly decreased. It is only by the number of sales and by superior selling methods and by representing a superior article that the domestic manufacturer has been able to keep his head above water.

We ask, therefore, that the paragraph 649, as amended in the proposed form contained in this memorandum, be inserted in the new

revision of the tariff by this committee.

Yours,

Daprato Statuary Company, Chicago, Ill.; Bernardini Statuary Company, New York City; A. Da Prato Company, Boston, Mass.; Munich Statuary Company, Milwaukee, Wis.; European Statuary Company, Milwaukee, Wis.; Bernard Statuary Company, Chicago, Ill.; A. T. Kaletta & Co., St. Louis, Mo.; Dubuque Altar Manufacturing Company, Dubuque, Iowa; A. P. Nardini & Co., Boston, Mass.; Jos. Poli, Pittsburg, Pa.; Biagi Statuary Company, Chicago, Ill.

WILLIAM L. TIERNEY, Counsel, 27 William Street, New York City. HON. WILLIAM J. CARY, M. C., SUBMITS LETTER OF THE M. H. WILTZIUS COMPANY, MILWAUKEE, WIS., RELATIVE TO CHURCH STATUARY AND REGALIA.

MILWAUKEE, WIS., November 28, 1908.

Hon. WILLIAM J. CARY, Washington, D. C.

DEAR SIR: No doubt you were a little surprised to receive a message from me to-day, for which this letter is a confirmation. To explain more closely the reason for the telegram it will be well for you to know that the Munich Statuary Company, in which I am interested and of which I am the manager, in conjunction with nine or ten other manufacturers of the same article of church decoration commodity, feel that our manufacturing business not alone particularly in this line, but also the manufacturers of church ware, such as chalices, candelabra, vestments, and all other kindred articles that are used for church purposes being now largely made in this country, our tariff needs revision, so that our industries may be protected. exists at the present time a clause in the tariff which permits all of these various church goods, articles, statuary, etc., to be entered free of duty in this country upon affidavit that the same are intended exclusively for church purposes, and through this fact our American or domestic manufacturers do not receive the benefits that our import tariff should give. You will readily see that through this means our American manufacturers are brought in direct competition with the goods that are manufactured in foreign countries by much cheaper laborers, and through this reason our American manufactured goods of necessity draw the short end.

In connection with statues particularly the combined statue manufacturers of the United States, among which the Munich Statuary Company is one, have had the matter studied up by one Mr. William L. Tierney, an attorney and counselor at law, of No. 27 William street, New York City, and through some unaccountable manner our firm was not apprised of the date when this matter was to be taken up, and we this morning received a communication which notified us that this subject would be taken up before the Ways and Means Committee in Washington on Saturday, the 28th of November, and you can very readily realize then that we were driven to our wits' end in order to be able to get our friends busy, and having no friend at Washington other than yourself, we made free to address you first with a telegram apprising you of this matter, and which

this letter now confirms.

As the general subject of the tariff on all religious and church goods articles is one of considerable importance, we would consider it a great personal favor if we could be informed of the approximate time when this matter will be taken up by the tariff committee, and we would make it a point then also to visit you personally, either myself or Mr. Wiltzius, and talk over very carefully all matters that should be taken into consideration in connection. Now, Mr. Tierney, who appears before the Ways and Means Committee to-morrow, has for his subject the revision of the tariff only upon religious statuary, whereas in the general business in the church-goods line there are one thousand and one items that must not be overlooked and which require just as close consideration as the subject of church statuary, and principally to these articles do we refer.

Church vestments, chalices, ciboriums, ostensoriums, which are made in silver, gold, and brass, are all on the free list where they are imported direct for churches, and in this line we have a large number of metal manufacturers that make it a business to supply these things, and in the vestment line our firm is one of the largest domestic manufacturers in this country, and through this free import clause we find ourselves greatly handicapped on account of the excessively high tariff that we have to pay on imported silks, which we use in our manufacture.

Now, there is one thing which we wish to make plain.

We would advocate a reduction of the extremely high tariff so that our American manufacturers in this line would be protected, but the free import clause we feel should be entirely eliminated, as that is radically unjust as against domestic manufacturers. Of course, when we hear from you in connection with this matter we assure you that it will afford us great pleasure to meet you in Washington, where matters of this kind can be better talked over and discussed.

We again ask to kindly inform us when matters of this nature will probably come before your honorable body, and we shall do our best to give you full information as far as we are interested in the subject.

Taking this opportunity to send you a friendly greeting, and hoping soon to hear from you, beg to remain.

Most respectfully, yours,

M. H. WILTZIUS COMPANY.

HON. J. HAMPTON MOORE, M. C., SUBMITS LETTER OF THE WRIGHT MANUFACTURING CO., PHILADELPHIA, PA., RELATIVE TO SACRED VESSELS.

PHILADELPHIA, November 28, 1908.

Hon. J. HAMPTON MOORE,

Congressman, Third District, Philadelphia, Pa.

DEAR SIR: We wish to interest you on the subject of the free

import clause under the existing tariff.

Among other goods that we manufacture, we have a silver department in which we make a specialty of sacred vessels, such as are used by the clergy of the Catholic and Episcopal denominations, namely, chalices, ciboriums, and ostensoriums, etc. Under the existing tariff we have a clause known as the "free import," under which clause a clergyman by simply signing an affidavit can import these articles free of duty. Our domestic manufacture has by reason of this clause fell off to an alarming extent.

Our domestic manufactures in quality are equal in every case and superior to the foreign in many instances, but we find ourselves unable to compete with the foreign manufacturer on account of the clause in

question.

The demand for these sacred vessels is in a manner limited, since a clergyman uses but one of each article. On the other hand, there are enough manufacturers who, with their present facilities, can well take care of the demand for these articles should this "free import clause" be stricken out under the tariff revision.

We will be prepared to give you further information should it be desired, and we trust you will interest yourself and refer the matter to the committee in charge of the tariff revision.

Yours, very truly,

WRIGHT MANF'G CO. (INC.). Leonard J. Wolf, Secretary and Treasurer.

#### THE W. J. FEELEY CO., PROVIDENCE, R. I., WISHES CHALICES, CIBORIA, AND OSTENSORIA MADE DUTIABLE.

Providence, R. I., November 30, 1908.

Hon. John Dalzell, M. C., Washington, D. C.

DEAR SIR: In reference to the "free list" of the present tariff schedule, we would call attention to article 649, and the abuse of this section as exemplified by the large importations of these articles into this country, as attested by the following facts:

First. That French, German, and Belgian houses circulate catalogues in this country and have their agents in New York, as instance Exhibit A accompanying this letter, Le Roux, of Paris, whose representative is George Gregoire, 1170 Broadway, New York. Also the

catalogue of Oberhauer, Budapest.
Second. That many American houses advertise these goods free of import that formerly patronized American manufacturers, as instance Exhibit B, the catalogues of John P. Daleiden, of Chicago; of McKeown Brothers, of St. Louis; of the Stoltzenberg Company, of New York; of B. Herder, of St. Louis; of The T. F. Phillips Company, of Dubuque; of the M. H. Wiltzius Company, of Milwaukee and New York.

Third. The abuse of this article has been so general that many stores not only advertise these goods free of import, but furnish a

form of oath for their customers.

Chalices are in many cases the personal property of individuals, and the importation of these articles free of duty, as advertised in many catalogues, defeats the object of that part of section 649 which excepts personal property of individuals.

Ciboria and ostensoria are, properly speaking, furniture or fixtures, as they are used only at intervals and are then put away until again required, and are furniture or fixture in the same sense that they con-

stitute a useful article or article of permanent ornamentation.

In view of these facts, we petition that the words "borne in the hand" be omitted from this section and that the following be inserted as not free from duty: "Chalices, ciboria, and ostensoria." The manufacturing of these goods gives employment to 500 or 600 men in this country, and with no greater protection than is given to other manufactured goods would employ twice or three times that number. We desire that the duty on these goods be the same as on other articles of gold and silver, such as jewelry and tableware.

The exhibits referred to have been forwarded to the chairman of the Ways and Means Committee. We are mailing you a copy of our catalogue, under separate cover, to give some idea of the extent and

variety of our manufactures in this line.

Respectfully,

THE W. J. FEELEY Co., WILLIAM J. FEELEY, Treasurer.

# SUPPLEMENTAL STATEMENT RELATIVE TO SACRED VESSELS SUBMITTED BY THE WRIGHT MANUFACTURING COMPANY, OF PHILADELPHIA, PA.

PHILADELPHIA, PA., December 7, 1908.

WAYS AND MEANS COMMITTEE,

Washington, D. C.

Honorable Gentlemen: We sent our Representative, Hon. J. Hampton Moore, a communication with relation to the "free import clause" under the existing tariff. At his request we submit you a

few brief statements bearing on this subject.

In the present tariff laws there is a clause which allows churches, colleges, schools, etc. (Catholic institutions principally), to import articles used in their devotion, such as candelabra, candlesticks, lamps, chalices, ostensoriums, ciboriums, etc., "free of duty" by simply signing an affidavit. (We attach hereto a form that is used for this purpose.)

This clause has been in existence about ten years and has proven to be a very serious question in our particular industry. We can safely say that to-day 50 per cent of the metal goods required about churches (principally Catholic) are brought in "free" under this clause. Our

industry suffers to this extent.

This clause has been the means of foreign manufacturers establishing agencies throughout this country. Every important dealer in this line of goods now holds a foreign agency, and the imported work is placed in direct competition with domestic. The fact that foreign articles can be sold "free of duty" gives them the preference at once, since they can be offered "45 per cent" less than the domestic article. In other words, the purchaser can see more value for his money in

buying the foreign article.

We are one of probably six concerns in this country who devote their entire attention to this particular line of work, and there are many less important concerns who simply work a department given to this line. The industry may be termed "art work." We must employ skilled and well-trained mechanics, such as silversmiths, engravers, metal spinners, etc. The workmanship is principally hand work, and therefore labor is the important part of the product. The European mechanics receive about one-third the wages we are obliged to pay our mechanics; besides, the European manufacturer has also the advantage in working his men a greater number of hours. All this is favorable to the foreign manufacturer, and by giving the purchaser here the advantage of the "free import clause" it has been the means of ruining this important industry for both the mechanic and manufacturer in this country. We also want to add that in the entire metal industry our mechanics are only second to the high-class jeweler; the highest grade of workmanship is displayed in "ecclesiastical work."

The importation of this particular line of work has been going on for a century. The industry has developed in this country to such an extent in the past twenty-five years that we are well able to compete with the foreigner in every respect with a reasonable tariff against importation, but since the clause in question was inserted in the prevailing tariff and the misuse of it our industry has suffered.

The institutions who use this class of work are well able to purchase our domestic goods; they are supported wholly by the American pub-

lic, and there is absolutely no reason why they should support or

patronize foreign competition in preference to home industry.

We therefore appeal to your honorable commission in charge of these matters to give our cause due consideration and recommend that this "free import clause" be stricken out and a reasonable duty be imposed against the importation of this class of work.

Respectfully submitted.

WRIGHT MANUFACTURING Co. (Inc.), LEONARD J. Wolf, Secretary and Treasurer.

#### EXHIBIT A.

OATH ON FREE ENTRY OF ARTICLES INTENDED FOR USE OF COLLEGES, SCHOOLS, ETC. [Under paragraphs 503, 638, 649, 701, and 702 of the act of July 24, 1897.]

I, ———, do solemnly, sincerely, and truly swear that I am —— of the ——, located at —— in the State of ——, and that the following articles, viz: —— imported by ———, in the ———, from ——— imported by the order and for the sole use of said ——— as its permanent property, and not for sale or distri-
bution.
STATE OF ———, County of ———, ss:
Personally appeared before me, the said, known to me to be the
identical person named in the foregoing affidavit, and subscribed and made oath
thereto.
Witness my hand and official seal, this ——— day of ———, 190 .
This each may be taken before any netowy public or collector of automor

#### THE DAPRATO STATUARY COMPANY, CHICAGO, ILL., WISHES A' PROTECTIVE DUTY PLACED UPON CHURCH STATUARY.

CHICAGO, November 27, 1908.

PORT OF -

Hon. HENRY S. BOUTELL, M. C., Washington, D. C.

Dear Sir: We are among your constituents and are engaged in a business of manufacturing church statuary in the city of Chicago. We are the largest manufacturers of this kind in the United States, though there are several others of considerable size and importance.

Religious statues are allowed to be imported free of duty into the United States where purchased for churches, schools, etc. The great bulk of our trade is with religious churches and schools. The foreign houses are shipping their goods into this country in large quantities and are not only underselling us but doing so at an immense profit.

This subject is covered in paragraph 649, free list, act of 1897. The hearing on this paragraph before the Ways and Means Committee is set for Saturday, November 28. In common with some of the other houses we have sent Mr. William L. Tierney, attorney, of No. 27 William street, New York City, to appear before your committee on that day and ask to have the paragraph so revised that a duty of from 35 per cent to 60 per cent will be levied on the foreign article. We may in addition send one of our own representatives to be heard.

There are also two other houses in Chicago, Bernard Statuary Company and Biagi Statuary Company. We ask you in behalf of ourselves and the other interests to favor us with your attention. We will have our representative, Mr. Tierney, speak to you on the matter.

We know of no serious opposition to our measure excepting from across the water, and our only purpose is to protect ourselves in the

prices that now obtain.

We regret your absence in Washington prevents our taking the matter up more fully with you in person at this time.

Yours, respectfully,

DAPRATO STATUARY Co.

W. WICKHAM SMITH, NEW YORK CITY, COUNSEL FOR IMPORTERS OF CHURCH REGALIA AND STATUARY, PROTESTS AGAINST ANY CHANGE IN THE PRESENT LAW.

32 Broadway, New York City, February 4, 1909.

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

GENTLEMEN: As counsel for importers of church regalia and casts of sculpture for use in churches I submit the following protest against

any change in the existing law relating to these articles.

The present tariff provides duties upon such articles according to their component material, but in paragraph 649 of the free list exempts them from duty, when specially imported in good faith, for use and by order of any society incorporated and established solely for religious, philosophical, educational, scientific, or literary purposes, or for the encouragement of the fine arts, or for the use and 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.

Various domestic manufacturers of what they call church statues have petitioned for the striking out from the free list of this exemption in favor of religious institutions, and they state without hesitation that it was the intention of the Congress which enacted the Dingley bill to impose duties on this article, and that that intent was frustrated by the decision of the Supreme Court of the United States in the case of Benziger v. United States, 192 U. S., 38. If, however, the members of your honorable committee will read the decision referred to they will see that the court was giving effect to what it believed to have been the intent of Congress and to the uniform policy not only of Congress, but of the executive branch of the Government. Thus the court says (p. 45):

An examination of the provisions of the various statutes shows a somewhat uniform purpose on the part of Congress to provide free entry to casts of marble, bronze, alabaster, or plaster of Paris, and also statuary and specimens of sculpture, when specially imported in good faith for the societies enumerated in the acts.

The court called attention to a decision of the Treasury Department in 1891, in which, considering such claims as are now made on behalf of the manufacturers, it said:

The department believes that the crude or inartistic character of the figures under consideration can not be urged as a reason for their exclusion from the

benefits of free entry. It is fair to infer a liberal intention on the part of Congress from the fact of its inclusion of religious institutions among those to which the privilege of free entry is extended. Religious institutions are not schools of art, nor can congregations without adequate means always consult aesthetic rules in regard to the equipment of their churches. It is the sentiment of pious associations which gives the figure its efficiency as an aid to the religious worship, and the plaster cast may in this way be as serviceable to the humble worshiper as the more costly work of genius.

We respectfully submit that the court was right in its recognition of the policy of the Government, and that no reason has been shown why that policy should now be discontinued. There is an abundant field for the manufacturers of so-called statuary in this country now without further stimulating their business by imposing a tax upon churches; and any policy which would permit the importation of costly statues by rich congregations and entitle them to free entry as works of art, and which would impose taxes upon articles of a less artistic and expensive character imported by poor congregations, is a most unjust discrimination to which Congress should never give its sanction. If the whole scheme of the tariff, as applied for many years, by which articles imported for educational or religious purposes are accorded free entry is to be abandoned, then, of course, these particular articles are entitled to no different treatment from others, but we can not believe that it will be the policy of Congress to make such a radical change in the law. If, on the other hand, any articles imported for religious or educational purposes are to be admitted to free entry, then we submit there are no articles which are more entitled to that privilege than those which form the subject of this communication. The amount of revenue that the Government would derive by taxing these articles would be trivial. The manufacturers who are reaching out for further advantages and higher profits are few, but the benefits which are conferred upon poor and struggling churches, by reducing the cost to them of indispensable articles of church decoration which are calculated to inspire and foster religious feeling and devotional aspiration, are extended over the whole country, and we respectfully urge that no good reason has been shown for withholding them.

In the statement of William L. Tierney, No. 27 William street, New York City, counsel for the domestic manufacturers of church statuary, so called, we find it stated that the cost of a 5-foot statue cast in composition of rich decoration in Chicago, exclusive of transportation charges to New York, and of selling costs, sales commission, or profit of any kind, is \$40.08. We inclose herewith, as Exhibit A, a copy of extracts from the catalogues of the Daprato Statuary Company, of Chicago, and the Bernardini Statuary Company, of New York. From these it will be seen that the Daprato Statuary Company offers for sale a 5-foot statue of rich decoration, a statue called "Mother of grace," at a price of \$41. If this statue costs \$40.08, exclusive of transportation charges, selling costs, sales commission, or profit, how can the manufacturer offer it freely for sale to the public at less than 3 per cent over the manufacturing cost? As a matter of fact, we are advised that this manufacturer allows 20 per cent trade discount, so that his real selling price is less than \$33 net, when he claims that it costs him \$40.08 for material and labor to make the

statue.

With regard to the Bernardini statue, the catalogue price for a 5foot statue of rich decoration, St. Joseph with lily, is \$35. We are advised that the trade get 20 per cent discount. This would make an actual selling price of \$28 net. Yet the manufacturer claims that his actual cost to manufacture it, exclusive of transportation charges, or selling costs, or sales commission, or profit of any kind, is \$40.08.

These facts will speak for themselves, and we do not consider that

any comment on them is necessary.

We therefore respectfully urge that no change be made in the existing law with reference to these articles.

W. WICKHAM SMITH.

Counsel for Importers of Church Regalia and Casts of Sculpture.

#### NATURAL-HISTORY SPECIMENS.

[Paragraph 666 and Section 6.]

EDW. A. KLAGES, OF CRAFTON, PA., WISHES NATURAL HISTORY, BOTANICAL, AND MINERALOGICAL SPECIMENS FOR SCIENTIFIC PURPOSES ADMITTED FREE OF DUTY.

> CRAFTON, ALLEGHENY Co., PA., December 20, 1908.

Hon. SERENO E. PAYNE, M. C.,

Chairman Committee on Ways and Means,

Washington, D. C.

DEAR SIR: In the proposed revision of the tariff, the writer, as a naturalist, and more especially in behalf of entomology—the science of such immense importance to agriculture—most earnestly requests that the word "public" be stricken out of paragraph 666 of the tariff law of 1897, which reads as follows: "Specimens of natural history, botany, and mineralogy, when imported for scientific public collections, and not for sale."

I trust that the Committee on Ways and Means will recommend the change above named, and that the Congress shall make the desired amendment and thus not only encourage useful sciences, but, at the same time, relieve our country of the ignominious distinction of being the only one that puts a tariff (tax) on private scientific research.

Very truly, yours,

EDW. A. KLAGES.

#### W. J. HOLLAND, OF PITTSBURG, PA., THINKS THAT ALL NATURAL-HISTORY SPECIMENS SHOULD BE FREE OF DUTY.

5545 FORBES STREET, Pittsburg, December 21, 1908.

Hon. John Dalzell, M. C., Washington, D. C.

DEAR SIR: Natural-history specimens imported for study by indi-

viduals, as well as by colleges and museums, should be put on the free list. They were free formerly, and are free now when imported by institutions of learning. They are not free now in the case of the student who is not an officer of an institution of learning. We have a number of scientific students in this country who from time to time get collections of plants, dried insects, minerals, bird skins, etc., for study from abroad. It is small business for a great nation to tax the men, usually poor, who need these things in their work, and I am sure it only needs that attention be called to the matter to put

it right.

Scientific books imported for the use of schools and colleges and museums are now free. Why should they not be free when imported for use by scientific individuals? It is a hardship for a poor man who is a student to rake and scrape up money enough to purchase a book (often published by a learned society or a foreign government) which he needs, and then to have to pay the nation a quarter of its price for the privilege of its use. Such cases are frequent, as I happen to know. Why should I, for instance, be made to pay 25 per cent on a book published about butterflies, which I need and which I must have to understand the latest work of my foreign fellowstudents? I have done it often lately. I did not do it in former years before the Dingley bill went into effect. The amount the Government gets from this source is a mere bagatelle, but the tax bears hard on many a poor student, as I know. This is a tax on knowledge. These books do not come into competition with the productions of American publishers in nine hundred and ninety-nine cases in a thousand. It is un-American and unrepublican to lay taxes on things which poor men need in their researches and which can not be produced, and are not produced, in America.

Put natural-history specimens imported not for sale or distribution and scientific books imported not for sale or distribution on the free list and you will have the thanks of many a laborious and poor

student.

I am, yours, faithfully,

W. J. HOLLAND.

#### CERESINE.

[Paragraph 695.]

Boston, December 2, 1908.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: We desire to call your attention to an article called yellow and white ceresine. This is manufactured from ozokerite and all are admitted free at the present time.

The white and yellow ceresine are manufactured principally in Germany, and as a manufactured article should have a duty placed upon it to encourage the manufacturers in this country.

The ozokerite we desire to have come in free of duty.

Respectfully, yours,

THE W. H. BOWDLEAR CO. W. H. BOWDLEAR,

Pres. and Treas.

#### PERSONAL BAGGAGE.

[Paragraph 697.]

## A. R. SMITH, NEW YORK CITY, OPPOSES ANY INCREASE IN ALLOWANCE FOR PERSONAL BAGGAGE.

NEW YORK, November 27, 1908.

COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

Gentlemen: I respectfully address you in opposition to any increase whatever in the amount of exemption accorded imports of personal articles brought into the United States by American travelers. Paragraph No. 697 of the existing tariff act limits such exemption to articles of a value of \$100.

I address you as one neither interested as a merchant or as a manufacturer, nor in any other manner whatever except as any other ordinary American citizen is interested, in this matter. I have no

business or interest to protect in registering my opposition.

If any change is made in paragraph 697 it should be in reducing or wiping out this exemption rather than in increasing it. All articles brought into the United States by Americans, if dutiable, should pay the same duty whether purchased in a foreign country or in the United States. The fact that an American is able to, or for any reason desires to, go abroad, should not exempt articles that he may purchase abroad from the duty that he would have to pay upon such articles if purchased in the United States. If there is any justification for exempting from duty any articles purchased abroad by an American citizen, then similar purchases and to the same amount made by citizens in the United States should be exempted from the payment of the duty. No American citizen should be favored in this respect; all should be treated precisely alike. The fact that the stay-at-home American perfers to make his purchases of foreign articles here should not impose upon him a tax from which he would be exempted if he made such purchases abroad. Or, if an American does not possess the means with which to travel abroad, he should not be compelled to pay a duty upon articles he purchases in the United States which, if purchased by him abroad, would be exempted from the payment of any duty.

There are two reasons why I am addressing you upon this matter,

namely:

1. An organization has been formed, called the American Travelers' League, for the purpose of having the amount of the value of personal articles purchased abroad by American travelers that shall be exempted from the payment of the lawful duty increased from the present limitation of \$100 to from \$300 to \$2,500. I am opposed to such a modification.

2. The Secretary of the Treasury in his last annual report recommended that the exemption be made on personal articles to a value of \$200, instead of the \$100 fixed in the existing law. To that pro-

posed modification I am also opposed.

In a circular issued by the American Travelers' League, and, I understand, widely distributed among foreign merchants. this statement occurs:

Americans are largely your patrons, and if the American tariff law can be amended as contemplated it will tend to largely increase the purchases by Americans abroad.

To that end the American Travelers' League appealed to foreign merchants for contributions to help defray the expense of bringing about the change suggested. Manifestly, if the result predicted by the American Travelers' League should be accomplished, it would be at the expense of merchants in the United States. It would be at the expense of the people of the United States who, for any reason, preferred to remain at home and to make such purchases of foreign articles as they desired in the United States instead of abroad. It would build up a favored class, a result that should be repugnant to the sense of justice of every honest American citizen.

The reason advanced by the American Travelers' League in its appeal to foreign merchants should be decisive with your committee, in my judgment, in permitting no such modification—no modification whatever—in the direction suggested. Whatever foreign articles are exempted from the payment of duty should be within the reach of stay at home Americans to the same extent that they are within the reach of American travelers. The fact that an American citizen made such purchases when traveling abroad should not entitle him to an exemption from the payment of a duty which the purchaser

of such articles in the United States would have to pay.

The proposed modification would be an act of gross injustice to the great bulk of the American people who do not go abroad, and who never expect to go abroad, but who spend their money wholly in the United States; it would be extremely injurious to American merchants in depriving them of business they would otherwise obtain; it would greatly curtail the employment of American labor; it would also materially reduce the revenues of the Government. So, the stay-athome Americans, the American merchants, and American labor would have to bear their full share of the taxes that would be imposed to make good the loss of revenue the Government would suffer if this modification were made. It is inconceivable to me that your committee, or that the Congress, could be persuaded to make so unfair a discrimination in favor of a few well-to-do American citizens, and against the great bulk of American citizens, because the first are able to go abroad and because the others prefer to stay at home.

In his last (1907) annual report, the Secretary of the Treasury, in

discussing this subject, says, in part:

The present exemption of \$100 seems to me to be an amount too low to meet the case of the average traveler and causes unnecessary annoyance and complaint.

What is "the case of the average traveler?" Is it that he is entitled to the free admission of practically all of the personal purchases he may make abroad? And if he is, why is he? Is the reason that he is entitled to such exemption inapplicable to such Americans as prefer to stay at home, but who choose to purchase foreign-made articles that are dutiable for their personal use? If it is, why is it?

Again, why does the limitation of the exempted articles to a value of \$100 "cause unnecessary annoyance and complaint?" Merely because the traveler tries to evade the payment of the proper and lawful duty? If he properly declares the value of his purchases, and willingly pays the duty, as he should do, there would be no "unnecessary annoyance and complaint." The American merchant who imports dutiable foreign articles does not try to evade payment of lawful duties nor does he "cause unnecessary annoyance and complaint"

when asked to do so. He does his duty uncomplainingly, like a loyal citizen, just as the traveler should do his duty.

The Secretary of the Treasury says further:

In my judgment, this exemption should be increased to \$200, which would provide for the personal purchases abroad of the average traveler and not be large enough to work injustice to domestic merchants by permitting articles of great value to be brought in without payment of duty to compete with and injure their legitimate trade.

But why should "the personal purchases abroad of the average traveler" be exempted from the payment of duty when brought into the United States? If it is just to exempt such purchases, to such an amount made by a traveler, why not exempt similar purchases, to the same amount, by the stay-at-home American? But what justification has the Secretary of the Treasury for saying that \$200 represents the value of the "personal purchases abroad of the average traveler?" The American Travelers' League comes forward and places the amount of such purchases at from \$300 to \$2,500, according to the person's station in life. Why is not this league better informed

in this matter than is the Secretary of the Treasury?

There is no justification for any exemption. To the extent that there is any exemption it creates favoritism—moreover, it favors the well-to-do at the expense of those not so well to do. If this modification is made, if any modification is made, it will be in the interest of foreign merchants and American travelers, and against the interest of the great bulk of the American people, against the interest of American merchants, and it will cause a serious reduction in the revenues of the Government. All of these reasons combine, in my judgment, to induce your committee and the Congress to permit no modification of paragraph 697 of the existing tariff act in the direction of increasing the value of articles brought into the United States by American travelers that shall be entitled to exemption from the lawful duty.

Respectfully submitted.

A. R. SMITH.

STATEMENT OF CLARENCE W. DE KNIGHT, WASHINGTON, D. C., OF COUNSEL FOR THE AMERICAN TRAVELERS' LEAGUE, RELATIVE TO PERSONAL BAGGAGE PROVISION.

Saturday, November 28, 1908.

Mr. Chairman and gentlemen of the committee, I appear in behalf of the American Travelers' League. This organization was formed so that people who travel should have proper representation made of their claims at the next tariff revision.

For the first time this great traveling public has the opportunity to present their views and their claims. This public is so large, both in number and influence, that a fair representation of their claims should have great bearing upon the travelers' baggage para-

graph in the next tariff revision.

It is asked that Congress will see the justice of increasing the amount from \$100 to \$500, which, to our mind, would be fair and just to all concerned, giving a needed amount of freedom to the American individual and sacrificing nothing of the principle of protection for which the Government stands. Specifically, what we ask for is as follows:

The objects of the American Travelers' League are two in number. It seeks to obtain the following revisions or amendments of the exist-

ing tariff law, to wit:

First. To permit Americans returning from abroad to enter, duty free, such articles of wearing apparel, personal adorument, or presents as they may have purchased abroad not exceeding \$500 in value in any one year, provided that the same are for their personal use and not intended for sale.

This form of amendment has been decided upon after mature consideration as expressing the views of the great majority of travelers.

Second. To amend, modify, or abolish the present form of entry of passengers' baggage so far as it applies to returning American citizens, and which now requires a signed declaration upon arrival, supplemented by an examination of the passengers' baggage. One or the other should be abolished.

#### CUSTOMS SERVICE DOING ITS BEST.

A great change for the better has been made within the past year in the way of making declarations and abolishing the sworn statement which was formerly required of each passenger. The Treasury Department can go no further than it now goes without a change of law.

#### UNPOPULARITY OF THE LAW.

The one great bugbear that Americans traveling abroad have constantly before them is the customs ordeal that awaits them upon their return. It mars the entire trip and takes away much of their pleasure.

European travel has now so increased that from all parts of the United States there go great numbers of persons, nearly all of whom return to their homes dissatisfied and disgusted with what seems to them a narrow and petty method for the Government to obtain financial revenue.

This is the only time that the average citizen of the United States comes in contact with the tariff law and the customs administration, and it furnishes him with what he considers a just grievance against

both the laws of the country and their administration.

#### CHANGE ASKED NOT SUCH AS WOULD INJURE THE MANUFACTURER.

It is not the intention to ask that such a change be made as will permit the entrance, without payment of duty, of large amounts of

wearing apparel, personal effects, and other purchases.

We desire to have the law changed so that the average traveler will be permitted to bring in with him souvenirs, novelties, articles of that character, and wearing apparel which he has found necessary to acquire during his journey, not exceeding in value \$500, and not intended for sale.

We do not favor any such change as would permit a person to bring into the United States, duty free, large quantities of valuable goods, which would interfere with American manufacturers and conflict with the principle of protection to American industries in which the country does and should believe.

The present limit of \$100, we submit, is unjust.

A review of the tariff laws enacted during the past twenty years shows that the existing tariff is the only one which places a limitation upon the amount of wearing apparel purchased abroad which the returning American traveler may bring in free of duty. This was the result of concerted action on the part of retailers, mostly located in New York City, who united and employed counsel for the purpose of advocating the \$100 limit, which in effect puts upon the average American traveler making usual and necessary purchases abroad an unreasonable limitation. This is so stringent as to be un-American.

#### INJUSTICE OF THE PRESENT LIMIT.

The spirit of the tariff act is to impose duty in order to collect revenue. Primarily, such duty is imposed upon luxuries, wines, jewels, etc., imported in the line of commerce. It is contrary to accepted principles to impose duty upon a reasonable amount of wearing apparel purchased as a necessary by the American traveler abroad, or upon presents such as any citizen would purchase in his own country while visiting another part thereof and then returning to his family. Furthermore, such duty is not necessary as a protection to the American manufacturer.

The present limitation of \$100 is protested against by every return-

ing American citizen.

#### THE ARGUMENT THAT WAS PRESENTED FOR THE \$100 LIMIT.

It is understood that the argument presented in 1897 why the \$100 limit should be enacted was to the effect that a trip abroad was a luxury; that a person indulging in it should be subjected to some sort of a tax; that wearing apparel, particularly women's gowns made in Paris, could be purchased abroad so much cheaper than in the United States that it paid a person of means to go abroad to make such purchases and return to the United States therewith; that this was seriously affecting the retail trade in the United States; that there should, therefore, be imposed a duty upon all wearing apparel purchased by American citizens while traveling abroad; that the only exemption extended to Americans should be \$100 to cover souvenirs purchased during their journey; and that all persons who could afford to go abroad and buy any clothing there should pay duty thereon.

#### THEORY OF \$100 LIMIT OUT OF DATE.

The present limit of \$100 is fixed and arbitrary. It is impossible to reach any understanding as to how it was arrived at. To anyone trying to purchase anything abroad, either for himself or his family, this limitation seems unreasonable and unjust. If any reason existed for the fixing of this arbitrary amount in 1897 it has been swept away by the changes in the standard of living in the past ten years.

Realizing that the American traveler has a just complaint against the existing tariff act, the Secretary of the Treasury has seen fit to recommend that the present exemption be increased from \$100 to \$200.

The recommendation of the Secretary of the Treasury is as follows:

The advisability of increasing the amount of our duty exemption in the matter of articles acquired abroad now permitted citizens of this country returning from foreign travel is recommended for the serious consideration of the Congress. The present exemption of \$100 seems to me to be an amount too low to meet the case of the average traveler and causes much and unnecessary annoyance and complaint. In my judgment, this exemption should be increased to \$200, which would provide for the personal purchases abroad of the average traveler and at the same time not be large enough to work injustice to domestic merchants by permitting articles of great value to be brought in without the payment of duty to compete with and injure their legitimate trade. (Report of the Secretary of the Treasury for the year 1907, p. 52.)

### WHY THE AMOUNT RECOMMENDED BY THE TREASURY DEPARTMENT IS NOT SUFFICIENT.

It is claimed that the increase from \$100 to \$200, as recommended by the Secretary of the Treasury, is not sufficient, for the reason that since the tariff act of 1897 prices have increased 100 per cent, so that this increase to \$200 would serve only to meet the rise in prices of personal effects in the last decade, and is, therefore, not an increase, but merely a readjustment to meet these prices. Hence it would serve to leave the American traveler only where he stood at the time of the passage of the act of 1897.

It is not believed that the Treasury Department took this into con-

sideration when making its recommendation.

Furthermore, an increase to \$500 would be a fair and just limitation, considering all the circumstances, as shown by the facts herein presented.

#### REASONS FOR THE \$500 LIMIT ASKED FOR.

The injustice of the \$100 limit, or even the \$200 limit, as recommended by the Treasury Department, is at once apparent when it is seen that it is made to apply to all American travelers, irrespective of their length of stay abroad. In other words, an American going over and remaining one or two weeks is now accorded as much consideration, in the matter of bringing home with him a limited amount of wearing apparel, as is accorded an American remaining abroad for a year. This operates to give a greater advantage to the traveler who makes a short stay than to the one who oftentimes finds it necessary to remain for a much longer period. It is believed that this circumstance has never been taken into consideration either by the committee or the Treasury Department.

The theory upon which the \$500 limit is based is to make the limit so elastic as to deal equitably with all American travelers. In other words, the American traveler whose stay is short (say two weeks) would doubtless not need to bring in \$500 worth of personal effects, while the American traveler whose stay is prolonged for a year would find it absolutely necessary to bring in at least that much. This limitation, it is believed, would be sufficient to meet the require-

ments of all classes of American travelers.

Travel abroad has now become so general among Americans that it is no longer limited to people of large means. It is resorted to by college professors and teachers as a matter of health and education, as well as by the family of the average man of limited means who himself finds it a welcome escape from business cares. Others are forced to take it for recreation, study, and health.

Travel abroad makes broader and better Americans and is there-

fore a direct advantage to the United States.

#### A TRIP ABROAD IS NOT A LUXURY.

As already shown, a trip abroad is no longer a luxury. If, indeed, it was so considered in 1897, conditions have changed in the past ten years. In other words, many things considered luxuries then are not considered such to-day. There can be no question about that. According to the present standard of living, such a trip is no longer a luxury with the average American.

WEARING APPAREL ONE MUST NECESSARILY PURCHASE WHILE ABROAD.

A stay of three to six months is a fair estimate of the time con-

sumed by an American of limited means in a trip abroad.

In starting out he carries with him the smallest amount of wearing apparel possible, so as not to be encumbered with much baggage, in view of the excessive charges for baggage upon all European railroads. He takes with him only that which is absolutely necessary to meet his present requirements. In visiting countries of different altitudes he finds it necessary to equip himself with clothing of various weights, and often before returning to the United States he finds it necessary to purchase articles of clothing to meet the change in seasons and to replenish part of his wardrobe lost, injured, or worn out in travel. He buys these as a matter of necessity, not because he finds them more satisfactory or cheaper than he can purchase them in the United States. The rapid rise in prices in Europe no longer enables Americans to buy clothing or personal effects there much cheaper than here, and the cost of living abroad is practically the same as that in the United States, so far as the American traveler is concerned. So that, taking into consideration the cost of his steam-ship transportation, it is no longer true that one can save money by going abroad to make purchases of personal effects.

While one is abroad it is often absolutely necessary to purchase a few suits of underwear, at least one suit of clothes, a hat, and gloves. Yet upon returning to this country the value of that very wearing apparel is often sufficient to impose the payment of a duty by the

average American traveler as he steps on the dock.

Particularly does this injustice affect American women, who to-day can scarcely purchase one plain gown, with hat, gloves, and wrap, for \$100, and therefore are subjected to the tariff laws for articles of clothing worn the very moment one steps off the ship, and the duty has to be paid unless the traveler is willing to practice deception.

Oftentimes Americans, not finding it possible to travel abroad frequently, remain over at least a year; but if they have had no fixed

place of abode abroad during that period they must, of necessity, because they do not come within the definition of nonresidents, as defined by the customs regulations, upon reentering the United States, pay duty upon wearing apparel purchased by them during their stay of one year abroad. They have doubtless expended legitimately five times the present allowance, and upon all over \$100 they must pay duty. Here is an example of the injustice of the present tariff act to an American woman of moderate means who has re-

mained abroad for that period.

At the beginning of a season, either summer or winter, it is a simple necessity for a woman to buy at least two gowns. If she has been abroad a year, she is obliged to have something to travel home in. A simple dress in Paris, without a coat, costs at the least price from \$75 to \$85. For a suit with a coat one must pay from \$100 to \$125. Hats in Paris are almost as expensive as in New York—from \$20 to \$30 is considered a fair price to the average American woman. So, after buying one suit to come home in, she has far exceeded the amount allowed by the Government. This does not take into consideration other necessary purchases or a few presents. In going abroad to travel for a year she takes as little baggage as possible, on account of the high charge for expressage, so that at the end of a year's trip many necessaries are worn out and must be replenished.

Such articles as stockings and underwear are almost as expensive as at home, and, as already pointed out, there is little or no difference

in the cost between gowns in America and abroad.

Furthermore, women going over in the spring or summer and not returning to the United States until October or November must of necessity make their purchases while in Europe, for the reason that by the time they reach this country they must be provided with a gown and coat for the season in which they arrive. These are necessary on the voyage and immediately upon arrival.

MUCH OF THE WEARING APPAREL PURCHASED ABROAD DOES NOT ENTER INTO COMPETITION WITH AMERICAN TRADE.

From the foregoing it will be seen that much of the wearing apparel purchased abroad does not enter into competition with American trade. It is purchased there as a matter of necessity, and the imposition of a duty will not restrict its purchase, nor will such duty be of benefit to the manufacturer or tradespeople of the United States.

ESTIMATED AMOUNT OF PRESENTS PURCHASED BY THE AVERAGE AMERICAN TRAVELER

It is estimated that the average American traveler usually takes home with him at least \$100 worth of presents. He does not go abroad frequently, and he takes advantage of the opportunity to carry home souvenirs from a foreign land to his friends and relatives.

Yet a strict interpretation of the act does not give him that privilege, and when the department attempted to so interpret the law it met with protests from the same people who were responsible for the present unjust tariff limitation.

#### Attention is invited to the following:

[Journal of Commerce, New York, September 10, 1908.]

GIFTS MUST PAY DUTY—UNSUCCESSFUL ATTEMPT TO HAVE APPRAISERS LIBERALIZE
THE LAW.

An unsuccessful attempt was made yesterday by Herbert A. Munson to persuade the Board of United States General Appraisers to liberalize the scope of the paragraph in the tariff governing the entry into this country of purchases made by Americans abroad and intended for gifts to friends at home.

Mr. Munson returned from Europe several months ago and brought with him vases, doilies, table covers, wearing apparel, and other articles intended as souvenirs and presents for his family and friends. As the law stands, it specifies that not more than \$100 in value of articles purchased abroad by residents

of the United States shall be admitted free of duty upon their return.

General Appraiser Hay, in his decision for the board, says that the tendency of the Treasury Department has been to administer the personal-effects provision liberally, while the tendency of the courts is to construe the paragraph according to the exact meaning of the language used by Congress. A recent decision of the federal court is cited, and from it Mr. Hay draws the deduction that it is impossible for customs officials to admit duty free any other articles than wearing apparel and similar personal effects accompanying the returning traveler, and then only such as are necessary for his wear and use during his journey. Most of Mr. Munson's importations were in the shape of wearing apparel for women.

This is the condition that faces all returning travelers. If the amendment proposed by the American Travelers' League is successful the above condition will be changed.

## PRESENTS PURCHASED ABROAD NOT IN COMPETITION WITH AMERICAN TRADE.

The articles which one purchases abroad, intended as presents, are not those which he would purchase at all if he remained at home. They are usually picked up because they are found in foreign parts

and for their peculiar association.

The spirit of travel creates the desire to buy a present for some friend or relative whom one would otherwise not think of making a present to at that particular time, or if he were at home. The impulse comes with the foreign surroundings, and as the purchase would not have been made at home there is nothing lost to the manufacturer or the Government.

#### ADVANTAGES TO TRADE IN INCREASING LIMIT.

The increase in the limit from \$100 to \$500 would be an advantage, rather than a detriment, to the tradespeople of this country. Every novelty brought home by Americans, either as a present or wearing apparel, if it proves popular, is copied by the trade here, and thus assists instead of injures the American dealer at home. It is short-sighted on his part to seek to prevent such small purchases by the American traveler. For example, when the small supply of such things as one has purchased abroad and becomes accustomed to and likes has become exhausted, he will order from his retailer a further supply, who, of course, imports it, subject to the duty which is paid to the Government, or it is reproduced in this country. In either case it results to the advantage of the tradespeople or manufacturer.

Having shown that purchases in excess of \$100 would be made in any event by the average American traveler, it follows that this limitation is not a benefit to the manufacturer or tradespeople of the United States and is an injustice to the American traveler. Furthermore, it is not a source of revenue to the Government.

The fact that the Government has already seen fit to recommend the increase of the limit from \$100 to \$200 makes it at once apparent that such increase must have been suggested in view of the interests

of the American traveler and of the Government as well.

It is submitted that a limitation of less than \$500 will prove, as it has already proved in the case of the \$100 limitation, a source of inconvenience and continuing annoyance to the public and the officials who enforce it. It is also submitted that an examination of the statistics herewith filed with the committee will prove that the revenue derived from the imposition of the present limit is infinitesimal, and, in fact, a source of loss rather than of gain to the Government.

DEFINITION OF AN AMERICAN TRAVELER "RESIDENT," AS DISTINGUISHED FROM AN AMERICAN TRAVELER "NONRESIDENT."

With a view to distinguishing an American traveler "resident" from an American traveler "nonresident," attention is invited to the following extract from "Notice to passengers," issued by the Treasury Department, July 31, 1907:

For the purposes of customs administration, passengers are divided into two classes, viz, (1) nonresidents of the United States; (2) residents of the United States.

The division of passengers into nonresidents and residents in no wise affects

citizenship.

Nonresidents are: (a) Actual residents of other countries; (b) persons who have been abroad with a fixed foreign abode for one year or more, who elect to declare as nonresidents; (c) persons who have been abroad for two years with or without a fixed place of foreign abode, who elect to declare as nonresidents.

Persons of class (c) may erase the second and third lines within the brackets

on the "Baggage declaration and entry" for nonresidents.

Residents are such persons as are not included in the definition of nonresidents.

There is no limitation as to the value of articles free of duty brought in by persons declaring as nonresidents, provided such articles are in the nature of wearing apparel, articles of personal adornment, tollet articles, and similar personal effects actually accompanying the passenger and necessary and appropriate for his or her wear and use for the purposes of the journey and present comfort and convenience, and are not intended for other persons nor for sale.

Persons declaring as residents are entitled to bring with them free of duty all wearing apparel and other personal effects taken by them out of the United States which have not been remodeled or improved abroad so as to increase their value, and articles obtained abroad by purchase or otherwise of a value not exceeding \$100, provided they are not for sale; but in the case of a minor the exemption of \$100 worth of articles obtained abroad is restricted to such articles as are intended for the bona fide personal use of such minor.

THE SAME PRINCIPLE OF TARIFF EXEMPTION WITH REFERENCE TO AMERICAN "NONRESIDENT" AS DISTINGUISHED FROM AMERICAN "RESIDENT," WHICH LATTER IS THE AVERAGE AMERICAN TRAVELER, SHOULD OBTAIN—LENGTH OF STAY ABROAD THE BASIS.

As already shown, the average American traveler comes within the designation of "residents of the United States," for the purposes of customs administration, and is one who may have been abroad for any

period less than two years without a fixed place of abode in a foreign country. It is upon this traveler that the \$100 limit is fixed. It does not fall upon the American traveler who has been able to maintain a fixed place of abode abroad for a year or more, as for the purpose of customs administration he comes within the designation of a "non-resident of the United States."

There is no limitation as to the value of articles free of duty brought in by persons declaring as nonresidents, provided such articles are in the nature of wearing apparel, articles of personal adornment, toilet articles, and similar personal effects actually accompanying the passenger and necessary and appropriate for his or her wear, and use for the purposes of the journey and present comfort and convenience, and are not intended for other persons nor for sale. (See "Notice to passengers" issued by the Treasury Department.)

The inequality of the \$100 limit put upon the average American traveler defined as "resident," as distinguished from the American traveler defined as "nonresident," for the purpose of customs ad-

ministration, is at once apparent.

An American who goes abroad and remains there a shorter period than is required to qualify him as a "nonresident" in a foreign country for any period short of two years has to pay duty on all of his personal effects purchased abroad in excess of \$100; while the American who goes abroad and remains there, with a fixed place of abode, for one year or more, is entitled to claim as a "nonresident" and is allowed to bring in all his personal effects free of duty.

All that is asked for the American traveler who may have been abroad without a fixed place of abode is that he be allowed to bring

in \$500 worth of personal effects free of duty.

This exemption would be but sufficiently elastic to deal equitably with all classes of American travelers, according to their length of stay abroad up to the time limit necessary to entitle them to claim as "nonresidents."

To designate oneself a "nonresident" for the purposes of customs

administration does not affect one's citizenship.

THE \$500 LIMIT WOULD BE OF ADVANTAGE TO THE AMERICAN WHO STAYS AT HOME.

The \$500 limit would prove of advantage to the American who can not afford to go abroad, or who for other reasons is compelled to remain at home. Since the enactment of the \$100 limit, gifts for the stay-at-home are no longer purchased by the American traveler, as he finds it too inconvenient and annoying to produce them, on arrival, for appraisement and to pay the duty.

The enactment of the \$500 limit would serve to insure for the poor relative, the poor friend, and the faithful servant their customary

gifts from abroad by the returning American traveler.

INCREASE IN AMERICAN TRAVEL NO ARGUMENT AGAINST THE \$500 LIMIT REQUESTED.

The fact that American travel is increasing and that more American travelers are returning from trips abroad each year is no reason why the limit we request should not be accorded. In fact, it shows that the country is rapidly growing in prosperity, and that it is therefore better able to deal generously with its citizens.

In conclusion, we invite attention to the fact that the American traveler represents a fair proportion of the wealth and intelligence of the nation. He, too, is a taxpayer, and is as much entitled to consideration as the tradesman and the manufacturer. For the first time the claims of the American traveler are presented in the matter of tariff revision.

It is a well-known fact that a very high duty on personal effects encourages smuggling, tends to lower the morality of citizenship, and causes loss to the Government. The \$100 limit, as now imposed, is regarded by the masses of travelers as an act of injustice, and tends

to encourage deception.

A \$500 limit would stimulate fair dealing, cause less annoyance, prove of more advantage to the Government, the manufacturer, the tradespeople, and the American who stays at home, and accord just relief to all classes of American travelers.

## STATEMENT OF FRANCIS E. HAMILTON, OF 32 BROADWAY, NEW YORK, FOR THE AMERICAN TRAVELERS' LEAGUE, RELATIVE TO THE PERSONAL BAGGAGE PROVISION.

Washington, D. C., November 28, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Mr. Chairman and gentlemen of the committee, the American Travelers' League presents for the great majority of the 100,000 Americans who annually go abroad its earnest request that paragraph 697 of the tariff act of 1897 be amended to read as follows:

697. Wearing apparel, articles of personal adornment, toilet articles, and similar personal effects of persons arriving in the United States; but this exemption shall include only such articles as actually accompany such persons and are in use by them, and as are necessary and appropriate for the wear and use of such persons for the immediate purposes of the journey and for present comfort and convenience, and shall not be held to apply to merchandise or articles intended for other persons or for sale: Provided, That in case of residents of the United States returning from abroad, all wearing apparel and other personal effects taken by them out of the United States to foreign countries shall be admitted free of duty, without regard to their value, upon their identity being established, under appropriate rules and regulations to be prescribed by the Secretary of the Treasury, but no more than five hundred dollars in value of articles purchased abroad by such residents of the United States, either for themselves or for presents, shall be admitted free of duty upon their return.

To support the justice, equity, and good judgment of this request,

the following facts are submitted, to wit:

First. The Secretary of the Treasury in his annual report for 1897 recommends an increase of the free importations allowed returning American travelers from the present amount of \$100 to the sum of \$200. (See Annual Report, p. 52.)

This actually amounts to no increase, as the cost of goods has advanced fully 100 per cent since 1897, so that to amend the law only to this extent would mean simply to grant the same privilege now as

was originally granted in 1897.

The American traveling public believes that it is entitled to a larger

privilege.

The American Travelers' League speaks for all Americans who travel, and will later submit petitions to Congress bearing thousands of signatures from all classes of travelers urging this amendment.

This movement has no connection with but is a renewal of the effort that was made in 1899 by a large body of representative citizens known as the American Travelers' Defense Association, and which was opposed by an association then organized and known as "The Merchants and Manufacturers' Board of Trade of New York."

At that time the request of the American traveler was to repeal entirely any limitation covering purchases abroad by the returning American citizen, and such repeal was asked for the following reasons:

"First. Because the enforcement of the proviso produces only an insignificant revenue to the Government, and affords no real protec-

tion to any American industry.
"Second. Because the enforcement of the proviso causes vexatious delays and unnecessary and troublesome examination of personal

baggage of American travelers returning to their homes.

Third. Because the proviso discriminates against residents of the United States and in favor of foreigners, in violation of the fundamental rights of citizens and residents of the United States.

"Fourth. Because the repeal of the proviso will conform the law to that of other civilized countries, including the regulations promulgated by President McKinley affecting the entry into Cuba and

Porto Rico."

The subject at that time was so ardently discussed in the newspapers in the country at large that it became apparent that the universal desire on the part of travelers was to modify the existing law so that the honest traveler might make purchases abroad and return with the same without being called upon to pay duty in this country, but such effort at that time was unsuccessful, more especially because it was so strenuously opposed by a small body of tradespeople and because there was no opportunity then for tariff revision.

Since that time experience has proved that the reasons advanced by the late American Travelers' Defense Association for the broad-

ening of the law were based upon good judgment and facts.

Especially is this so for the first reason which it assigns, to wit: "The enforcement produces only an insignificant revenue to the Government and affords no protection to any American industry."

During the past year the total number of passengers at the port of New York have been—

First cabin	27, 966
Second cabin	18, 814
Steerage	568, 290

This makes an aggregate of over 600,000 passengers, and required the services of more than three hundred (300) inspectors, at \$5.00 a day, for a period of fully six months. This expense of about \$45,000 per month, or \$270,000 in the six months, has resulted in the collection of a total sum of \$466,661, which means that it has cost about 66 cents to collect each dollar of duty from returning passen-

When it is shown that the smaller portion of this sum is collected from the half million steerage passengers who are not American travelers, and that about \$250,000 was collected from the first and second class passengers, nearly 50,000 in number, which is a fact, it will be observed that each dollar collected from the first-class passen-

ger has been at a cost of nearly or quite 100 cents.

That is to say, the Government has received from first and second class passengers no more than the amount which it has paid to the

inspectors for their services in collecting the duties.

During the last six years the larger part of cases requiring investigation upon the part of the Government, aside from those affecting merchandise importations, have arisen from complaints made by returning passengers of delays, irritations; unjust treatment, and improper duties levied and collected upon the docks.

The records of every port will bear this out, and it is safe to state it is beyond contradiction that no one branch of the customs service is provocative of more trouble and greater irritation upon the part of the traveler, and is harder to supervise on the part of the Government, than the collection of the pittance of duties from returning passengers of American citizenship.

The records show that about one-fifth of the returning passengers bring back purchases from the other side of greater value than \$100, but not more than one-twentieth of the number bring purchases of

more than the value of \$500.

Almost without exception these purchases are for personal use or as gifts, and it is a very rare exception when any merchandise for sale is brought in by a passenger under paragraph 697 of the tariff

The desire for the change suggested by the American Travelers' League may be said to be universal in so far as it expresses the wishes of the great American public who travel, and it may as justly be said that such amendment of the law will not result in any pecuniary loss to the Government, nor as so ably shown by my colleague, Mr. De Knight, will it result to the disadvantage of the manufacturer or the tradespeople of this country.

## MILLER & PAINE, LINCOLN, NEBR., OPPOSE ANY EXTENSION OF PERSONAL-BAGGAGE PRIVILEGES TO TOURISTS.

LINCOLN, NEBR., December 9, 1908.

Hon. S. E. PAYNE, Washington, D. C.

My Dear Sir: I wish to enter an emphatic protest against any change in the personal-baggage law which will permit tourists to bring into the country a larger amount of merchandise without duty than is now allowed. The proposition that travelers shall be rated "according to their station in life" is so absurd and so un-American that I believe the Congress which enacted such a measure would be laughed into oblivion. It certainly should be. If there is any justice in a tariff tax, certainly those who can afford to travel can afford to pay.

I am, very respectfully, yours,

J. E. MILLER,
MILLER & PAINE, Dry Goods.

## STULL & SONNIKSEN, SAN JOSE, CAL., OBJECT TO ANY INCREASE IN AMOUNT OF BAGGAGE ADMITTED DUTY FREE.

40-44 SOUTH FIRST STREET, San Jose, Cal., December 22, 1908.

Hon. S. E. PAYNE,

Chairman Ways and Means Committee,

House of Representatives, Washington, D. C.

Dear Sir: We are informed that there is a movement on foot to change the law, so as to raise the amount of goods which may be brought into the country free by Americans returning from abroad.

We wish to enter our protest against the passage of this proposed law, deeming it to be unjust and a menace to our business and mer-

cantile interests.

Very respectfully, yours,

STULL & SONNIKSEN.

## CHICAGO BUSINESS HOUSES OBJECT TO EXTENSION OF THE PERSONAL-BAGGAGE EXEMPTION PRIVILEGE.

CHICAGO, ILL., January 1, 1909.

To the COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Sirs: We, the undersigned, desire to refer to the recommendation made to your committee by the American Travellers League to increase the amount of merchandise permitted to free entry by travelers from \$100 to \$500, and as importers of the city of Chicago we desire to enter an emphatic protest against any extension of the free-entry privilege whatsoever.

It is safe to say that practically all of the vast number of American travelers abroad exercise the privilege granted under the present laws of bringing in \$100 of merchandise free of duty, and to increase the amount would bring in a flood of merchandise which is directly competitive with that of every merchant in the United States and would

open up the door to gross fraud.

We therefore urge your committee when reporting the tariff bill to Congress to make no extension of the privileges of free entry granted to travelers under paragraph 697 of the present act.

Marshall Field & Co. Carson, Pirie, Scott & Co. John V. Farwell Company, By John V. Farwell, Treas.

MANDEL BROTHERS.
WILSON BROTHERS.
A. C. McClurg & Co.,

By F. B. Smith, Chm.
Chas. A. Stevens & Bros.
Chicago Mercantile Co.,

By Chas. E. Hyman, Treas.

CHICAGO, ILL., January 2, 1909.

To the COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

SIRS: We, the undersigned, desire to refer to the recommendation made to your committee by the American Travellers League to increase the amount of merchandise permitted to free entry by travelers from \$100 to \$500, and as importers in the city of Chicago we desire to enter an emphatic protest against any extension of the free entry privilege whatsoever.

It is safe to say that practically all of the vast number of American travelers abroad exercise the privilege granted under the present laws of bringing in \$100 of merchandise free of duty, and to increase the amount would bring in a flood of merchandise which is directly competitive with that of every merchant in the United States, and would

open up the door to gross fraud.

We therefore urge your committee, when reporting the tariff bill to Congress, to make no extension of the privileges of free entry granted

to travelers under paragraph No. 697 of the present act.

Jacob Sutter & Sons, Chas. Schwarzbach, secretary; The Fromherz-Berlizheimer Co., per F. H. J. Berlizheimer; Mussallem & Saydah, per E. J. Mussallem; W. J. Whushie; John H. Meyer & Son, by John M. Meyer, president; John L. Bobo & Company, by Lawrence Whitty; T. Buettner & Co. (Inc.), T. Buettner, president and secretary; E. Gutwillig & Co.; Bohemian Importing Co., per B. F. Porzen, president, 238 Fifth avenue; F. Vogel & Sons, M. A. Vogel, 234 to 240 Fifth avenue, Chicago; John C. Michael & Oaxes Co., per G. W. L. Oaxes, 228-230 Fifth avenue, Chicago; A. B. Fiedler & Sons, per A. B. Fiedler, treasurer, 266 E. Adams street; Chas. Demehy & Company, by T. C. Demehy, secretary, 218 Randolph street; Henry Kleine & Co., J. A. Bigelow, cashier, 200 Lake street; Devse & Reynolds Co., Hall, 176 Randolph street; E. Goldman & Co., Inc., by A. McN. Goldman, vicepresident, 175 Randolph street; Haedsonly, Randolph street; Robt. Fairweather, 441 Postal Telegraph Building, Chicago; L. Heller & Co., L. Heller, 200 Jackson boulevard, Chicago; Francis T. Simmons & Co., 242 Adams street, Chicago; Shibley & Co., 210 E. Madison street; Straus Bros. Co., per O. Schaefer, 203 E. Madison street; Brause Pen Company, Paul Wilke, 70 La Salle street; Falker & Stern Company, by Geo. W. Mackie, secretary, 144 Lake street; Theo. Assher Company, by Theo. Assher, vice-president, 135 Michigan avenue.

CHICAGO, ILL., January 3, 1909.

To the COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Sirs: We, the undersigned, desire to refer to the recommendation made to your committee by the American Travellers League to in-

crease the amount of merchandise permitted to free entry by travelers from \$100 to \$500, and as importers in the city of Chicago we desire to enter an emphatic protest against any extension of the free

entry privilege whatsoever.

It is safe to say that practically all of the vast number of American travelers abroad exercise the privilege granted under the present laws of bringing in \$100 of merchandise free of duty, and to increase the amount would bring in a flood of merchandise which is directly competitive with that of every merchant in the United States and would open up the door to gross fraud.

We therefore urge your committee when reporting the tariff bill to Congress to make no extension of the privileges of free entry granted

to travelers under paragraph No. 697 of the present act.

Edson Keith & Co., by E. H. Barrow, acting treasurer, 132 Michigan avenue, Chicago: Carl Netschert, 140 Wabash avenue; Burley & Tyrrell Co., by T. O. Coleman, treasurer, 120 Wabash avenue; D. B. Fisk & Co., per R. H. Harvy, president, 103 Wabash avenue; Lyon & Healy, by M. A. Healy, treasurer; Weiskopf & Co., F. Heugersh, president, 156 Wabash avenue; The Tobey Furniture Co., per F. McMartin, secretary, 100 Wabash avenue; Best & Russell Company, Charles Jessup, treasurer, 42 Randolph avenue; Hibbard, Spencer, Bartlett & Co., A. C. Bartlett, president, State Street Bridge; The Lipman Supply House, per Geo. Kaul, manager, 56 Fifth avenue; Hart, Schaffner & Marx, Harry Hart, Market and Van Buren streets; Nenotuck Silk Co., W. W. Sampson, general manager, 268-272 Adams street; Worms & Loeb, per Ralph Worms, president, 197 and 199 Adams street; Carter & Holmes, by W. J. Lipsey, secretary, 300 Fifth avenue; The Brunswick-Balke Collender Co., by Julius Balke, second vice-president, 263-265 Wabash avenue; Fifield & Stevenson, E. R. Fifield, vice-president, corner Jackson and Michigan avenues; Elgin National Watch Co., by Charles H. Hulburd, president, 131 Wabash avenue.

#### BOSTON COMMITTEE OF BAGGAGE INSPECTION REFORM WISHES THE FREE ENTRY PRIVILEGES ACCORDED FOREIGNERS.

Boston, Mass., February 3, 1909.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: We the undersigned respectfully petition the Committee on Ways and Means to seriously consider the revision of the tariff concerning the personal luggage of the American citizen re-

turning from Europe.

We ask for equally favorable treatment with the foreigner, who is allowed to bring in free of duty his clothes, jewelry, and such like personal effects, with the very proper proviso that they should be strictly personal and not intended for gift or sale. We ask no more for ourselves than for them, and this claim simply restores the provisions of the McKinley tariff as applied to the American, who is now restricted to \$100 of personal effects.

We therefore urge upon your honorable committee the framing of more lenient laws than the present ones, and so clear that they shall not be open to diverse and sometimes contradictory interpretations by

successive Treasury officials.

If our claim for equal rights with the foreigner is disallowed may we at least hope for a much larger limit than the amount now permitted—say at least \$600. We urge this change in the present system all the more confidently for two reasons: First. Because the revenue which it was expected would be derived from the operation of the present law has not been realized and a great deal of said revenue has been absorbed by the very expensive and complicated methods necessary to carry it out. Second. By the demoralization of the traveling public, who almost unanimously feel that the law is not only oppressive in its nature and vexatious in its mode of application, but inherently inequitable, particularly the absolutely unjust charge on clothing partly worn out. The Dingley law demands that clothing purchased abroad and partly worn out by the traveler should pay the same duty as if it were new. This stipulation was, however, so preposterous that it has in its application been partly rescinded. But the custom-house officer still claims the payment of duty on a 50 per cent basis, whereas the market value of such garments is actually not above 10 or 15 per cent. The average conscience impels the average citizen to obey a just law, but can not bear the strain of obedience to an unjust one. Hence the almost universal effort to evade this last clause.

Mrs. Thacher Loring,
Mrs. James M. Crafts,
Mrs. Wirt Dexter,
Miss Agnes Irwin,
Miss Sarah Orne Jewett,
Mrs. Mary Morton Kehew,
Miss Martha Silsbee,
Mrs. Paul Thorndike,
Mrs. Henry Parkman,

The Boston Committee of Baggage Inspection Reform.

#### BRONZE STATUARY.

[Paragraph 703.]

Washington, D. C., November 25, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: On behalf of the bronze foundries of the United States, we desire a more definite interpretation of the paragraph No. 703 as relating to "works of art, the production of American artists temporarily abroad," as applied to bronze statuary.

The work of art in this connection is the production by the genius and skillful hand only of the artist, making no difference in the mate-

rials employed, whether colors, clay, wax, plaster, metals, or stone. If the artist desires to live abroad temporarily to study examples and complete his work from foreign inspiration, such work being his own personal efforts, there could, in our minds, be no objection to a broad construction of the paragraph. We claim, however, that after the plastic model is made and a plaster cast of same is obtained any reproduction made to perpetuate the subject, whether in stone, wood, or bronze, such reproduction is purely mechanical and can be made only by mechanical labor, either in the United States or Europe, and if made in Europe should pay the full duty assessed according to its value in this country.

Respectfully submitted.

JNO. WILLIAMS (Inc.).

(On behalf of The Gorham Company, New York; Henry Bonnard Co., New York; Bureau Bros., Philadelphia; Roman Bronze Works, Brooklyn, N. Y.; Winslow Bros., Chicago, Ill.)

### COMPOSITION COUNTERS AND POKER CHIPS.

[Section 6.]

THE G. H. HARRIS COMPANY, BROOKLYN, N. Y., WISHES AN IN-CREASE OF DUTY ON COMPOSITION COUNTERS.

Brooklyn, N. Y., December 1, 1908.

Hon. SERENO E. PAYNE, M. C.,

Chairman Committee on Ways and Means,

Washington, D. C.

DEAR SIR: In acknowledging the receipt of your esteemed favor of November 29 we desire to lay before your honorable committee for its attention the necessity of placing a specific tariff upon what are now known as composition game counters, coming chiefly or wholly from Japan.

Our letter of the 27th ultimo explained the situation regarding

the manufacture and importation of these game counters.

Our best advices on the subject from those resident in Japan, and from those who have lived there and understand the conditions, are to the effect that the same man who makes these game counters, under the same conditions and with the same tools and dies, receives in Japanese equivalent about 25 cents per diem and the hours of labor are far in excess of ours, our basis of labor being on that of nine hours, and the average earnings of the employees (males) is \$2.80 to \$3 per day. In addition to this labor, there are many female employees engaged in the finishing process.

The Japanese, as you are well aware, ship their goods entirely in subsidized steamship lines, getting a very low through rate to the various large cities of the country from their shipping points in

Japan.

The raw materials entering into the manufacture of the composition game counters, where imported, come into this country as free raw materials; therefore the basis of duty to be computed should be the difference between the industrial conditions existing in Japan

as against America, the mixing of these composition materials, commonly called "plastic or mineral composition," being an American idea, and the manufacture of game counters, or, as we call them,

"poker chips," also being an American idea.

The investment of capital in ours and the other composition manufacturers of poker chips will amount to \$250,000 to \$300,000, on which at the present time there is absolutely no return by reason of the fact that the largest consumption of it being of the composition cheaper grades known as "plain, embossed, and fancy engraved," all of which are made in Japan, and their importations being large enough and their prices sufficiently below the American manufacturer to use up the consumption of these game counters, all of which would be used and bought here in this country if this competition did not exist under the present unclassified tariff.

In the humble opinion of the other manufacturers and ourselves the duty should lie between 50 and 60 per cent of the invoice value, in order to give the American manufacturer and the laborer that protection that he is entitled to, and will give him the business taken away from him by this Japanese importation; and will also give the manufacturer an opportunity to reemploy the large number of hands formerly employed in this industry, and in their train the large num-

ber of female employees.

We hope that your honorable committee will fully consider and weigh carefully the representations made by us, and that they will insert into their revised tariff, under the heading of "Miscellaneous manufactured articles," a paragraph on game counters largely composed of shellac and clays, commonly known as "plastic or mineral composition game counters," at a specified duty of 50 to 60 per cent.

We do not ask that the Japanese shall be barred from offering their goods in our market, but we wish a duty placed between the figures named, in order that there may be equality in the asking price of the

American and Japanese manufacture.

Yours, very truly,

THE G. H. HARRIS COMPANY, G. H. HARRIS, Secretary.

#### ELECTRIC SPARKLERS.

[Section 6.]

THE EASTERN TOY HOUSE WISHES ELECTRIC SPARKLERS CLASSI-FIED AS "MANUFACTURED METAL NOVELTIES."

Providence, R. I., December 6, 1908.

COMMITTEE ON WAYS AND MEANS.

Gentlemen: The pyrotechnic novelty commonly known as "electric sparklers," which we manufacture, which article for several years has been imported from Germany (though more recently has also been manufactured in this country), should, in our humble judgment, be classified as "manufactured metal novelties." Our reason is based upon the fact that the component parts entering into the manufacture of this article are 87 per cent metals and 13 per cent chemicals, these proportions having been found by careful analysis.

This would clearly place electric sparklers in the class named above. Consequently the item should be taxed at 60 or 65 per cent duty. Under this fair and honest classification of imported electric sparklers in the various sizes and styles, the home industry will be reasonably protected, and should be, as the American manufacturers are competent to supply the demands of the United States. If fairly protected, their struggle against foreign invasion at the hands of European manufacturers and their resident agents in this country would be lessened.

Yours, respectfully,

WILLIAM GOLDSCHINE, Jr., Proprietor Eastern Toy House.

#### DRAWBACK.

[Section 30.1

MERCHANT & EVANS COMPANY, PHILADELPHIA, PA., OFFERS SUGGESTIONS RELATIVE TO APPLICATION OF DRAWBACK LAW TO MANUFACTURED ARTICLES.

PHILADELPHIA, PA., July 17, 1908.

Hon. SERENO E. PAYNE, Auburn, N. Y.

DEAR SIR: We take the liberty of addressing you relative to the following suggested amendment to the customs tariff, because we understand that, as chairman of the Ways and Means Committee, you are now occupied in considering a proposed revision of same. The amendment which we propose to the tariff-or at any rate to the Treasury regulations governing same, ought to be really acceptable to everybody, although it did not appear to be so when Congressman Lovering, of Massachusetts, advocated it several years ago.

We propose that when a manufacturer has imported or received on certificates of importation and delivery a certain quantity of foreign material, he should be allowed the drawback of 99 per cent of the duty paid on same when he exports his manufactured articles, although said manufactured articles may have been made up of the

same quantity of similar domestic material.

We know of a number of firms who could increase their foreign business under the above-changed ruling, as it would enable them to actually take advantage of the tariff provision allowing a rebate of the duty paid on imported material going into the manufacture of exported articles.

The necessity of segregating this foreign material from the domestic material in and through each department and process of manufacture under the present regulations is so troublesome and expensive for most of those who are not very large manufacturers or who do not manufacture almost entirely for export that the number of American manufacturers who find they can actually avail themselves of the aforesaid tariff provision under present regulations is comparatively small, although quite a large number of manufacturers do make application for the establishment of a rate of drawback, only to find out later that under present regulations it is not practicable for them to very frequently take advantage of the rebate of drawback granted.

We respectfully submit that a change in Treasury regulations, which we have outlined above, would not enable anyone to defraud the Government and, on the contrary, it would eliminate a tendency for an exporter to swear that his raw material was imported when quite possibly his imported raw material may very naturally have become mixed in his factory with the domestic, especially if same has to be put through a number of processes.

Commending this matter to your attention, we remain, sir,

Yours, respectfully,

MERCHANT & EVANS COMPANY, Powell Evans, President.

PHILADELPHIA, PA., July 23, 1908.

Hon. SERENO E. PAYNE, Auburn, N. Y.

DEAR SIR: We thank you for your favor of the 20th informing us that ours of the 17th will be brought before the attention of your committee, and with further reference to the revision of the tariff, we respectfully suggest modification of sections 7 and 19 of the customs administrative act as far as they concern patented articles made and sold abroad at enormous profits.

The writer secured the rights in America for the Hele-Shaw patent clutch and clutch plates, and has spent considerable time and money in endeavoring to push the business, and has had to import quite a number of patented bronze clutch plates, which are of course

dutiable at 45 per cent ad valorem.

Now, the manufacturers abroad charge very big prices for their patented clutches and clutch plates, and can get these prices over there for them, but the circumstances in this country are such that it is not practicable to get enormous profits on these goods, and the manufacturers of these goods in Europe (realizing this) have agreed to sell the writer these bronze patented plates at the cost of manufacture plus 10 per cent, and the goods are so invoiced to him.

But in making customs entries on these bronze plates, the writer of course having before him sections 7 and 19, etc., of the customs administrative act, is obliged to add to the purchase price of these bronze plates on his customs entries quite a considerable amount to bring them to the foreign market value, on which the duty of 45 per cent is to be assessed, and the consequence is that this duty becomes

Now, we respectfully suggest that a modification of the customs administrative act be made, to the effect that on importation of patented articles from abroad on which the makers abroad are able to get over there a very big profit and price, the American importer shall be allowed to use his purchase price as the basis of valuation for duty where that purchase price is, shall we say, 10 per cent above the cost of manufacture abroad.

We believe that such an amendment to the customs administrative act would afford a just and proper relief in a number of cases

of similar nature to that of the writer.

Respectfully, yours,

quite onerous.

MERCHANT & EVANS COMPANY, Powell Evans, President.

PHILADELPHIA, Pa., December 2, 1908.

Hon. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

House of Representatives, Washington, D. C.

DEAR SIR: Referring to our letter of July 17, we regret to find ourselves unable to be present at Washington on the 4th instant, but we hope that your committee can seriously and favorably consider the

aforesaid letter, copy of which we inclose you.

Whatever may be said in favor of or against changing the tariff schedules, surely everybody ought to be in favor of facilitating the obtaining of the drawback of duty on raw materials imported for the purpose of manufacturing here in America goods for a foreign market, and the writer would actually imagine that this idea would be supported even more enthusiastically by an advocate of a high duty than

by opponents of same.

Everybody is agreed that whatever advantages or disadvantages a manufacturing country may have from the absence of a tariff or from a low tariff, it at any rate has the advantage of getting readily and at low cost the material for the manufacture of articles for sale in foreign countries, and the gentlemen who have for years helped to write up a high tariff for this country have as an offset relied upon the fact that this Government allows a drawback of 99 per cent of the duty paid on imported material which goes into the manufacture of exported articles.

Now if your committee would do some work with a view to simplifying the obtaining of this drawback and particularly if it would endeavor to arrange something on the lines of the attached letter of July 17 there would be real life and vitality and strength in the claim of the friends of protection that our tariff does not prevent our manu-

facturers from readily competing in foreign markets.

The writer regrets that owing to illness he has been unable to give time to ventilating this matter among the different manufacturers, but we have before us letters from manufacturers who are in favor of the proposition outlined in our letter of July 17, and the fact is that present regulations are troublesome and expensive for most of those who are neither large manufacturers nor manufacturers almost entirely for export, and as pointed out in the attached letter what we therein propose would not enable anyone to defraud the Government, as no man could get more drawback than 99 per cent of the duty which was paid on the imported goods, for which he would have to produce a certificate of delivery, just as he does to-day. Therefore the fact that (if, for instance, it was tin cans that he was exporting) he did not keep his domestic tin separated from his foreign, and that the particular cans that he was exporting might have been made of part of each would not work any injustice to anyone whatever, while, on the other hand, it would enable a comparatively small manufacturer and one who does not chiefly manufacture for export to have a try at the foreign market, and we are all of us agreed no matter what may be our political faith that the better the share of foreign trade that we obtain the better it is for this country.

The writer has tried to put in few words what he would have been glad to have had the pleasure of saying to your committee and feels confident that your committee will give serious consideration to this matter and not be deterred therefrom by some superficial objection,

such as may be readily raised against any first-class proposition whatever.

Yours, respectfully,

MERCHANT & EVANS COMPANY. DOUGLAS LEESE, Assistant Treasurer.

PHILADELPHIA, PA., January 8, 1909.

Hon. SERENO E. PAYNE,

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

Dear Sir: Since we had the pleasure of writing you on July 17 last and also on December 2, relative to the simplifying of the matter of obtaining drawback on imported articles used by manufacturers who export their product, we have received several indorsements from American manufacturers who export to some extent, but who would be able to export to a greater extent if our suggestions were carried out. These suggestions, I understand, were more or less embodied in what is known as the "Lovering bill." We are very busy people and have not time to go around the country getting indorsements for this proposition, but we know from business experience that there must be scores of American manufacturers who are largely prevented from trying for export business by the fact that it is impracticable for them to keep their domestic and foreign material separate in all the stages of manufacture of the articles which they

might otherwise export in quite large quantities.

We suggest that the present Treasury requirements that an exporter shall swear that the articles exported were made from the identical material imported is simply offering a premium to the man who is unscrupulous to the extent that he does not mind swearing to what he really does not know to be a fact, and what it might often be impracticable to make a fact, and we further suggest that those manufacturers who are too scrupulous to swear to what they do not positively know to be true are debarred from trying to get export business because the bulk of their trade being domestic it would not pay them to have separate bins and racks and separate accounts for all the foreign raw material in its various stages of manufacture, unless they were a very large concern and doing quite a large export business. The writer can not see where the Government would suffer any injustice if the domestic raw material did enter into the imported articles as long as the exporter produced certificate of delivery, etc., showing that he had received an equal amount of imported material on which the duty has been paid.

It occurs to the writer that whatever difference of opinion there may be as to this rate of duty or that rate of duty on tin plates, for instance, there ought not to be any difference as to the advisability of giving any American manufacturer a chance to get export business by obtaining his drawback in the manner indicated above, as no one could obtain a drawback on any cans exported, for instance, without producing certificate showing delivery to him of an equal quantity of

imported tin plates.

Yours, truly,

MERCHANT & EVANS COMPANY;

Per D. Leese, Assistant Secretary.

#### HON. H. S. BOUTELL, M. C., SUBMITS OPINION OF THE ATTOR-NEY-GENERAL RELATIVE TO BLENDED FLOURS.

DEPARTMENT OF JUSTICE, Washington, September 19, 1908.

The Secretary of the Treasury.

Sir: Reading together in their proper order the several statements submitted by you, the following appear to be the facts upon which

an opinion is sought:

First. Blending flour consists in selecting the kinds, qualities, and quantities of flours necessary to make the required blend, and in thoroughly mixing and aerating the same, which is purely a mechanical process and involves no chemical action.

Second. This is done by machinery especially manufactured for that purpose, and the labor is principally unskilled, but is performed

under the direction of a skilled miller.

Third. Blended flours have different qualities and characteristics from and are better adapted to the uses for which intended than flours not blended. Their qualities and characteristics are the mean between the corresponding qualities and characteristics of the flours unblended. They remain wheat flour, having the same uses as unblended flours, but being better adapted to sound preservation

for those uses in tropical climates.

Fourth. The blended flour produced by the Copeland-Raymond Company, to whom the drawback in question has been allowed, is produced from Manitoba hard spring wheat, containing a high percentage of gluten, blended with domestic flour of medium strength, of a high color and great keeping qualities, thus producing a flour having the proper proportion of gluten to obtain the best results in bread making and also superior keeping qualities, which are necessary for flour used in warm climates. It differs from the imported flour used in the blending, in color, texture, and keeping qualities, and in the quantity and quality of the gluten contained therein.

Fifth. The proportion of the imported flour used varies from 33½ to 45 per cent, according to the varying requirements of the seasons

and climatic conditions.

Sixth. The cost of blending is about  $2\frac{1}{2}$  per cent of the value of the blended flour, which is exclusive of the packages in which the same is

exported.

Seventh. Blended flours have a distinct commercial designation in the markets of this country, the imported flour being known in the trade and commerce of this country as spring-wheat flour, and the flour produced by blending being known and sold in the market as blended flour; but this term is applied commercially to all flour to the ultimate production of which spring and winter wheat, wherever grown, have contributed, whether through the blending of flours or through the blending of the grain prior to its manufacture into flour.

The question for consideration is whether the Copeland-Raymond Company, when exporting the blended flour above described, is entitled to a drawback on the imported flour used in producing said

blended flour under section 30 of the tariff act of 1897, which reads as follows:

That where imported materials, on which duties have been paid, are used in the manufacture of articles manufactured or produced in the United States, there shall be allowed on the exportation of such articles a drawback equal in amount to the duties paid on the materials used, less one per centum of such duties—

the only question now presented being whether or not the imported flour upon which a drawback is being allowed is used in the "manufacture" of an article "manufactured or produced in the United States," within the meaning of said act.

Numerous authorities have been called to my attention by those interested in the determination of this question, of which the follow-

ing are the most important:

In Hartranft v. Wiegmann (121 U. S., 609), decided in 1887, the Supreme Court held that shells cleaned by acid and then ground on an emery wheel, and some of them afterwards etched by acid, and all intended to be sold for ornaments, as shells, were not dutiable at 35 per cent ad valorem as "manufactures of shells," but were exempt from duty as "shells of every description not manufactured." Congress, however, does not appear to have taken the view that such a treatment of shells was not a manufacture, as in paragraph 450 of the tariff act of 1897 it was provided that "shells engraved, cut, ornamented, or otherwise manufactured," should be assessed 35 per cent ad valorem, thus clearly indicating that engraving, cutting, and ornamenting shells is a manufacture within the meaning of that act.

In Dejonge v. Magone (159 U. S., 562) it was held that papers coated, colored, and embossed to imitate leather, and papers coated with flock, to imitate velvet, were not "manufactures of paper, or of which paper is a component material." This decision, however, turned very largely on what the court understood, from the classification of the several varieties of paper and the well-known signification of the word "paper" in commerce, Congress had in mind when the act was passed. This is apparent from the following language of the court:

But it is established by the evidence beyond dispute that at the time of the passage of the tariff act of 1883 "fancy papers" were largely dealt in in commerce and were well known in the commerce and trade of this country; that there were a great variety of fancy papers, and that such designation covered both the importations out of which this controversy arose. It is not reasonable to suppose that Congress assumed that the manipulation or treatment of particular paper in the completed condition in which produced at a paper mill, by mere surface coating, a process which did not change its form, but only increased the uses to which such paper might be put, had the result to cause the article to cease to be paper and to become a manufacture of paper, especially in view of the continued commercial designation of the article as a variety of paper and its sale and purchase in commerce as paper.

In Tidewater Oil Co. v. United States (171 U. S., 210) the facts were that box shooks had been manufactured in Canada by planing boards and cutting them into required lengths and widths for making into boxes without further labor than nailing them together. They were then tied into bundles and imported and made into boxes or cases by nailing the proper parts together with nails manufactured in the United States out of imported steel rods. The drawback was claimed under section 3019, Revised Statutes, which provided that—

There shall be allowed on all articles wholly manufactured of materials imported on which duties have been paid when exported a drawback, etc.

The court interpolated the words "in the United States" after the word "manufactured," making it read:

There shall be allowed on all articles wholly manufactured in the United States of materials imported, etc.—

and held that the putting together of the shooks by fitting, nailing, and trimming them was not an entire manufacture, and that consequently the boxes were not "wholly manufactured" within the United States required by the statute. The opinion in this case is an interesting one, and in the discussion of the general subject of what processes constitute a manufacture throws some light upon the question under consideration.

In United States v. Dudley (174 U. S., 670) the question was whether boards dressed on one side and tongued and grooved should be assessed with a tax of 25 per cent ad valorem as "manufactures of wood or of which wood is the component material of chief value," or be exempt as "sawed boards, plank, deals, and other lumber, rough or dressed." The court held that the boards were dressed lumber and not manufactures of lumber within the meaning of that pro-

vision.

The case of Anheuser-Busch Brewing Company Association v. United States (207 U. S., 556) is much relied on by those who oppose the drawback. In that case it appeared that the company had imported corks and had subjected them to a special and rather elaborate treatment, as a result of which they would not permit the escape of gas from the bottled beer or impart thereto the cork flavor. It was insisted by the company that when it shipped bottled beer corked with these corks it was entitled under the statute now in question to a drawback thereon. The court disallowed the claim, holding incidentally that the corks were not manufactured after their importation, but mainly resting the case on the opinion of the court in the case of Joseph Schlitz Brewing Company v. United States (181 U. S., 584), in which it was held that "bottles and corks in which beer is bottled and exported for sale are not imported materials used in the manufacture' of such beer within the meaning of the drawback provisions of the customs revenue laws, although the beer be bottled and corked and subsequently heated for its better preservation." In the opinion in the Schlitz case the court said:

The fact that the beer must be steamed after bottling to a point necessary to kill the germs of yeast, and for that purpose must be inclosed in some vessel to prevent the escape of the carbonic acid gas, only shows that the beer is bottled before it is finally manufactured and ready for the market. This process certainly does not convert a bottle from an incasement into an ingredient. In this particular beer does not materially differ from a hundred other articles which require to be incased for their proper preservation. Thus, champagne and other sparkling wines must be bottled while yet effervescing or they will lose the twang which gives them their principal value. The same remark may be made of Apollinaris and other effervescing water, though not manufactured, and of certain canned fruits and vegetables which are required to be incased while hot and still in the process of preservation.

This reasoning was equally conclusive of both the Schlitz and the Anheuser-Busch cases; and the opinion of the court in the latter case contains no intimation as to what the result would have been had the claimant imported corks and united them with other varieties of corks, if such a process were possible, and subjected the corks thus made to special treatment fitting them for certain uses, and had then exported the corks thus produced as corks and not as beer. Such a

state of facts would have presented a case something similar to the question now under consideration; and it must be conceded that there is little in common between the facts in the Anheuser-Busch

case and the facts here presented.

In The Brooklyn Cooperage Company v. City of New Orleans et al. (47 La. Ann., 1314) it was held that the putting together, by means of machinery, of staves, hoops, and heads, thus forming a barrel, does not constitute a manufacture of an article of wood. This case is similar in its facts to that of Tide Water Oil Company v. United States, supra, wherein it was held that the nailing of shooks together

in the form of a box is not a whole manufacture of the box.

In The People ex rel. v. Roberts (145 N. Y., 375) the relator claimed that it was exempt from taxation because it was a manufacturing corporation. It appeared that the company took tea in the original state and mixed together various kinds, thus producing a compound which was called "combination tea," and that it took coffee in the raw bean and roasted and ground it, and in some instances different kinds of coffee were mixed together, forming, as in the case of tea, a combination article. The court held that the handling of tea and coffee in that manner was not a manufacture in any legal sense, and that the relator was not a manufacturing corporation. It is apparent that if the roasting and grinding of coffee, and thus putting it in shape for use, is not a manufacture, then the grinding of corn into corn meal or of wheat into flour is not a manufacture. In fact, the same may be said of lumber when cut from the logs. The material is subjected to only a mechanical process and still remains wood, but in a different form; yet it is conceded by all authorities that it is a manufacture to make lumber from logs.

This case of The People v. Roberts does not appear to have been uniformly followed, even in the State of New York, as in The People ex rel. Devoe v. Roberts (51 App. Div., 77, 1900) the mixing of paint was held to be a manufacture; and in The People ex rel. Waterman v. Morgan (48 App. Div., 393) it was held that the mere assembling and fitting together of gold pens and holders which were made by others and purchased by the Watermans and assembled by them was a manufacture entitling the corporation to exemption from taxa-

tion on its capital stock under the same statute.

In Murphy v. Arnson (96 U.S., 131) it was held that a substance which was obtained by the chemical action of benzole and nitric acid upon each other and then refined and cleaned by distillation was a

manufacture from these substances.

The material distinction between the facts in that case and those herein presented is, that in the process there involved there was chemical action, and the resulting article was wholly different from and in fact possessed none of the properties of either of the substances from which it was made. The word "blend" is hardly appropriate to describe the union between those two substances, as that word implies a mechanical mixture.

In Meyer r. United States (124 Fed., 296), District Judge Townsend held that hemstitched cotton lawns made by subjecting cotton cloth to the processes of turning over the edges, drawing certain threads, and other manipulation, but not appropriated by these processes to any particular ultimate use, were advanced beyond the

condition of "cotton cloth," and were dutiable as "manufactures of cotton."

The above-cited cases involve about all the principles which have been considered by the courts in determining what constitutes a

manufacture.

In applying these decisions it must be kept in mind that each case presented a peculiar state of facts, and especially that those facts were applied to peculiar statutes, and that in no case did the court intend to lay down a general and inflexible definition of the word "manufacture," which should govern under all conditions and in all cases. For illustration, in United States v. Dudley, supra, the question was whether boards dressed on one side and tongued and grooved fell within the classification "manufactures of wood or of which wood is a component material of chief value" or "sawed boards, plank, deals, and other lumber, rough or dressed." Since dressed lumber was within the express terms of the second clause, such lumber could not be taken as a manufacture of wood within the meaning of the first clause; and the court held that merely tongueing and grooving the lumber, therefore, did not convert it into such a finished product as to constitute a manufacture of wood within the meaning of that statute, but that it still fell within the classification of dressed lumber.

It is apparent that this decision furnishes no criterion as to what the court would hold were a case presented wherein rough lumber had been imported into the United States and had been dressed and tongued and grooved, and thus prepared for use as ceiling, flooring, and numberless other uses to which such lumber can be put, and by this means had been fitted for foreign markets, when otherwise it could not have been sold in such markets, and when exported a drawback had been demanded thereon. Or, an illustration more apt to the question under consideration: Suppose lumber be imported and then dressed and veneered with domestic walnut lumber, or by machinery dressed and joined with another class of common lumber, as is often done for the manufacture of doors and other articles, and as a result of such combination and alteration of the original materials the product can be sold in a foreign market, can it be doubted that Congress intended that a drawback should be allowed in such a case, or that such veneered lumber is a manufacture or product within the meaning of this statute, and could the case of United States v. Dudley be considered as an authority against such a view?

It is insisted that the principle that a governmental grant of a privilege or benefit, where doubt as to its meaning exists, is to be construed in favor of the Government, should be here applied. This principle has been repeatedly recognized by the United States Supreme Court: Hannibal, etc., Railroad Co. v. Packet Co. (125 U. S., 260, 271); United States v. Allen (163 U. S., 499, 504); Swan & Finch Co. v. United States (190 U. S., 143, 147); Cornell v. Coyne (192 U. S.,

418, 431).

The cases of United States v. Allen, and Swan & Finch Co. v. United States, each involved a claim for a drawback; and in the first case it was held that the provision of the tariff act of 1883, whereby a drawback was allowed on imported coal used for fuel on vessels engaged in the coasting trade of the United States, was repealed by implication by the tariff act of 1890; and in the second case it was held that the placing on board a vessel bound for foreign ports,

ubricating oils manufactured from imported rape seeds, which oils were used in and to be consumed by the vessels, was not an exportation of the oils within the meaning of the drawback provision. Neither of these cases, therefore, involved an exportation of a manufactured product, or had any bearing upon our foreign trade. On the other hand, it was manifestly the intention of Congress that when the question involved affected domestic manufacturers in their efforts to build up a foreign trade, the drawback provision should be liberally construed in favor of the exporter; and such has been the rule of construction adopted by your department, and the more recent rule adopted by this department. The purpose of this provision is thus stated in Tidewater Oil Co. v. United States, supra:

The object of the section was evidently not only to build up an export trade, but to encourage manufactures, in this country, where such manufactures are intended for exportation, by granting a rebate of duties upon the raw or prepared materials imported. \* \* \*

When this provision was under consideration by Congress, Mr. McKinley, who was chairman of the Ways and Means Committee, and the author of the tariff act under discussion, said:

We have extended this provision and in every way possible liberalized it, so that the domestic and foreign product can be combined and still allow to the exporter 99 per cent upon the duty he pays upon his foreign material intended for export, which is, in effect, what free traders and our political opponents are clamoring for, namely, free raw material for the foreign trade. And, if you are desirous of seeing what you can do in the way of entering the foreign market, here is the opportunity for you \* \* \* It completely, if the provision be adopted, disposes of what has sometimes seemed to be an almost unansweable argument that has been presented by our friends on the other side, that if we only had free raw material we could go out and capture the markets of the world. We give them now within 1 per cent of free raw material, and invite them to go out and capture the markets of the world.

It is true that it has been held that debates in Congress are not appropriate sources of information from which to discover the meaning of the language of a statute passed by that body: United States v. Freight Association (166 U. S., 318); but in ex parte Farley (40 Fed. Rep., 69) it was said that "The statements of those who had charge of the law, made to the legislative body passing it, as to its meaning and purpose, are always competent." Moreover, it is one of the oldest and best recognized principles of construction that "The pre-existing law, and the reason and purpose of the new enactment, are considerations of great weight;" Smythe v. Fiske (90 U. S., 380); and that the court should consider the external or historical facts which lead to the enactment of the statute; 26 A. M. and E. Encyclopedia, 632, and the many cases there cited. And Mr. McKinley was but stating the purpose of this provision and the reasons for its enactment, which were a part of the political history contemporaneous with its passage.

It is also worthy of consideration that in every instance but one in this entire section the words "produced," "production," and "producer" are used in connection with the words "manufactured," "manufacture," and "manufacturer." The section thus begins: "Where imported materials on which duties have been paid are used in the manufacture of articles manufactured or produced," etc.; and

the second proviso reads:

That the imported materials used in the manufacture or production of articles entitled to drawback \* \* \* when exported shall \* \* \* be identified \* \* \* the facts of the manufacture or production \* \* \* shall be determined. and the

drawback due thereon shall be paid to the manufacturer, producer, or exporter, to the agent of either, or to the person to whom such manufacturer, producer, exporter, or agent shall, in writing, order such drawback paid.

Why this careful and repeated use of the idea of production in connection with that of manufacture? Was it intended as a mere surplusage and to add nothing whatever to the meaning of the act? It can hardly be thought that such was the purpose of Congress. But if it means anything at all, it must broaden the provisions of the act and make it include cases which would not be embraced in the word "manufacture." The fourth definition of the word "produce" as given by Webster, and the only one that can be here applicable, is: "To give being and form to; to manufacture; to make." There can therefore be but little difference between the two words "produce" and "manufacture" as used in this provision, but under this definition the word "make" can very properly be substituted for the word "produce;" and since the technical meaning of the first part of the word "manufacture" has long since disappeared, the word "make" has substantially the same meaning as the word the word "make" has substantially the same meaning as the word it is "manufacture," stripped of its strict legal interpretation, and it is but reasonable to suppose that Congress intended that this draw-back provision should apply to cases which might not fall within the strict and limited construction given to the word "manufacture" by the courts, and for this reason added the word "produce" or its proper derivative.

This is further indicated by the use of the single word "manufacture" in the beginning of the section, to wit: "Where imported materials \* \* \* used in the manufacture of articles manufactured or produced \* \* \* ," etc.; that is, before the drawback can be allowed, the resultant article must have been "manufactured" somewhere, but it is sufficient if it be either manufactured or produced (made) in the United States. The statute under consideration in Tide Water Oil Company v. United States, supra, did not contain the word "produce" or "production" at all, and the decision rested upon the theory that all the processes of manufacture had to be carried on in the United States; and the addition of the words "produced," "produced," "producer" in the present law would indicate that a different construction in this particular was

intended.

Your department has, as I understand, with but one exception, interpreted this drawback provision favorably to the contention of

the Copeland-Raymond Company.

In the order directing that the drawback be allowed to said company, Assistant Secretary Reynolds cited the following decisions of the Treasury Department, which bear more or less upon the question here involved (T. D., vol. 9, p. 400):

Lubricating oil formed by mixing imported rape seed oil and products of domestic petroleum. (T. D., 16747, February 6, 1836.)

Blended oil produced by mixing imported olive oil and domestic cotton-seed oil. (T. D., 25141, March 23, 1904.)

Diamond dyes formed by mixing dry colors imported in bulk. (T. D., 22714, Jan-

uary 9, 1901.) Butter color produced by mixing imported coal-tar colors. (T. D., 22580, November

Newfoundland cod oil produced by mixing imported crude cod oil and domestic fish oil. (T. D., 24791, November 21, 1903.)

Mixed sirups formed by combining glucose and sugar sirup manufactured from mported raw sugar. (T. D., 23625, March 31, 1902.)

However, when this question was presented to Secretary Shaw, on June 19, 1902, he held that "the mere admixture of imported and domestic flour does not constitute manufacture within the meaning of the drawback laws" (T. D., vol. 5, p. 510); but on March 7, 1905, while Mr. Shaw was still Secretary of the Treasury, the former ruling disallowing the drawback on such flour was reversed and the drawback was allowed.

This practically uniform construction of the statute by the department having its enforcement in charge is entitled to great weight, and should be followed unless the meaning of the statute is clearly to the contrary. (United States v. Hill, 120 U.S., 180; United States v. Tanner, 147 U.S., 663; United States v. Alger, 152 U.S., 397;

United States v. Johnson, 173 U. S., 378.)

The previous expressions of this department in construing this drawback provision of the tariff act of 1890 are not quite uniform. While it has not heretofore been called upon to determine what constitutes a manufacture or product within the meaning of the act, yet four opinions have heretofore been given your department with reference to the effect of the proviso-

That when the articles exported are made in part from domestic materials, the imported materials, or the parts of the articles made from such materials, shall so appear in the completed articles, that the quantity or measure thereof may be ascertained.

### Attorney-General Olney held:

That this proviso forbids the allowance of a drawback except in cases where the article manufactured or produced can be so separated chemically or mechanically into its component materials that the relative proportions of each material may be ascertained without reference to past books of account. (21 Op. A. G., 111.)

This view was subsequently concurred in by Attorney-General Harmon (21 Op. A. G., 229); but in a carefully considered opinion subsequently prepared by Solicitor-General Richards and approved by Attorney-General Griggs this view was overruled, and it was held sufficient if the quantity or measure of the imported product in the completed article could be shown by books and accounts and such other evidence as would convince the judgment of the administrative officers (22 Op. A. G., 111). One of the principal grounds for this conclusion is thus expressed in that opinion:

In view of this change from a policy excluding domestic materials to one permitting their use, it may fairly be inferred that Congress intended to encourage the use by our manufacturers of domestic in connection with imported materials, thus promoting home industries which produce such domestic materials. This evident object of the law should not be forgotten in construing it.

In an opinion prepared with equal care and thoroughness Attorney-General Moody subsequently concurred in this view, adopted by Attorney-General Griggs, and held that the drawback should be allowed on flour manufactured partly from imported and partly from domestic wheat, basing his concurrence largely upon the manifest purpose of Congress in passing the act to encourage home manufactures (25 Op. A. G., 344).

In the present instance, while the ratio of the value of the labor required to the value of the completed product is small, yet if a foreign trade is thereby created it will not only be beneficial to the manufacturers of blended flour, but also to the domestic wheat growers, because from the facts submitted it appears that from 55 to 663 per cent of the flour thus made is ground from domestic wheat, and every bushel of wheat thus ground will find its way into a market which would not have existed had not the foreign trade been acquired.

We may now return for a moment to a consideration of what constitutes a manufacture, as defined by the courts. In Hartranft v. Wiegmann, supra, the court incidentally remarked:

They (the shells) had not been manufactured into new and different articles, having a distinctive name, character, or use from that of a shell.

And from this remark it has been said in some cases that to constitute a manufacture a "different article must emerge, having a distinctive name, character, or use." This would imply that if the product had either a distinctive name, character, or use, it would be a manufacture. Of course, if the material is changed in no respect except in name, no court would hold it to be a manufacture. In fact, I am unable to see how the name of the product can be of any material moment in determining whether or not it is a manufacture.

Again, the word "character" is too general to give any definite idea as to what change is necessary to constitute a manufacture. Many articles may have a distinct character in some respects from that from which it is made, and yet not be a manufacture. For illustration, the boxes in the Tidewater Oil Company case, had an entirely different character from the box shooks, but the mere process of put-

ting them together was not held to be a manufacture.

It appears to me that the matters to be principally considered, in determining whether or not a certain process constitutes a manu-

facture, are—

First. The character and extent of the process or processes to which the substance or substances are subjected. For certainly, where complicated and expensive machinery is involved, and the substance or substances subjected to repeated manipulations, such facts are entitled to some consideration. However, they are of minor importance, and can never be wholly determinative of whether or

not the resultant product is a manufacture.

Second. The extent of the difference between the character of the product and the substance or substances from which it is made. This difference may be in the form or in the use or uses to which it may be put or in the degree and manner in which it may be applied to the same uses. For I fail to see any good reason in laying it down as a rule for universal application that the product shall be susceptible of different uses from those to which the material from which it is made can be applied, and I do not understand that the courts have adopted any such rule. Certainly if, by expensive and elaborate manipulation, a product is adapted in a much higher degree or in an essentially different manner to the same uses to which the substance or substances from which it is produced can be put, the process is just as important and is as much entitled to be called a manufacture as if it should result in rendering the article manipulated susceptible of a different use, and there is nothing in the inherent meaning of the word "manufacture" contrary to this view.

Applying these various principles to the matter in hand, is blended flour, having the characteristics and uses described and made in the manner described from flour, a part of which is imported from a foreign country, a "manufacture" or "product," within the meaning

of the drawback law?

In the first place, it can not be denied that blended flour is a manufacture. It is a finished product, ready to be converted into all

kinds of bread, cakes, pastries, etc., and possesses every element of a manufacture. It finds its being as a result of the process of mixing and aerating other flours, as described in the facts submitted by you. Before being subjected to this process, there exist different varieties of flour, the one imported being known as "spring wheat flour," each of which possesses certain characteristics peculiar to itself, but does not possess those characteristics which will enable the miller to find a market in warm climates, and thus to acquire a certain class of foreign trade. After the manipulation and treatment by expensive machinery, as above described, there results a product known as "blended flour," which is in form like the several component flours, and possesses the same ingredients as those flours, with a certain degree of moisture extracted, but so combined as to possess the required richness of bread making and keeping qualities, which gives the manufacturer or producer an opportunity to obtain a foreign trade, and thus to aid in "capturing the markets of the world."

Is not, therefore, this process a manufacture or production, within the meaning of this statute? It may be urged with reason that it falls within the technical description of a manufacture as described by the court in the Tide Water Oil Company case. There it was held that the nailing together of box shooks, thus forming a box, was not the whole manufacture of the box from the boards, the reason being that the shooks themselves, being adapted for only the one use, were not a finished manufacture. That is, in order for there to be a completed manufacturing process it must begin with a completed product and end with a completed product. But if we apply this principle to the facts here presented the blended flour is a finished product or manufacture, and with equal certainty the flours from which it is made are completed products or manufactures. It does not follow that because blended flour can be made directly from the wheat the various processes through which it passes in being made into blended flour can constitute but steps in one manufacture and not separate and distinct manufactures. The primitive method of making a canoe was, by means of the ax, the broadax, and foot adz, to make it—literally to manufacture it—directly from the log. Now the log is converted into lumber, and the canoe is made from the lumber, yet both the lumber and the canoe are manufactures.

I am of the opinion, therefore, that your department acted properly in allowing the drawback upon the blended flour manufactured by the Copeland-Raymond Company in the manner heretofore described.

Respectfully,

Charles J. Bonaparte, Attorney-General.

THE HECKER-JONES-JEWELL MILLING COMPANY, NEW YORK CITY, WRITES RELATIVE TO THE DRAWBACK PROVISION AND CANADIAN WHEAT.

New York City Produce Exchange, November 30, 1908.

Hon. SERENO E. PAYNE,

House of Representatives, Washington, D. C.

Dear Sir: We write in order to say to you that we wish to join in the earnest application now being made by the various milling inter-

ests for an adequate opportunity to be heard before the Ways and Means Committee of the House, on December 4 next, on the subject of the modification of the drawback provisions and regulations under the tariff act, with more particular reference to their bearing upon importations of Canadian wheat for manufacture into flour by American millers. The welfare and future of American milling interests engaged in the export trade, as affected by the keen competition of cheap Canadian labor and cheap Canadian wheat available to all Canadian milling interests, will be largely dependent upon the course which shall be adopted in the framing of these regulations and provisions in question. We may mention the fact that we alone manufacture and export, on the average, yearly, upward of 750,000 barrels of flour. Our domestic output is over 1,000,000 barrels per year.

We earnestly bespeak favorable consideration for this application,

and ask that a time be fixed for the proposed hearing.

We are, dear sir,

Yours, very truly,

Hecker-Jones-Jewell Milling Co., A. Ruyter, General Manager.

SULLIVAN N. CROMWELL, NEW YORK CITY, REPRESENTING THE HECKER-JONES-JEWELL MILLING COMPANY, FILES BRIEF RELATIVE TO THE DRAWBACK PROVISIONS.

NEW YORK, December 1, 1908.

Hon. HENRY S. BOUTELL, M. C.,

Ways and Means Committee, Washington, D. C.

Dear Sir: Our client, the Hecker-Jones-Jewell Milling Company, has, in common with other milling interests, addressed to Mr. Payne, as chairman of the Ways and Means Committee, a formal application for a hearing on December 4, next, on the subject of the required modification of the drawback provisions and regulations, in order to furnish adequate protection to domestic milling interests in their export departments, as against the keen and ruinous competition of Canadian milling interests having the advantage of cheap Canadian labor and cheap Canadian wheat.

The Hecker Company is one of the great milling interests and one of the largest exporters of flour in this country. Their yearly export trade amounts, on the average, to over 750,000 barrels. May we trouble you in the matter so far as to ask that you emphasize the importance of an adequate hearing being granted to these interests and secure for them the attention which the subject demands? We understand that they will have present a representative familiar with the facts and able to make an illuminating presentation of the

subject to the committee.

More particularly, however, the subject having been drawn to our attention, we write you at this time in order to enlist your interest as a lawyer in the technical side of the matter. It has recently been made very clear to us that there must be closer definitions and a more detailed expression in the drawback provisions if they are to have the effective scope and beneficial operation upon domestic trade for which they were originally designed.

As you know, the present drawback provision is contained in section 30 of the tariff act of 1897 (30 Stat., 211). That simple provision, in its use of the undefined words "manufacture" and "produced,"

has led to endless controversy.

As the matter is of such consequence we do not hesitate to ask you to seize a spare moment and consider the opinion of the Supreme Court in Anheuser-Busch Brewing Association v. The United States (207 U. S., 556), decided on January 6 last, in connection with the most prolix and, if we may be permitted to say so, obscure opinion from the Department of Justice, bearing date September 19, 1908, a copy of which we send you inclosed herewith. We do not think that our characterization of this latter opinion or promulgation is seriously affected by the fact that it embodied a decision adverse to us in an application which we had presented to the department. We simply mention that fact, however, to show our personal relation to and knowledge of the subject and to give point to what we are about to say.

A consideration of the matter and of the procedure under the drawback section has made it clear to us that not only must some statutory definitions be incorporated in the act, but that some procedure must be devised by which a judicial review may be promptly secured, in due course, of all administrative rulings under that provision. As it is, you will observe, there is no remedy whatever open to the protesting exporter or group of competing exporters where the Treasury Department, with or without the sanction of the Attorney-General's office, has in fact granted a drawback. Suit may always be brought to enforce a drawback, but where a drawback is in fact allowed there is no known way of obtaining a judicial review or determination of the question involved, which may present the most intricate question of construction under the act. In view of our complicated trade relations and the tremendous power for injury which thus resides in a single executive department in the manipulation of this great engine of competition involved in the allowance or disallowance of drawbacks, it is of course clear to us lawyers that some plan must be devised which not only will permit but will compel in all cases, as well in those of allowance as of disallowance of drawbacks, an expeditious judicial determination of the whole matter.

In the case to which we have drawn your attention, covered by this opinion of the Attorney-General of September 19, 1908, the whole subject of drawbacks upon Canadian wheat was involved, and yet, because for one reason or another a drawback was in fact allowed to a single manufacturer importing such wheat, it became impossible for us judicially to review the question, notwithstanding the fact that the Solicitor of the Treasury Department and all other lawyers who have considered the question had been, as we had supposed all lawyers must be, in agreement with us in holding that there was no possible justification for such drawback under a proper construction

of the statute.

The milling companies as a class, apart from the particular milling company whose interests were served in this matter, had their hands

tied in any attempt to secure judicial review.

Without wearying you further, we hope that we have shown you that there is here an opportunity for the competent drafting of certain technical provisions of the new act which shall, beyond per-

adventure, prevent all arbitrariness in the action of executive departments and open up the usual opportunity for judicial intervention. We may add that it may be doubtful if there is any more important matter for consideration before the committee than that involved in the adequate protection of the great domestic milling interests in the manner suggested as against the use of Canadian wheat and the competition of Canadian milling interests, with their cheaper labor and material.

We shall be glad to have any suggestions from you in this matter, and hope that we have not overburdened you with needless and unim-

portant observations.

With kind regards, we remain, Yours, very truly,

SULLIVAN N. CROMWELL.

STATEMENT FILED BY THE AMALGAMATED ASSOCIATION OF IRON, STEEL, AND TIN WORKERS OF NORTH AMERICA RELATIVE TO TIN PLATE DRAWBACK.

PITTSBURG, PA., December 1, 1908.

CHAIRMAN OF WAYS AND MEANS COMMITTEE,

Second Session Sixtieth Congress.

Gentlemen: We desire to file this brief on behalf of the Amalgamated Association of Iron, Steel, and Tin Workers of North America, in accordance with promise made at hearing before your committee on November 27, 1908, by John Williams, secretary of said association.

STATEMENT SHOWING DRAWBACK PAID ON TIN AND TERNE PLATES BY THE UNITED STATES TREASURY DEPARTMENT, EACH FISCAL YEAR 1902 TO 1907, INCLUSIVE; ALSO ESTIMATED NUMBER OF BOXES IMPORTED TIN PLATE USED IN MANUFACTURE OF IMPORTED ARTICLES, TOGETHER WITH ESTIMATED AMOUNT AMERICAN LABORERS WOULD HAVE RECEIVED HAD THIS TONNAGE BEEN MANUFACTURED IN THE UNITED STATES.

#### Drawback payments.

	Amount.
1902	\$1,860,104
1903	
1904	
1905	2, 252, 382
1906	
1907	1, 525, 282
Total	10 011 695
Total	10, 311, 033

Based on above payments, approximately 7,347,902 base boxes imported tin plate was used in the manufacture of cans or other articles

exported.

For each box of tin plate manufactured in the United States American laborers receive from \$1.50 to \$1.75 in wages. Based on \$1.50 per box, American laborers would have received in wages during the period of six years covered by the above statement \$11,021,853.

Amount of wages included in above that would have been paid to

hot-mill workers, based on 30-gauge rates, \$3,430,428.

Amount contributed in the past five years ending December 31, 1907, by the Amalgamated Association of Iron, Steel, and Tin Workers in wages to assist American tin-plate manufacturers to compete with imported tin plate, \$282,560.36.

Appended is a copy of agreement now in effect with tin-plate manufacturers, which is submitted as per verbal agreement at hearing held

on November 27:

And whereas it is the purpose of said agreement that this fund shall be used with which to pay 25 per cent of the scale rates of wages on all reexport plates upon which said tin plate company is compelled to pay a rebate to the purchasers and which are rolled by them during said term of this agreement: Now, therefore, this agreement

witnesseth:

(1) That said —— Tin Plate Company is authorized to reduce the wages of its employees 3 per cent of the wages payable to said employees under the scale rates aforesaid on all plates rolled during the term of this agreement, said amount of said reduction to be paid semimonthly to the trustee hereinafter named for the purposes hereinafter set forth.

(2) Out of said fund created by said reduction as aforesaid said trustee shall pay to said tin plate company 25 per cent of the scale rate of wages on all plates exported and which were sold to be employed in place of plates which, if imported and subsequently exported, would entitle the buyer to the benefit of any drawback or

refund clause of the present tariff laws.

(3) Should the party of the second part at any time within three months previous to the expiration of said agreement desire to confer with said tin plate company with a view to readjust the percentage of reduction necessary to secure the funds with which to make the rebate payments as provided by this agreement, then, upon fifteen days' notice of such desire, the committee of said amalgamated association provided for by this agreement shall meet with the representatives of the said ——— Tin Plate Company, and the amount of said reduction shall be readjusted, if necessary, in accordance with the information then available, but in no event shall said reduction exceed 3 per cent.

(4) Said payments shall be made by said trustee out of said fund in his hands to said tin plate company upon ten-day draft made by said tin plate company upon said trustee, with certificates of export thereto attached, properly verified, of the form hereto attached, marked "Exhibit A," with summary thereto attached, marked "Exhibit B," and also attached to said drafts shall be copies of the bills of lading of the goods exported, or, where it is impracticable to obtain

such bills of lading, other equally satisfactory proof. (5) Each time that drafts are made by said tin plate company on said trustee, as herein provided, but not oftener than once a month, and ten days before the same is due, notice thereof, stating the amount of such draft, shall be given to a committee appointed by the amalgamated association, to wit, —————, of which committee the president or secretary of the Amalgamated Association of Iron, Steel, and Tin Workers, or both, shall be members. Said committee, or such other committee of like number that may be substituted for the parties named, or any of them, from time to time, (such) substitution to be made by the Amalgamated Association of Iron, Steel, and Tin Workers and certified by proper notice from the officers of said association to the said tin plate company, and said trustee shall have the right to examine said draft and bill of lading and certificate of export in the hands of said trustee, and unless said committee notifies said trustee of objections thereto, the said draft shall be paid by said trustee, who shall return the original papers with its payment.

(6) In case of objection to any portion of any payment by said committee for any reason, the trustee shall withhold such portion until an agreement thereon is reached or the matter settled between said committee and said - Tin Plate Company, and in case of their disagreement the president of the bank where deposit is made shall decide the question at issue, and the trustee and all parties shall

accordingly be bound by said decision.

(7) The trustee who shall act under this agreement and receive said money and make such payments as aforesaid is the

National Bank of Pittsburg, Pa.

(8) Any interest allowed by said trustee upon said fund shall be credited to a separate interest fund until \_\_\_\_\_, 19\_\_, and then paid over to the amalgamated association, less such amount as shall be due upon any deferred payments due to the tin plate company on account of delayed payments of any of its drafts, the interest to be paid on said deferred payments to be at the same rate as shall be allowed by the trustee on the fund. Any interest that may accrue on said fund after ----, 19-, shall be paid over to the amalgamated association at the end of each three-months' period until the balance of the fund shall be paid over.

(9) Said trustee assumes and is under no obligation as to said fund except as to its safe custody, and both it and said tin plate company are only obligated to apply the same so far as necessary to the purposes of this contract and in accordance with its terms, and no farther. Any balance that shall remain after such application to the purposes of this contract shall be paid over to said amalgamated

(10) The tin plate company shall report to the amalgamated association each month the amount of the pay roll and of the re-

duction made from the wages of its employees under this agreement, and the said trustees shall likewise each month report to said amalgamated association the amount in its hands to the credit of said fund, showing the balance at last report, the deposits, the credits of interest, and the payments made out of said fund during the month.

In witness whereof said — Tin Plate Company has caused these presents to be executed in its behalf by —, and the Amalgamated Association of Iron, Steel, and Tin Workers have caused these presents to be executed by its president and secretary and by the tin-plate wage conference committee of said association the day and date aforesaid.

- TIN PLATE COMPANY,

AMALGAMATED ASSOCIATION OF IRON, STEEL, AND TIN WORKERS.

, President., Secretary.

Tin-Plate Wage Conference Committee.

Memorandum of agreement entered into between the — Tin Plate Company, party of the first part, and Amalgamated Association of Iron, Steel, and Tin Workers, party of the second part, this ——, 19—. This agreement to govern on all orders rolled prior

to \_\_\_\_\_, 19\_\_, and to expire \_\_\_\_\_, 19\_\_.

The \_\_\_\_ Tin Plate Company agrees not to take during the period of this contract more reexport business than will require a general 3 per cent concession from scale rates, and also that the fund thus created shall be held in trust to reimburse the ——— Tin Plate Company for rebates paid on presentation of documentary evidence satisfactory to a committee of your association indicating that — Tin Plate Company has paid such rebates.

TIN PLATE Co.

AMALGAMATED ASSOCIATION OF IRON, STEEL, AND TIN WORKERS.

It is also agreed that the following shall be the rules for interpreting the rebate or drawback agreement between the ——— Tin

Plate Company and the Amalgamated Association.

The Amalgamated Association agrees to pay the ——— Tin Plate Company a rebate of 25 per cent from scale rates on all reexport plates (by which is meant such plates as are employed in place of imported plates, which, if subsequently exported, would entitle buyer to

benefit of drawback clause of Dingley tariff).

It being understood that the \_\_\_\_ Tin Plate Company will not sell during the term of this contract more of above-described plates than will require a general 3 per cent allowance from scale rates; also, that such allowance shall be employed to create a trust fund to be used for reimbursing — Tin Plate Company for rebates paid by it on presentation of documentary evidence satisfactory to a committee of Amalgamated Association indicating that — Tin Plate Company has paid such rebates.

The following shall be the method of distributing the fund cre-

ated, as arranged for above:

The — Tin Plate Company shall place before a committee of the Amalgamated Association evidence of the number of boxes converted into cans or other receptacles to convey American commodities or products abroad; at which time the — Tin Plate Company shall be reimbursed from said fund to the extent of 25 per cent of the scale rate of wages paid by them for making said plates.

TIN PLATE Co.

AMALGAMATED ASSOCIATION OF IRON,

STEEL, AND TIN WORKERS.

The only possible justification for continuing the application of drawback clause to tin plate is that the concession enables American packers and can manufacturers to obtain foreign trade that otherwise they would lose. The present difference between market value of imported tin plate and domestic tin plate, exclusive of duty, would amount to less than 2 cents on a 5-gallon oil can, and would amount to approximately one-fifth cent per can on a 1-pound salmon or fruit can. In many lines like canned salmon and canned fruit this difference would amount to less than 2 per cent of the valuation. In some other lines it might amount to as much as 4 per cent and, in extreme cases, 5 per cent of total valuation.

It is a natural inference that so small a difference would not appre-

ciably affect our export trade in cans or canned goods.

The largest beneficiaries of the drawback provisions of the Dingley tariff, as applied to imported tin plate, are the following industries: Oil refineries; tobacco manufacturers; exporters of cottolene, lard, and canned meats; fruit and vegetable packers; salmon and other fish canneries; can and tinware manufacturers doing an export trade.

An examination of reports published by the United States Treasury Department will show that during the past six years a greater amount has been paid by the Government for drawback on imported tin plate used in the manufacture of exported articles than on any

other one item.

What the securing of the export business in tin plate will mean to the tin-plate workers and manufacturers of the United States.

The amount of tin plate annually imported to the United States amounts to 1,000,000 to 1,500,000 boxes. Using 1,000.000 boxes as a basis for calculations, we have the following: One million boxes 100-pound plate equals 50,000 tons.

	Tons.
Hot-mill product per week	40
Hot-mill product per month	100
Hot-mill product, ten months	1,600

Fifty thousand tons divided by 1,600 equals 31½. In other words, it will take 31 mills running full time for ten months to make the 1,000,000 boxes.

The hot-mill rate on 100-pound plate is \$9.75 per ton, or \$488,000 on 50,000 tons. The hot-mill workmen, however, are not the only beneficiaries, as it will give an ordinary sheet-bar mill twenty-three

weeks' work at six days per week. It will require 55,000 to 57,500 tons of pig iron, or six months' work of a 400-ton blast furnace. To follow the 1,000,000 boxes from the ore mines, where the ore is worth about 50 cents per ton, or \$50,000, to the finished product, which is worth for export purposes about \$3 per box, or \$3,000,000, a difference of \$2,950,000, about \$2,200,000 of which, after allowing for the pig tin, will go to the American workmen, manufacturers, railroad and vessel companies, all of which at present is absorbed by the foreign competitors. One million five hundred thousand boxes will keep 220 mills in full operation for a period of seven and one-half weeks, or 35 mills in constant operation for a period of forty-seven weeks.

In view of the fact that the tin-plate mills of the United States have not operated during the past year more than 70 per cent of their total capacity for want of business, we petition your honorable body to recommend the abrogation of the drawback agreement and the maintenance of a duty sufficient to enable American manufacturers and workmen, not only to make the plate for domestic purposes, but that used for reexport purposes also. It is our opinion that a lowering of the duty would demoralize the tin-plate industry in the United States, which is apparent by a comparison of the wages paid in the United States with the amount paid by our largest foreign competitor.

The following is a comparative statement of tonnage and day rates in Wales, with tonnage and day rates prevailing in the United

States:

Comparative statement showing rates and earnings of tin-plate workmen in the United States and Wales.

[Ra	tρ	ner	Pross	ton. 1	

			Differential.	
	United States.	Wales.	United States.	Wales.
Roller Rougher	\$2.25	\$1.38	\$0.87 .97	
Doubler Helper	1.44	1.11	.33	
Heater Helper	1.47	1.04	.43	
Catcher Shearman Serew boy	1.10 .40 .72	.51 .44	.59	\$0.04
Total	9.76	4.48	5.32	.04

### Production.

As stated in previous statement relative to hot-mill product per week, the figures given approximately are 40 gross tons per week, or  $2\frac{1}{2}$  gross tons per turn. In Wales the average weekly production of a four-mill plant is 700 boxes per week, or  $1\frac{1}{10}$  gross tons per turn,

or approximately 30 tons per week.

You will note on examination of comparative statement showing rates and earnings of tin-plate workmen in the United States and Wales that there are four extra men employed in the mills of the United States—viz, rougher, doubler's helper, heater's helper, and screw boy—which in a measure accounts for the larger output in the United States.

## Total differential in favor of the United States, \$5.28 per ton. [Rate per day.]

Convention			Differential.	
Occupation.	United States.	Wales.	United States.	Wales.
Cutting and delivering bars Openers Serap boy	\$1.36 2.82	\$0.73 1.33 .28	\$1.13 1.49	\$0,28
Piekling foreman. Piekling assistant. Swilling	3.10 2.29	1.19 .36 .36	1.91 1.93	.36
Annealer.  Helpers Cold-roll foreman. Boy rollers	4. 23 1. 75 3. 37 2. 67	1.61 1.02 .97	2. 62 .71 2. 40 2. 31	
Catehers Greasers White-plate weigher	2.41 1.50	.32 .32 .77	2.09 1.18	.77
Tinning.				
Tinners Risers Grease boys	2.78 1.82	1.68 1.68	1,10 .14	.56
Bran Laborer Firemen	1, 86 1, 55 2, 10	.30 .73 .73	1.56 .82 1.37	
Sorters Reckoners Boxers	1.18 1.90 2.23	1.45 .36 .81	1.54 1.42	.27
General.				
Roll turner. Tin-house foreman Engineers. Fireman Blacksmith Helper	3.70 4.81 2.64 1.87 2.75 1.70	2. 42 2. 02 1. 19 . 81 1. 19 . 73	1. 28 2. 79 1. 45 1. 06 1. 56	
Bricklayers Helpers Engineer	4.05 1.50	1.19 .73 .60	2.86 .77	.60
Driver Millwright Carpenter Laborers	2. 13 2. 16 1. 50	2. 02 . 97 . 73	.11 1.19 .77	
Superintendent Bookkeeper General elerk	14.42 5.76 3.27	4.04 1.62 1.34	10.38 4.14 1.93	
Timekeeper	95. 20	40.33	57.71	2, 84
	1	1	1	1

Net differential on day rates in favor of United States, \$54.87. There are fully 17,000 people employed directly in the tin-plate factories of the United States, receiving \$12,376,000 a year in wages (year estimated at two hundred and sixty working days); the number is still larger of those employed in steel works, blast furnaces, ore and coal mines, box factories, acid works, machine shops, and other industries engaged in furnishing supplies to the tin-plate world, and the employment of all these would be seriously curtailed by a change of duty injurious to the tin-plate industry.

### British tin plates in the United States.

For the purpose of showing how the customs drawback system in the United States works out in practice, the British consul in New York supplies figures referring to the tin-plate imports into the United States during the four years, 1904–1907. The first column shows the weight of tin plates imported and paying duty, and the second column shows the weight of tin plates exported with benefit of drawback.

Year ending June 30—	Imported.	Exported.
1904 1905 1906 1907	Pounds. 126, 959, 000 161, 410, 000 120, 841, 000 141, 766, 000	Pounds. 111, 658, 352 151, 677, 870 120, 455, 345 102, 712, 630

From this table it will be seen that in the four years 550,976,000 pounds weight of imported tin plate paid duty, while 486,504,197 pounds were reexported, 90 per cent of the duty being refunded. The duty on tin plates under the tariff being 1½ cents per pound, the duty actually paid was only one one-hundredth of 1½ cents.

### Sheet-mill schedule.

The following is the approximate differential in labor cost on tonnage basis on sheet mills in the United States compared to labor cost on tonnage basis in Wales, taking 28 gauge as the standard:

### [Rate per ton, 2,240 pounds.]

Positions.	United States.	Wales.	Differen-
Roller Rougher Heater Helper Catcher Doubler and matcher Pair heater 8bearer	\$3.081 1.058 1.553 .799 1.068 1.472 .878 1.343	\$1.65 1.16 .625 1.19 .49	\$1.481 1.068 .398 .799 .443 .282 .878 .853
Totals	11.262	5.115	6. 147

The above shows a differential in wages on hot mills alone of 120 per cent in favor of American mills. We presume that the differential on day rates will be approximately the same as that on tin mills.

### Bar iron and steel schedule.

Under the subject of bar iron and steel we do not desire to burden the committee with a repetition of figures as to wages in other countries. In the brief submitted by Mr. J. H. Nutt to your committee on Friday, November 25, are to be found practically all the available data on the subject of comparative wages.

So far as we can learn, those figures are substantially correct, and we take it that the difference in favor of the American workman is the best reason that we could advance against any change in the tariff rates that would materially affect the present competitive relations of the United States and foreign countries.

While the brief of Mr. Nutt does not deal with the subject of bar steel we are convinced that the wages paid to the men employed in the production of steel bars is greater in the United States than in foreign countries, and in the same relative proportion as those for which comparative figures have been submitted, when the materials are produced under similar methods.

In making this reference to bar iron we have in mind its general application to the semifinished products from which bar iron is

made, such as muck bar and scrap bar.

Muck bar is the product of the puddling furnace, and the men who

operate it are referred to in Mr. Nutt's brief as puddlers.

Scrap bar is the product of the scrapping or busheling furnace in which old scrap iron is reworked, and it is the largest factor in the present cost for material in the production of bar iron.

Respectfully submitted.

AMALGAMATED ASSOCIATION OF IRON,
STEEL AND TIN WORKERS,
P. J. McArdle, President.
JOHN WILLIAMS, Secretary-Treasurer.
LLEWELLYN LEWIS, Vice-President.
WALTER LARKIN, Vice-President.

## THE NATIONAL LEAD COMPANY, NEW YORK CITY, WISHES THE DRAWBACK PROVISION TO APPLY TO SEEDS.

NEW YORK, December 2, 1908.

Hon. Sereno E. Payne, Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: We beg to call the attention of your committee to paragraph 254, Schedule G, of the tariff act of July 24, 1897, dealing with seeds. We quote as follows from that paragraph: "but no drawback shall be allowed upon oil cake made from imported seed, nor shall any allowance be made for dirt or other impurities in any seed." This is the only instance in the present tariff where the benefit of drawback is denied to a manufacturer on the exportation of the product of an imported material, and we call your attention to its obvious injustice with the hope that it may be corrected in any future bill. We also think the provision of the paragraph above quoted, which denies any allowance for "dirt or other impurities," is unjust and should not be included in another bill. All seeds imported into this country bear the certificate of "The Incorporated Oil Seed Association" of London, certifying to the exact amount of dirt or other impurities present in any importation, and the accuracy of such certificates is readily determined by the customs officers at the port of entry. We do not think it was the purpose of the committee to impose a tax on dirt as such or they would have made a special paragraph imposing such a duty. Very truly, yours,

NATIONAL LEAD COMPANY, L. A. COLE, President.

# THE STANLEY WORKS, NEW BRITAIN, CONN., MAKES SUGGESTIONS RELATIVE TO THE APPLICATION OF THE DRAWBACK PROVISIONS TO METAL MANUFACTURES.

NEW BRITAIN, CONN., December 3, 1908.

Hon. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

Washington, D. C.

Gentlemen: The Stanley Works, of New Britain, Conn., have been manufacturers of wrought iron and steel hinges for upward of

fifty years.

We have for twenty-five years past been making special efforts in building up the export trade for such goods and for a variety of other steel goods classed as builders' hardware, such as steel shelf brackets,

steel door bolts, etc.

For many years, when domestic steel billets were selling at \$15 to \$20 per gross ton at Pittsburg, we were able to sell our goods at a fair profit in all the markets of the world excepting in countries where the tariff is prohibitive, as France and Germany. For a few years past we have been handicapped owing to the high cost of materials here and low costs of material and labor in Europe and the introduction there of American machinery.

The profits on export goods of our manufacture have been reduced

to such an extent that we must have relief in some form.

We manufacture and carry in stock for domestic trade upward of 6,000 varieties of hinges and other articles of builders' hardware, counting the various finishes such as plain (the plain steel finish), electroplating, japanning, galvanizing, etc.

We print in our export catalogue and keep in stock upward of 1,500 sizes (counting the various finishes, about 4,000 varieties), mainly of the same description as required for our domestic business.

Between the years 1895 and 1905 we made, at considerable expense, two separate tests of manufacturing a limited number of sizes of hinges, making an aggregate of several thousand tons, from foreign steel billets, obtaining such drawback as was possible under the Dingley tariff. As a result of these tests we reluctantly decided to abandon as unprofitable the plan of securing relief by this method. Our reasons for reaching this conclusion are as follows:

According to our usual custom of making goods for both domestic and foreign trade, all goods manufactured are made from steel of a quality suitable for the respective classes of goods, using billets and slabs (mainly 4-inch square billets) which are converted by hot rolling into plates varying from 2 inches to 16 inches in width and from one-

sixteenth to one-fourth inch in thickness.

A large proportion of the plates are further reduced and finished by cold rolling. The cold-rolled plates are cut into blanks and, by successive steps (10 to 20 operations) are manufactured into hinges.

Cutting up metal for about 2,000 sizes of hinges, brackets, bolts, etc., each size requiring about sixty days' time (from start to finish), necessitates keeping about 300 sizes (900 different kinds of blanks, weighing about 1,000 tons) in process of manufacture all of the time.

Our workshops are filled with goods in process, and we are crowded with operatives, necessarily of many nationalities, speaking various languages, making it almost impossible to give sufficiently intelligible instruction to prevent mixing of material. Now, in reference to the manufacture of goods from foreign steel, it is practically impossible for me to draw a pen picture showing the difficulty we would encounter if we were to undertake to manufacture at the same time, in the crowded space mentioned above, and keep absolutely separate (although very small quantities) 200 additional lots of goods which are identically the same as to size and description, the difference being only in the fact that the 300 sizes referred to above are made from domestic steel and the 200 sizes from foreign steel, that no person is able to distinguish one from the other, excepting that some receptacles may be marked "domestic" and others "foreign."

This plan of making goods at the same time from domestic and foreign steel, and keeping them separate, increases the labor cost fully 20 per cent, the labor item wiping out a large proportion of our profits on goods made for export, and we must add to this the cost of providing additional storeroom for 4,000 varieties of goods made specially for export trade; also a large item of interest in carrying largely increased and separate stocks for both domestic and foreign trade

which is necessary for prompt execution of orders.

There are other features of expense which make the present draw-back plan of no practical value in our business. For example:

The exclusion of claims for drawback on at least one-third in number of our export shipments because of the small amounts involved. The cost of collection of numerous small claims is also a considerable

handicap.

The low costs obtained by making large quantities at one time for both domestic and foreign markets, by means of expensive laborsaving devices, are changed to high costs when we are compelled to put through our works small quantities, in great variety, made from foreign material and keep the goods in process separate and distinct from those for our domestic trade.

The foreign orders are for small quantities of considerable variety, and in the case of new markets they are practically sample lots. But they require prompt shipment and must be filled complete in every detail. Partial or incomplete shipments of foreign orders will

not be permitted by our customers.

The makers of the present laws relating to drawbacks were farsighted and endeavored to build up by wise legislation American manufacturing enterprises. In many lines of production this legislation doubtless accomplishes the result in building up foreign trade and employing larger numbers of American workmen at remunerative wages.

In enterprises similar to ours the result is not obtained for the reasons stated. It is more desirable that employment should be given to labor here in America than that any great number of manufacturers should be compelled to establish branch works abroad to

take care of foreign markets and meet foreign competition.

The proper modification of the drawback laws in the direction of simplicity and freedom from unnecessary "red tape" is most de-

What we need to make the drawback feature of the tariff of any value in this business is relief from the necessity of complete separation in the process of manufacture and the identification of products made from imported material.

The government records show that we import and pay the duty on the steel. They also show that we export quantities of hinges,

etc., made therefrom.

Now, why destroy the benefit and the profit that the makers of the law intended by requiring the detail and expense of absolute separation and identification of the foreign material? Why not frame a law that will properly safeguard the Government, both as to the manufacture of goods and the exportation, and will not be so onerous

and exacting as to make the business unprofitable?

We suggest that a government inspector visit our works and make a thorough examination to determine whether we manufacture the steel that we import into goods suitable for foreign markets, and that an employee of the Government shall visit our works monthly or quarterly and inspect our books and our custom-house bills of lading to determine what quantities of goods we have shipped out of the country made from both domestic and foreign material; he to certify to the fact that in accordance with the provisions of the tariff we are entitled to a definite drawback on a specified quantity of steel required to produce the goods shipped to foreign countries, whether made from domestic or foreign steel, provided, of course, that the quantity does not exceed the quantity imported and on which we have paid the established duty.

From an experience of fifty years, as an official of this company in the manufacture and sale of goods, and from personal investigations that I have made in the principal markets of Europe, I am satisfied that not only this company but hundreds of American manufacturers can quadruple their business with foreign countries if a plan can be carried out similar to what I have crudely outlined

above.

We are now protected under the Dingley tariff by a duty on wrought hinges of 1½ cents per pound. A tariff of three-fourths of a cent per pound on these goods, and on other builders' hardware of our manufacture, such as steel shelf brackets, steel door bolts,

etc., will afford us sufficient protection.

If pig iron, wrought-iron scrap, wrought-steel scrap, and steel billets were admitted to the country free of duty we would require little if any protection. If we are permitted to import steel billets free of duty, we can compete successfully with foreign manufacturers in all the countries of the world, excepting countries like France and Germany, where the duty is almost or quite prohibitive.

The foregoing is respectfully submitted.

Very truly, yours,

THE STANLEY WORKS, WM. H. HART, President.

STATEMENT MADE BY HON. WILLIAM C. LOVERING, A REPRE-SENTATIVE IN CONGRESS FROM MASSACHUSETTS, RELATIVE TO THE DRAWBACK LAW.

Friday, December 4, 1908.

Mr. Lovering. The few moments that I shall occupy of your attention will be devoted to section 30 of the Dingley Act, namely, the drawback law.

One of the objects of the law authorizing the payment of a drawback on exported articles of domestic manufacture, made in whole or in part of imported dutiable materials, is to grant the same freedom from customs duties that our tariff laws have extended to the producers of foreign merchandise through the bonded warehouse system since our Government was founded.

All civilized nations have adopted the plan of allowing goods to be imported without the payment of duty, provided that such goods are deposited in a warehouse under the control and custody of government If withdrawn for sale in domestic markets the duty must

If withdrawn for export no duty is paid.

We adopted this system immediately after gaining our independence, and, in fact, I believe the practice of bonding imported goods in lieu of demanding duties was in vogue when this country was a colony

of Great Britain.

At the present time, at all our great seaports, imported merchandise, the product of foreign labor, is stored in bonded warehouse under government custody and is daily offered for sale on the floors of our commercial exchanges on a duty-free basis, for export in competition with like domestic goods. It frequently happens that the like domestic articles are manufactured in whole or in part from imported materials, the duties paid on which, if not returned to the American manufacturer in the form of a drawback when exported, would make it impossible for him to compete with the foreign duty-free goods in the bonded warehouses. Accordingly, it may be safely asserted that whether tariff duties are levied solely for the protection of domestic industries or for revenue purposes, or for both, a workable drawback law is an indispensable feature of any kind of a tariff act.

From time to time certain selfish interests have advocated the withdrawal of the drawback privilege from the particular materials or articles which they are engaged in producing, entirely overlooking the fact that protection from foreign competition extends only to the home market and that it always has been the policy of the Government to grant, as far as possible, free materials for the export

The wisdom of the law providing for a drawback of duties paid on imported materials used in the manufacture of exported articles has been amply justified by its operation. Many products of our farms and factories are now being exported in large quantities, which could not be sold in neutral markets if it were not for the drawbacks secured on a part of the materials used in their manufacture. The benefit to our export trade resulting from the drawback system can not be precisely ascertained, but it is certain that it was made possible by the annual exportation of articles valued at many millions of dollars.

While the present drawback law and the regulations issued under it have been highly advantageous to our export trade, it has been found in practical experience to have certain defects which tend to limit its usefulness, and it is simply my purpose in addressing you to bring to your attention some facts showing that the several amendments of that law proposed by exporting interests would be

of great benefit to our foreign trade.

These proposed amendments have been the subject of several extended hearings before this committee, constituting a record of some 200 pages, including copies of the bills, all of which are available for your investigation and guidance when this branch of the

tariff subject is under consideration.

I regret that there are only four members sitting here, of the present committee, who were members of the committee at the time of the last hearings upon this subject, and only three members are now present of the committee who were on the committee at the hearings in 1902 and 1903; but copies have been kept of those hearings, and I am informed that they are accessible for the use of this committee, and I hope that they may be filed with the committee.

The CHAIRMAN. Those hearings are all printed.

Mr. Lovering. They are all printed. I do not know whether it would be important to reprint them; that depends on how many copies are left.

The Chairman. Doubtless the members of the committee will make

themselves familiar with those other hearings.

Mr. Lovering. Briefly summarized, these proposed amendments

are:

First. Provision for the allowance of drawback on article of domestic manufacture, made in whole or in part from imported duty-free materials used in the construction and equipment of vessels built for foreign account and ownership and for the foreign trade. It has been ruled by the Treasury Department that the present law can not be so construed as to authorize the payment of drawback under such conditions. In the testimony of Edwin A. Cramp, he included the following decision of the Treasury Department to show the urgent necessity for the amendment desired by the shipbuilding industry:

TREASURY DEPARTMENT, July 7, 1899.

Gentlemen: Replying to your inquiry of the 3d instant, whether drawback under section 30 of the act of July 24, 1897, will be allowed on boiler tubes manufactured by the Shelby Steel Tube Company, of Cleveland, Ohio, from imported Swedish billets and intended to be used in the construction of boilers for two Russian battle ships, now being built by Messrs. Cramp & Sons Company, of Philadelphia, I have to inform you that no drawbacks of duties under section 30 of the act of July 24, 1897, can be allowed on the boiler tubes in question, as the use thereof in the construction of the boilers for the battle ships referred to can not be considered an exportation within the meaning of section 30.

Mr. Cramp then called attention to section 12 of the Dingley Act, which provides for the importation, free of duty, of all materials and articles necessary in the construction of vessels built in the United States for foreign account and ownership and for the foreign trade, on which he comments as follows:

Under this law foreign manufacturers who either pay no duty on their materials, or who receive a drawback on the exportation of their goods to the United States, can sell to American shipbuilders absolutely free of duty, while domestic manufacturers employing American labor, who are compelled to import materials from abroad, are denied a refund of the duties thereon when their goods are sold and used for a similar purpose.

This is a serious discrimination against American labor, American manufacturers, and American shipbuilders, and should receive immediate consideration

by Congress

Mr. Cramp then gave a partial list of some of the more important articles which could be manufactured as cheaply in this country from imported materials and used by American manufacturers, provided a drawback was allowed, which included steel plates, engines, boilers,

wire cable and rigging, bolts and nuts, windlasses, lead pipe, and

various kinds of machinery.

Second. Amendment of the present law so as to provide for the allowance of drawback when the manufacturer is unable to positively identify the actual material used. Under existing law and the regulations of the Treasury Department, manufacturers are required to swear that certain specified imported materials were used in certain specified exported articles. The conditions in our factories which this amendment to the law is proposed to meet are described on page 192 of the printed hearings, as follows:

The imported and domestic materials are used in manufacturing processes at the same time. The labor and expense involved in keeping these materials separate and tracing them through all the various operations, so as to be able to state under oath that they form the whole or a certain percentage of the finished articles which are to be exported, is frequently so great as to discourage the attempt to secure foreign orders. The manufacturer can swear that the foreign material was used in making a certain lot of goods; he can swear that the articles to be exported were a part of that particular lot of goods; but he can not swear that the exported articles on which he desires to collect drawback were manufactured either in whole or in part from imported material. The finished articles in his warerooms all look alike; the articles made from domestic materials are worth as much as the articles made from foreign materials, but he is unable to tell one from the other. The articles which he exports may or may not contain the imported materials. In all such cases he only asks that the Government will assume that the imported materials are in the exported articles, and in lieu of the present oath of identification permit him and his foreman to swear that the actual materials in the exported articles are equal in kind, quality, and productive, effective, or mechanical value to the imported duty-paid materials on which his claim for drawback is based.

I am confident that careful investigation of the reasons set forth in the printed hearings for this amendment will convince you that it may be safely enacted without increasing the danger from fraud on

the revenue.

Third. Provision for the withdrawal from bonded warehouse free of tax and duty of domestic articles subject to internal-revenue tax and foreign articles subject to customs duties, which are used as ship's stores on the high seas by vessels clearing for foreign ports. Also the allowance of drawback on articles of domestic manufacture made in whole or in part from dutiable materials when consumed as ship's stores on the high seas. I am informed on reliable authority that Spain and the United States are the only civilized countries which refuse to treat as exports articles sold as ship's stores to vessels clearing for foreign ports.

Absolutely nothing can be gained by refusing to exempt such goods from taxation, for the reason that foreign vessels trading with the United States invariably purchase sufficient stores to last over the return voyage until a port is reached where the bonded warehouse

laws permit withdrawals for ships' use free of duty or tax.

It is asserted that at the present time domestic products subject to internal-revenue tax are exported to foreign countries free of tax, there placed in bonded warehouses and withdrawn from time to time free of duty for use on vessels trading with the United States. Since our Government is powerless to derive a revenue from goods consumed in that way is there any reason why we should decline to permit our own merchants to transact the business?

The enactment of this amendment will create a new business for American merchants and warehousemen in all our seaport cities from

Seattle, Wash., to Portland, Me., with consequent advantage to American labor and without injury to a single domestic interest.

Fourth. Provision for the allowance of drawback on domestic taxpaid alcohol when exported as a constituent part of medicine, per-

fumery, flavoring extracts, etc.

Our internal-revenue laws make no provision for the payment of a drawback of the internal-revenue tax paid on alcohol used in the manufacture of exported articles. Since, however, the present customs-drawback law allows a drawback of the duties paid on all imported materials used in the manufacture of the exported articles, a number of manufacturers on the Atlantic seaboard have for several years imported alcohol from Germany and collected a drawback when used as a constituent part of the exported article.

If we can safely allow a drawback on foreign alcohol on which the customs duty is \$1.75 per proof gallon, it is absolutely clear that no more difficulty would be experienced in allowing a drawback on domestic alcohol on which the internal-revenue tax is \$1.10 per proof gallon, so that the administrative difficulties need not be discussed. Neither shall I do more than refer to the absurd policy of allowing a drawback on alcohol made by foreign distillers by refusing to extend

a similar privilege to our own distillers.

The quantity of foreign alcohol imported during the past fiscal year to be used in the production of articles intended for exportation is said to be in excess of 250,000 proof gallons.

Fifth. Repeal of that clause in the drawback law (sec. 30 of the Dingley Act) which provides for the retention of 1 per cent of the

amount of drawback payable.

Perhaps the strongest reason which can be urged in favor of the repeal of that clause is that it would place American manufacturers on an equal footing with foreign manufacturers in the administration of that part of our tariff system relating to the export trade. As previously stated, we permit the withdrawal of foreign merchandise from bonded warehouses for export absolutely free of duty, and I believe it has been repeatedly shown that the cost of maintaining a bureau in the various custom-houses to perform the clerical work incident to the exportation of such goods is far in excess of the cost of supervising the exportation of a like quantity of articles of domestic manufacture on which drawback is claimed. It is submitted that we should accord to our own manufacturers identical privileges with those granted foreign manufacturers.

In conclusion I would respectfully refer this committee to the remarks on this subject by the late President McKinley, the author of the present drawback law, in reporting the tariff act of October 1, 1890, to the House. (See Congressional Record, p. 4247.) Mr. McKinley's concluding words on this branch of the subject at that time were:

It completely, if the provision be adopted, disposes of what has sometimes seemed to be an almost unanswerable argument that has been presented by our friends on the other side, that if we only had free raw material we could go out and capture the markets of the world. We give them now within 1 per cent of free raw material, and invite them to go out and capture the markets of the world.

That is all I have to say unless there are some questions.

The Chairman. I notice that you say that 1 per cent would more than pay for the supervision.

Mr. Lovering. I so understand it.

The Charman. It would not pay in addition to that the cost of the collection of that money, the average cost of collecting the revenue, would it?

Mr. Lovering. I think it has been pronounced an immaterial cost.

The Chairman. Would it not cost more than 1 per cent to collect the revenue, the customs revenues?

Mr. LOVERING. If you collect the revenue, then you get it, but if

there is no revenue collected-

Mr. Dalzell. You would have to collect it before you would refund it?

Mr. Lovering. Well, you have officers enough to do that without any extra expense.

The CHAIRMAN. Of course that was done to reimburse the Govern-

ment.

Mr. LOVERING. I understand that.

The Chairman. That is the reason it was put in there. My idea is that it is not enough to cover the necessary cost to the Government really, instead of being in excess, when you take into consideration the collection of revenues as well as the superintendence and the transportation afterwards, in order to decide the amount of drawback to be paid.

Mr. Lovering. My information from the department was that it

was more than enough.

Mr. Underwood. I think the average cost of collecting customs

revenues is something over 2½ per cent.

Mr. LOVERING. Even if it were, this would be according a relief to our manufacturers which would be well worth the cost to the Government.

Mr. Underwood. I think it is 2.58 per cent on the average.

Mr. Dalzell. I thought it was nearly 3 per cent.

Mr. Underwood. It is probably a little lower than that in New York.

Mr. Dalzell. Yes; that is the most advantageous point, but it is over 2 per cent even there.

## JAMES KENNEDY, M. C., FILES BRIEF WITH COMMITTEE RELATIVE TO DRAWBACK ON TIN PLATE.

WASHINGTON, D. C., December 8, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: The Carnahan Tin Plate and Sheet Company, manufacturers of tin plate, whose factory is located in the city of Canton, Ohio, have requested me to urge the committee on their behalf to maintain the existing duties on tin plate. They especially desire that the drawback or rebate now given on all tin plate exported be reduced to 40 or 50 per cent. The tin-plate mills in this country are able to make the tin plate used and annually exported in the form of manufactured cans, and the differential of one-half of the existing tariff upon tin plate would seem to be abundantly adequate to afford sufficient protection to the manufacturers of tin cans.

I am informed that the tin workers who work in the tin-plate factories in their annual contract with their employers agreed to throw off 25 per cent of their wages when manufacturing tin plate for

export. While I have not been asked to interpose this request in the name of the tin workers of Canton, Ohio, I have no doubt that they would unanimously urge your committee in their interests to change this rebate clause, at least to the extent of retaining one-half of the duty paid by all foreign tin plate that is shipped in here for reexport. If this change is made, the then existing differential will be far more protective than the canning factories have any decent claim to, and with the reduction in wages already provided for in the annual contract of the tin workers, the mills would be constantly employed, and I trust the tin workers of America would have steady employment.

Respectfully submitted.

James Kennedy, Member Congress, Eighteenth District, Ohio.

THE MANUFACTURING PERFUMERS' ASSOCIATION OF THE UNITED STATES FILES RESOLUTIONS RELATIVE TO MODIFICATIONS OF THE DRAWBACK PROVISIONS.

ROCHESTER, N. Y., December 14, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: On behalf of the Manufacturing Perfumers' Association of the United States I desire to support the amendment to the tariff bill to encourage the sale and exportation of articles of domestic manufacture, in order that we may successfully compete with foreign manufacturers in the sale of our products. Besides aiding our industry, it will in connection also aid the lithographers, glass works, silk mills, paper-box factories, paper-board mills, distilleries, farmers, etc., besides giving employment to a large number of skilled labor necessary to the production of the various articles.

The present system of manufacturing in bond requires a second and separate plant, which is so costly as to be virtually prohibitory.

It will not result in reducing our Government income, but will aid the industries.

Respectfully submitted.

MANUFACTURING PERFUMERS' ASSOCIATION, Per Alfred G. Wright.

STATEMENT MADE BY EDWIN A. BURCH, OF DETROIT, MICH., WHO WISHES A DRAWBACK ON ALCOHOL.

Tuesday, December 15, 1908.

The CHAIRMAN. What is your name?

Mr. Burch. Burch is my name.

The CHAIRMAN. What do you represent? What do you want to talk about?

Mr. Burch. I want to talk about a drawback.

The CHAIRMAN. Just one moment. Is there any other gentleman here who desires to be heard now? There does not seem to be. We will give you fifteen minutes.

Mr. Clark. I suggest this gentleman testify in the morning.

The CHAIRMAN. We have got a full day to-morrow.

Mr. Clark. All right; go on.

The CHAIRMAN. Is your brief all written out?

Mr. Burch. No, sir; this is a proposed amendment to the tariff bill.

The CHAIRMAN. What paragraph?

Mr. Burch. That I have not gotten here. The Chairman. What is the subject?

Mr. Burch. Drawbacks.

The CHAIRMAN. Oh, drawbacks.

Mr. Burch. Yes; this has nothing to do with increasing the tariff or lowering the tariff.

The CHAIRMAN. Go ahead; read it.

Mr. Burch (reading):

That on the exportation of spirits, whisky, brandy, and cordials manufactured or produced in the Uuited States on which an internal-revenue tax has been paid there shall be allowed a drawback equal in amount to the tax paid on same—

The Chairman. I want to suggest to you that it is unnecessary to read that full amendment. You can file that and it will be printed. Now, state the reasons for it, and we will consider your amendment. State the reasons for a drawback on alcohol.

Mr. Burch. The reasons for it mainly are that the present manner of exporting spirits is so tied up with red tape and circumlocution that we are absolutely prevented from getting our stuff out of the country, and if we are going to get an export business we have

got to have the laws modified so that we can export.

This also provides for a drawback on manufactures of distilled spirits. A concern in my city—Detroit—in October of 1908, this year, got this decision on the exportation of herpicide, manufactured by the Herpicide Company, of Detroit, Mich.: That in the use of imported alcohol a drawback will be allowed equal in amount to the duty paid on the imported materials used, less the legal deduction of 1 per cent.

Those people are compelled to import German alcohol to Detroit, manufacture it, and get a drawback of the duty paid, instead of using domestic, American alcohol, which they could do with the proposed

amendment that I am asking for.

The Chairman. We will have your amendment submitted to the Internal Revenue Bureau and have their opinion of it, as well as

printed in the record, and study it carefully ourselves.

Mr. Burch. This matter came up, Mr. Chairman, in 1902, and that time the objection raised was that we already had a method of exporting. Now we have two ways of getting spirits out of this country. One is by putting them up in a manufacturing warehouse set aside specially for that purpose, which is very cumbersome and very expensive; the other is to export bottled in bond from distillery warehouses.

Both of them have proved ineffectual. We are unable to do business under the regulations as provided by the department, and we desire to get some simple method of getting our product out of the country. In fact, the same product is brought in from foreign countries now, and this amendment provides that the appraiser of customs at the port of export shall determine the amount of the

drawback. In other words, we want to get the matter so simple that we can get our product out of this country as easily as the foreign shipper can get his product in here. If we can do that we can get a foreign business.

Mr. Fordney. You have an amendment prepared, have you?

Mr. Burch. I have, Mr. Fordney.

The CHAIRMAN. Hand that to the reporter and let him put it in. (The amendment referred to is as follows:)

An amendment to the tariff bill to encourage the sale and exportation of articles of domestic manufacture.

Section 1. That on the exportation of spirits, whisky, brandy, and cordials manufactured or produced in the United States on which an internal-revenue tax has been paid there shall be allowed a drawback equal in amount to the tax

paid on same.

Sec. 2. That on the exportation of articles manufactured or produced in the United States in part from domestic alcohol on which an internal-revenue tax has been paid there shall be allowed a drawback equal in amount to the tax paid on the alcohol so used: Provided, That no other than domestic tax-paid alcohol shall have been used in the manufacture or production of such articles. Such drawback shall be determined by the appraiser of customs at port of exportation and paid in manner provided for payment of drawback on exportation of articles of domestic manufacture and production made wholly or in part from imported duty-paid materials, under section thirty of an act entitled "An act to provide revenue for the Government and to encourage the industries of the United States," approved July twenty-fourth, eighteen hundred and ninety-seven.

Mr. Clark. Are you asking for a drawback on American alcohol? Mr. Burch. On American alcohol and spirits that are exported.

Mr. Clark. A drawback of the internal-revenue tax?

Mr. Burch. Of the internal-revenue tax. Mr. Clark. That is your proposition?

Mr. Burch. That is our proposition. It absolutely in no way affects the revenue, because the stock you give us would be immediately replaced by new stuff taking the place of that which was exported. So that it can not affect the revenues in any way whatever, but simply encourages and helps and assists us to get our product into a foreign country, which we are absolutely unable to do to-day.

Mr. CLARK. Your theory is that it would let out much more of the

alcohol that is made in America?

Mr. Burch. Yes, sir; undoubtedly. Parke, Davis & Co., the largest pharmaceutical company in Detroit, have expended in Walkerville an investment of half a million dollars to manufacture, and they do manufacture there, all of their tinctures and drugs in which alcohol is used. They are manufactured in Walkerville for their export trade, and made from German and Canadian alcohol, and they went to the trouble, as I say, to invest a half million dollars in Walkerville to do it.

Mr. CLARK. Is Walkerville in the United States?

Mr. Burch. No; it is across the river, in Canada. There is another gentleman here, or he was to be here this morning, representing the

National Perfumers' Association.

Mr. Clark. Your proposition is as simple as falling off a log. Everybody can understand it. If we conclude we want to do it, we will do it. If we do not want to do it, we will not do it, and there can not be any information had on the subject.

Mr. Burch. Well, I thank you.

### HON. WILLIAM WARNER, SENATOR, FILES LETTER FR CIALS OF AMALGAMATED ASSOCIATION OF IRON, S1 TIN WORKERS RELATIVE TO TIN PLATE DRAWBAC

St. Louis, Mo., December 21, 1908.

Hon. WM. WARNER, Washington, D. C.

DEAR SIR: Being in possession of information that the Ways and Means Committee are going to introduce a tariff bill in this session of Congress, and being interested in the metal schedule directly, we desire to call your attention to the unjust provision of the drawback provision of the Dingley tariff law as it affects the importations of tin plate. Representatives of our association appeared before the committee on November 27, 1908, urging not alone the abrogation of the drawback agreement, but the maintenance of the present duty on tin plate. United States statistics show that during the six years ending in 1907 the amount of \$10,911,635 has been refunded to foreign manufacturers on reexported plates, which admits this product into the United States for one one-hundredth of 1½ cents.

To enable the American manufacturers to compete with imported plate, American workingmen have taken a reduction of 25 per cent in their wages when working reexport plate. However, in view of this concession, importations are increasing, which is resultant in the American mills being closed in many instances, while the mills in Wales, where this product is worked, are running at their full capacity.

Wales, where this product is worked, are running at their full capacity. By referring to the hearing of the Ways and Means Committee on November 27, 1908, and to a brief submitted on December 2, 1908, by the officials of our association, you will obtain added information bearing on this subject, which we deem of vital importance, not alone to employees in American tin-plate mills, but to the industry in general.

Trusting you can see your way clear to give this matter your earnest support and cooperation, we are, on behalf of Future City Lodge No. 1, State of Missouri, Amalgamated Association of Iron, Steel, and Tin Workers of North America, located at St. Louis, Mo.,

Respectfully, yours,

John Ryan, President. E. W. Painter, Recording Secretary. J. F. Hoffa, Corresponding Secretary.

THE NATIONAL WHOLESALE DRUGGISTS' ASSOCIATION SUGGESTS AN AMENDMENT TO THE DRAWBACK LAW PROVIDING FOR REFUND OF INTERNAL-REVENUE TAX ON ALCOHOL.

Philadelphia, December 21, 1908.

Hon. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

Washington, D. C.

Dear Sir: On behalf of the National Wholesale Druggists' Association I would respectfully ask that the customs drawback law be amended so as to provide for a refund of the internal-revenue

tax paid on domestic alcohol used in the manufacture of exported articles. The enactment of the following proposed bill would directly benefit all American manufacturers having an export trade in articles such as drugs, flavoring extracts, chemicals, perfumery, etc., in the production of which alcohol is a necessary material:

A BILL To encourage the export trade in drugs, chemicals, and other articles of domestic manufacture.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That on the exportation of articles manufactured or produced in the United States in part from domestic alcohol on which an internal-revenue tax has been paid there shall be allowed a drawback equal in amount to the tax paid on the alcohol so used: Provided, That no other than domestic tax-paid alcohol shall have been used in the manufacture or production of such articles. Such drawback shall be determined and paid in manner provided for determination and payment of drawback on exportation of articles of domestic manufacture and production made wholly or in part from imported duty-paid materials, under section thirty of an act entitled "An act to provide revenue for the Government and to encourage the industries of the United States," approved July twenty-fourth, eighteen hundred and ninety-seven.

As you are doubtless aware, under the general terms of the customs drawback law a drawback is now paid on foreign alcohol forming a component part of exported articles. This proposed bill, if enacted, would simply permit of the use of domestic alcohol instead of the

foreign product in manufacturing for the export trade.

It would seem a self-evident proposition that if no difficulty has been experienced in identifying foreign alcohol on which the customs tax is \$1.75 per proof gallon, so as to protect the Government, there could be no possibility of danger in providing for a similar system of rebates on domestic alcohol, on which the tax is \$1.10 per proof gallon.

As the Committee on Ways and Means will probably be guided by the Treasury Department in deciding whether they should recommend to Congress the enactment of this proposed legislation, it is most important, in my opinion, that the Treasury officials directly charged with the preparation of the regulations allowing a drawback

of the duties paid on foreign alcohol should be consulted.

I respectfully submit this suggestion, because the investigation which I have made has convinced me that the apparent disinclination of the internal-revenue officials to favor such legislation is wholly due to their unfamiliarity with the present regulations under which the customs drawback law is administered.

One consideration which should aid the Committee on Ways and Means to reach a favorable decision on this question is that the laws of England, Germany, and France, granting untaxed denatured alcohol, also provide for the payment of a drawback on domestic tax-paid alcohol entering into the manufacture of exported articles.

In conclusion, I would respectfully ask that you refer this letter to the Secretary of the Treasury, with the suggestion that the internalrevenue department and customs division jointly confer respecting the problems in administration which such legislation would necessarily entail.

Yours, respectfully,

M. N. KLINE, Chairman Committee on Legislation, National Wholesale Druggists' Association.

### EXHIBIT A.

DETROIT, MICH., December 12, 1908.

CHAS. H. RITTER.

142 Jefferson avenue, City.

DEAR SIR: I wish to add our indorsement of the "Amendment to the tariff bill, to encourage the sale and exportation of articles of

domestic manufacture."

With this amendment to the law the revenue can not be lessened, because this merchandise can not be exported if the alcohol must bear the internal-revenue tax and also bear the added internalrevenue tax of the country to which it is exported. On that account it can not be exported; therefore no revenue can be lost. If we had the drawback, so that the revenue tax would have to be paid but once and within the exporting country, there would be a very large increase in exports of such merchandise which would indirectly add not only to the revenue of the Government, but add to the increased prosperity of the country through the increased business done. Yours, respectfully,

FREDERICK F. INGRAM & Co., Perfumers and Manufacturing Pharmacists.

### SHARP & DOHME, BALTIMORE, MD., RECOMMEND THE ENGLISH METHOD OF ESTIMATING DRAWBACK DUES.

Baltimore, December 22, 1908.

COMMITTEE ON WAYS AND MEANS.

Washington, D. C.

GENTLEMEN: We are among the largest manufacturers in this country of standard pharmaceutical preparations, by which we mean such products as enter into and make up physicians' prescriptions when compounded in the drug store, our customers being the retail

druggists.

We find that it is difficult or impossible to compete in foreign countries, notably Europe, Central and South America, because of our high tax on alcohol and the lack of necessary provisions to enable us to have this internal tax repaid on exporting goods containing alcohol from this country. We can, to be sure, import alcohol, pay the duty and have this refunded on reexporting, but it seems to us that some provision should be made in the next ways and means bill for enabling users of alcohol in medicine to use domestic tax-paid alcohol and have the tax refunded in full when these goods are exported, such exportation to be strictly in the hands of the Treasury Department. This is how this is done in England and Germany, with the result that these countries largely have this business all over the world. You will probably say that if we make a bonded warehouse of our factory the desired thing could be accomplished, but this is not practicable for the reason that, due to the enormous variety of our products, representing about 2,000 or 3,000 kinds of medicines, we can not advantageously or profitably make those for export as a different batch from those intended for domestic use, largely because, in many cases, there is not sufficient of them to enable us to do so at all to advantage. It is different where the manufacturer makes only a few products, but where the

variety is as great as with us the quantities are correspondingly small

in many cases.

We fail to see how the Government could lose or be in any way inconvenienced if the method adopted at Somerset House in England were adopted here, which is, that we merely take from our stock shelves such medicines containing alcohol as are intended for export to various countries, and when they are ready for placing upon the vessel and the bill of lading is delivered the Government controls the amount of alcohol contained in each shipment and rebates us that amount and no more.

There is comparatively little done by the manufacturers of standard pharmaceutical preparations in this country in the way of foreign business, although we are distinctly in advance of other countries in this line of manufacture, and the reason is that the inadequacy of the regulation practically makes it impossible for us to compete. field is large and the possibilities for this foreign business is considerable, and if your committee feels disposed to enact such regulation as would accomplish the desired end the writer will be glad to appear before same with a representative committee of his line of manufacture and answer such questions or give such information as may be desired or necessary.

Very truly, yours,

SHARP & DOHME, Manufacturing Chemists. ALFRED R. L. DOHME, Second Vice-President.

### THE LINSEED ASSOCIATION, NEW YORK, ASKS THAT DRAWBACK BE ALLOWED ON EXPORTED LINSEED-OIL CAKE.

NEW YORK, December 22, 1908.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee,

House of Representatives. DEAR SIR: The Linseed Association of New York, composed of importers of linseed and other East India merchandise and manufacturers of linseed oil, would respectfully call the attention of your

committee to the present schedule relating to exported oil cake made from imported linseed, which schedule prohibits any allowance of drawback on same.

We, as an association, respectfully submit that great injustice is done in this provision, as apparently there is no other instance in the existing tariff where a drawback is denied on the exported products

of imported merchandise.

The schedule also provides that no allowance shall be made for dirt or other impurities in any seed. This seems equally unjust, as while the Government imposes a duty of 25 cents per bushel on linseed it is really exacting in addition a duty of 25 cents per bushel on the dirt or other impurities contained in said linseed.

In the revision of the tariff now under contemplation we respectfully ask your serious consideration of the points above submitted and that an equitable adjustment of drawback be recommended by

your honorable committee.

Respectfully, yours,

. GEO. W. FORTMEYER, President.

## HON. JAMES KENNEDY, M. C., SUBMITS BRIEF STATEMENT AND LETTERS RELATIVE TO REBATE ON TIN PLATE.

Washington, D. C., December 28, 1908.

WAYS AND MEANS COMMITTEE:

I herewith transmit to you earnest appeals by the tin-plate makers of my district, asking the maintenance of the present tariff on tin plate. They also pray for the abrogation of the drawback feature of our existing law. It would very greatly help that great branch of our working men engaged in the manufacture of tin plate if the drawback feature of the tariff upon tin plate was so modified at least as to retain 50 per cent of the duties paid and rebate only one-half of the duty when the same tin is reexported. This change in the drawback might perhaps advance the price of cans for the export trade, but such an increase would be very slight, indeed, and would scarcely be appreciable. This increase would scarcely affect the farmer whose product is sent abroad in cans, and no one should be more willing to have that change made than the farmer, for the only prices that are excessive in the markets to-day are the prices of foodstuffs. In Youngstown 4 pounds of butter is worth as much as a hundred-pound keg of nails, and 40 dozen of eggs commands as great a price as a ton of pig iron, so that it seems it would be more profitable to be the owner of a flock of industrious hens than to own a blast furnace. I earnestly urge in behalf of my constituents who make tin plate that their communications be carefully considered when this schedule in the new bill is taken up, and that the drawback feature be so modified that with the liberal concession the workmen are willing to make in their own wages a part at least of the great amount of our own export tin plate in the future shall be manufactured at home.

Very respectfully submitted.

James Kennedy,
Member of Congress, Eighteenth Ohio District.

### EXHIBIT A.

Youngstown, Ohio, December 24, 1908.

Hon. JAMES KENNEDY, M. C.,

House of Representatives, Washington, D. C.

Dear Sir: Being in possession of information that the Ways and Means Committee are going to introduce a tariff bill in this session of Congress, and being interested in the metal schedule directly, we desire to call your attention to the unjust provision of the drawback provision of the Dingley tariff law as it affects the importation of tin plate. Representatives of our association appeared before the committee on November 27, 1908, urging not alone the abrogation of the drawback agreement, but the maintenance of the present duty on tin plate. United States Treasury statistics show that during the six years ending in 1907, the amount of \$10,911,635 has been refunded to foreign manufacturers on reexported plates, which admits this product into the United States for one one-hundredth of 1½ cents.

To enable American manufacturers to compete with imported plate American workingmen have taken a reduction of 25 per cent in

their wages, when working reexport plate. However, in view of this concession, importations are increasing, which is resultant in the American mills being closed in many instances, while the mills in Wales where this product is worked, are running at their full capacity.

By referring to the hearing of the Ways and Means Committee on November 27, 1908, and to a brief submitted on December 2, 1908, by the officials of our association, you will obtain added information bearing on this subject, which we deem of vital importance not alone to employees in American tin-plate mills, but to the industry in general.

Trusting you can see your way clear to give this matter your earnest support and cooperation, we are, on behalf of East Youngstown

Lodge, No. 8, State of Ohio, located at Youngstown,

Respectfully, yours,

AMALGAMATED ASSOCIATION OF IRON, STEEL, AND TIN WORKERS, EDWARD CAVANAUGH, President. ROBERT WILLIAMS, Recording Secretary. EDWARD CAVANAUGH, Corresponding Secretary.

(Mr. Kennedy also filed a similar statement from the Youngstown (Ohio) Lodge, No. 14, Amalgamated Association of Iron, Steel, and Tin Workers of the United States.)

## THE S. C. HERBST IMPORTING COMPANY, MILWAUKEE, WIS., WISHES DRAWBACK TO APPLY TO DOMESTIC ALCOHOL.

MILWAUKEE, January 2, 1909.

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

Gentlemen: It has come to our knowledge that there is now pending before your honorable committee a measure entitled "An amendment to the tariff bill to encourage the sale and exportation of articles of domestic manufacture," and providing that a drawback shall be allowed on articles manufactured or produced in the United States in part from domestic alcohol equal to the amount of tax paid on the alcohol so used, when such articles are exported.

We desire to add our hearty indorsement to this amendment, believing its provisions to be just and calculated to encourage and stimulate the industries affected thereby, and further would respect-

fully suggest that said amendment also provide:

That on articles so exported which are manufactured in the United States and composed wholly or in part of cordials, brandy, gins, bitters, whiskies, etc., of foreign manufacture on which duty has been paid, a drawback equal to the amount of duty so paid shall be

allowed when exportation is made.

As large exporters of our brand, the Chancellor cocktails, we find ourselves handicapped by the fact that as these cocktails are largely composed of foreign liquors, thus we are obliged to pay duty on the material coming in, and must again take into consideration that a duty must be paid on the finished product when exported by the foreign merchant.

On a number of occasions, and of late particularly in the Canadian market, we have found it impossible to lay down the goods abroad at a price satisfactory to prospective buyers, whereas with the benefit of a drawback, as above, we could unquestionably enlarge our export trade to quite an extent. The popularity of the American cocktail abroad is constantly increasing, and it will readily be seen that it would be much less difficult to interest the foreign merchant if the necessity of paying double duty was removed.

We would ask that you kindly file this letter with the amendment

as introduced on December 15, 1908.

Trusting your honorable committee will report favorably to the passage of the amendment, we beg to remain,

Yours, respectfully.

S. C. HERBST IMPORTING Co., Distillers-Importers. By S. C. HERBST, President.

## GEO. BENZ & SONS, OF ST. PAUL, MINN., ASK FOR APPLICATION OF DRAWBACK TO INTERNAL-REVENUE TAX.

St. Paul, Minn., January 6, 1909.

COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: Our attention having been called to a proposed "amendment to the tariff bill to encourage the sale and exportation of articles of domestic manufacture," a copy of which is hereto attached, we desire to record our favor of such an amendment to our existing tariff law. We will thank you to have this, our approval, filed with the amendment introduced December 15, 1908.

Respectfully.

GEO. BENZ & SONS, Distillers of Kentucky, Maryland, and Pennsylvania Whiskies.

AN AMENDMENT TO THE TARIFF BILL TO ENCOURAGE THE SALE AND EXPORTATION OF ARTICLES OF DOMESTIC MANUFACTURE.

Section 1. That on the exportation of spirits, whisky, brandy, and cordials manufactured or produced in the United States on which an internal-revenue tax has been paid there shall be allowed a drawback equal in amount to the tax paid on same.

Sec. 2. That on the exportation of articles manufactured or produced in the United States in part from domestic alcohol on which an internal-revenue tax has been paid there shall be allowed a drawback equal in amount to the tax paid on the alcohol so used: Provided, That no other than domestic tax-paid alcohol shall have been used in the manufacture or production of such articles. Such drawback shall be determined by the appraiser of customs at port of exportation and paid in manner provided for payment of drawback on exportation of articles of domestic manufacture and production made wholly or in part from imported duty-paid materials, under section thirty of an act entitled "An act to provide revenue for the Government and to encourage the industries of the United States," approved July twenty-fourth, eighteen hundred and ninety-seven.

The above resolution was also indorsed by the following: Chapin & Carr, Nepeenauk Building, 16 Adams street, Chicago, Ill., and Grommes & Ullrich, 194 Dearborn street, Chicago, Ill. HON. EDWIN DENBY, M. C., FILES LETTER FROM THE AMAL-GAMATED ASSOCIATION OF IRON, STEEL, AND TIN WORKERS RELATIVE TO TIN-PLATE DRAWBACK.

Washington, D. C., January 7, 1909.

Hon. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

Washington, D. C.

DEAR SIR: I send you inclosed herewith for the consideration of the committee letter received from Michigan Lodge, No. 1, Amalgamated Association of Iron, Steel, and Tin Workers of the United States, of Detroit, Mich., urging the abrogation of the drawback provision of the Dingley tariff law as it affects the importation of tin plate.

Will you please send me, if convenient, a copy of the hearing upon this subject held November 27, 1908, and also a copy of the brief submitted on December 2, 1908, by the officials of the above-named

association?

full capacity.

Yours, very truly,

EDWIN DENBY, M. C.

DETROIT, MICH., January 4, 1909.

Hon. EDWIN DENBY,

House of Representatives, Washington, D. C.

Dear Sir: Being in possession of information that the Ways and Means Committee are going to introduce a tariff bill in this session of Congress, and being interested in the metal schedule directly, we desire to call your attention to the unjust provision of the drawback section of the Dingley tariff law as it affects the importations of tin plate. Representatives of our association appeared before the committee on November 27, 1908, urging not alone the abrogation of the drawback agreement, but the maintenance of the present duty on tin plate. United States Treasury statistics show that during the six years ending in 1907 the amount of \$10,911,635 has been refunded to foreign manufacturers on reexported plates, which admits this product into the United States for one-hundredth of 1½ cents.

To enable American manufacturers to compete with imported plate, American workingmen have taken a reduction of 25 per cent in their wages when working reexport plate. However, in view of this concession, importations are increasing, which is resultant in the American mills being closed in many instances, while the mills in Wales, where this product is worked, are running at their

By referring to the hearing of the Ways and Means Committee on November 27, 1908, and to a brief submitted on December 2, 1908, by the officials of our association, you will obtain added information bearing on this subject, which we deem of vital importance not alone to employees in American tin plate mills but to the industry in general.

Trusting you can see your way clear to give this matter your earnest support and cooperation, we are, on behalf of Michigan Lodge No. 1,

State of Michigan, located at Detroit,

Respectfully, yours, Leo Hoppe, President.

JAS. B. BUCKLEY, Cor. Rep.

# MERCHANT & EVANS CO., PHILADELPHIA, PA., SUGGEST AN AMENDMENT TO THE DRAWBACK PROVISIONS.

PHILADELPHIA, PA., February 15, 1901.

Hon. SERENO E. PAYNE,

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

Dear Sir: Referring to the statement that the National Canners' Association is making representations before the Ways and Means Committee with a view to the admission of foreign tin plate into the United States free of duty for the canners, it may be that your committee will not see your way to altogether grant the request of the National Canners' Association. This is a matter between you and them, and the writer is not making any request either way with regard to same, as such a matter has to be looked at from both sides.

But there is another manner, and an important manner, in which every important "line" could be helped by your committee doing what I have urged upon it in previous communications, namely, simplifying the administration of section 30 of the present tariff act, and changing it so that the exporter would not have to swear that all the tin plate in his exported articles, for instance, was positively foreign, but he would only have to prove that he was not getting drawback on more tin plate than the imported tin plate which he actually had. We repeat that it is easy enough for a very large mill having quite an export business, or for a rather small mill doing exclusively an export trade, to keep separate the foreign material in all the stages of manufacture, but for a mill at present which does not do much export business it is impracticable, and for any moderate size American canner to make a beginning of getting export trade by aid of the drawback of duty as now granted, under the ruling of section 30, means, as so many of them have told the writer, that they either have to swear to a lie or as they more generally say, have to give up the attempt because of the trouble involved of keeping separate the import material through all stages of manufacture from the general run of their material which is naturally American.

This interest or that interest may ask your honorable committee for reduction of such and such a duty or for increase of such and such a duty and for reasons of revenue and reasons of fairness your committee probably will have to refuse ninety-nine requests out of a hundred, but as a compensation to the disappointed and as showing that the granting to American manufacturers of the ability to get hold of foreign trade is a real thing, and not one which is saddled with conditions that render it useless to the majority, your committee can score a good point, doing something that would be to the interests of practically everybody, and this would be done by changing the law and methods of administering the law as outlined in this letter and in the previous letter which the writer has had the

honor to lay before you.

Yours, truly,

Merchant & Evans Company, General Importers.

Douglas Leese,
Assistant Treasurer.

### STATUTE OF LIMITATIONS.

[Section 34.1

### WALDEN & WEBSTER, NEW YORK, RECOMMEND AMENDMENT TO STATUTE OF LIMITATIONS AS APPLIED TO IMPORTS.

17 BATTERY PLACE, New York, January 30, 1909.

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

Gentlemen: I respectfully suggest to the committee the advisability of revising the statute of limitations applicable to the determination of the amount of duty upon imports.

#### THE PRESENT LAW.

Section 21, act of June 22, 1874 (18 Stat. L., 190), reads as follows:

That whenever any goods, wares, and merchandise shall have been entered and passed free of duty, and whenever duties upon any imported goods, wares, and merchandise shall have been liquidated and paid, and such goods, wares, and merchandise shall have been delivered to the owner, importer, agent, or consignee, such entry and passage free of duty and such settlement of duties shall, after the expiration of one year from the time of entry, in the absence of fraud and in the absence of protest by the owner, importer, agent, or consignee, be final and conclusive upon all parties.

This section (with other statutes of limitation) has been saved from repeal by the following clause in the various tariff acts:

All acts of limitation, whether applicable to civil causes and proceedings or to the prosecution of offenses or for the recovery of penalties or forfeitures embraced in or modified, changed, or repealed by this act, shall not be affected thereby.

This clause appears in section 34, tariff act of 1897; section 72, tariff act of 1894; section 55, tariff act of 1890; section 29, customs administrative act of 1890, and section 13, tariff act of 1883.

This law has been construed as follows:

1. It applies to the United States; "all parties" includes the United States. (United States v. Phelps, 17 Blatchf., 312, 316; United States v. Sidenberg, 17 Fed. Rep., 227.)

2. It has no reference to the original decision of the collector fixing the amount of duty, but only applies to reliquidations for making changes in the first liquidation. (United States v. De Rivera, 73 Fed. Rep., 679; Gandolfi v. United States, 74 Fed. Rep., 549; Abner Doble Co. v. United States, 119 Fed. Rep., 152.)

3. Having once liquidated, the collector can not reliquidate if one year has expired from the date of entry. (Beard v. Porter, 124)

U. S., 437.)

4. Delivery of the goods to the importer and payment of duties does not prevent reliquidation within a year. (United States v. Mex. Int. R. Co., 151 Fed. Rep., 545; Louisville Pillow Co. v. United

States, 144 Fed. Rep., 386.)

5. As to the absence of protest, there is apparently a conflict of decision. The former opinions seem to have been that the words "in the absence of protest" were intended to avoid interference with the proceedings leading to decision on protest and settlement in accordance therewith. Thus it was held that where a protest had been previously allowed and refund made a subsequent reliquidation more than a year from the date of entry was "in the absence of protest" and too late. It was also decided that where a protest related only to certain goods, and was sustained, the collector could not reliquidate as to other goods, not in the protest but in the same invoice, the year having expired. (United States v. Leng, 18 Fed. Rep., 15; United States v. Fox, 53 Fed. Rep., 531; United States v. Cassell, 146 Fed. Rep., 146.)

In a recent case, however, it has been held that the statute is suspended during the pendency of a protest, so that the collector may, after a protest is decided, make any new liquidation he pleases, provided only that a year has not expired, excluding the period for which the protest was pending. (Klumpp v. Thomas, 162 Fed. Rep.,

853.)

It is believed the purpose of the law is that there shall come a time when the importer may know that the collector can not demand anything more from him: that, even if the collector decided wrongly, he can not enforce collection after the matter has been allowed to become stale. The period adopted by the act of 1874 is one year from the time of entry, and the same period is fixed for the correction of clerical errors by section 24, customs administrative act of June 10, 1890.

If this is a correct statement of the policy, there should be a limitation on the first liquidation as well as on subsequent ones. We have now the anomalous situation that the first liquidation may be made five or ten years after entry, but the second or third liquidation

must be made within one year, in the absence of protest.

When an entry of merchandise is made, the importer is required to state the nature of the goods and quantities and values, compute the total amount of duty, and pay that amount at once, before he gets his goods. If the collector subsequently approves this entry (as he does in probably more than half the cases) he liquidates it "no change" and sends no notice to the importer, as nothing remains to be done. He only sends a notice where the liquidation shows a balance due the Government or a refund due the importer. Therefore, if the importer hears nothing within three or four months, he is apt to assume that the entry has been liquidated without change, that being about the average time for liquidations at the port of New York. In the occasional case, where the entry is mislaid in the custom house, or for any other reason is not liquidated, should the collector be allowed, several years after, when the transaction has been forgotten, to liquidate the entry and demand additional payment from the importer? In the De Rivera case, supra, this was done eight years after entry.

The importer is limited to fifteen days, and if he fails to file a protest within that time, or files a wrong protest, the liquidation is conclusive upon him, whether right or wrong. As the collector always resolves all doubts in favor of the Government, it would seem that he should not require very much time to come to a conclusion. The only reason for delay is where there are protracted reappraisement proceedings, as the liquidation can not be made until they are

completed.

In place of section 21, act of June 22, 1874, I suggest two sections, as follows:

Sec. —. That every entry of merchandise, whether for warehouse or consumption, shall be liquidated by the collector or person acting as such, within sixty days after the date when the values of all the goods included in said entry have been finally fixed by the appraiser without appeal, or by a single general appraiser without further appeal or by a board of three general appraisers, and in case of any failure to make the liquidation within the time herein prescribed, the entry shall be deemed to have been liquidated without change

on the sixtieth day after the values are finally fixed.

Sec. —. That whenever any goods, wares, and merchandise shall have been entered and passed free of duty, and whenever duties upon any imported goods, wares, and merchandise shall have been liquidated and paid, and such goods, wares, and merchandise shall have been delivered to the owner, importer, agent, or consignee, such entry and passage free of duty and such settlement of duties shall, after the expiration of one year from the time of entry, in the absence of fraud, be final and conclusive upon all parties: *Provided*, That this section shall not be construed to prevent the resettlement of duties in accordance with protests and decisions thereon by the Board of General Appraisers and the courts.

The first of the proposed sections refers to the "entry of the merchandise" in order to avoid confusion with the entry of the vessel, a term applied to the filing of the manifest of the vessel by the master.

The time suggested, sixty days, could of course be lengthened in the discretion of Congress without changing the general purpose, but as the sixty days begins to run after all the appraisements are completed, it is thought to be ample.

The provision that the entry shall be deemed to be liquidated on

the sixtieth day is necessary to make it effective.

It is not thought necessary, in the first proposed section, to make any exception of cases of fraud, because the section only deals with the first liquidation, and does not prevent the collector from making

a reliquidation afterwards.

The second proposed section is the same as the act of 1874, except that the words "in the absence of protest" are stricken out and the proviso added. This is thought the most important of the suggestions herein made. To illustrate how the rule of the suspension of the statute during the pendency of a protest would work: Suppose there are two importers of cotton cloth, both of whom enter their goods and pay duty at 40 per cent; one of them finds that there were 10 pieces missing, which were on the invoice and on which he has paid duty; he files a protest claiming an allowance for the 10 pieces that were not imported; when his protest is decided a year has expired, but the statute has been suspended, and the collector is then of the opinion that cloth of that character is dutiable as an etamine at 60 per cent; he reliquidates, offsets the new demand against the refund, and either pays back a smaller amount or demands an additional payment, as the case may be. The other importer, who was lucky enough not to lose any of his goods in transit, is protected by the statute of limitations.

It may be said that this matter is of no importance as to the great bulk of the business transacted at the custom-houses, and that is unquestionably true. But these exceptional cases occur more frequently than might be expected, and they usually cause a great hardship when they do occur. The attitude of collectors generally is to enforce all the rights of the Government, no matter how technical or burdensome, and they are justified in enforcing the laws as they find them. It is therefore only to Congress that an appeal can be made in the name of justice or equity.

Respectfully,

WALDEN & WEBSTER.

### ADJUSTABLE TARIFF.

## A. M. STILLMAN, PENSACOLA, FLA., SUGGESTS A PLAN FOR AN AUTOMATIC SELF-ADJUSTING TARIFF.

Pensacola, Fla., December 3, 1908.

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

GENTLEMEN: The only tariff that will ever give universal satisfaction is one that will adjust itself to the varying conditions of trade, and the only way that such a tariff can be obtained is by applying a sliding scale to the tariff rates. It would not be necessary to apply the scale to all the rates, but only to the rates on the principal articles of import.

My plan is automatic and self-adjusting, giving tariff revision when-

ever needed. The principle is as follows:

A basing price for each commodity to be fixed by act of Congress. Whenever the market price of a commodity is the same as this basing price, the present rate of duty on that commodity to be in force; but when the market price rises the tariff rate falls, and the tariff rate automatically adjusts itself to the market price thus: In the case of pig iron, for example, when the market price in Pittsburg is \$16 per ton (and supposing that to be the basing price) the full rate of \$4 per ton to be in force; but when the market price is \$17 per ton the duty to be \$3 per ton, and when the market price is \$18 per ton the rate to be \$2 per ton, and when the market price is \$19 per ton the rate to be \$1 per ton, and when the market price is \$20 per ton the duty to be free.

In the case of commodities having an ad valorem rate of duty the rate to fall 1 per cent for every per cent that the market price rises above the basing price, the rate to fall as the price rises and rise as the price falls.

In the case of commodities having both an ad valorem and specific

rate of duty the scale to apply on the ad valorem rate.

While the basing prices would of necessity be established by Congress, the prices so established could be the average prices which have obtained during any series of years of normal prosperity, with additions or deductions to meet the changing cost of production.

The method of administering this law would be as follows:

An importer desiring to make an importation under a special rate, as provided in the law, would file an application at the custom-house in New York or San Francisco, stating the lowest price at which he could purchase the commodity. These applications would be posted in the custom-house for a period of ten days and published daily, to permit manufacturers or producers to file answers to them offering to sell at lower prices. When these offers to sell are as low as the basing price, the applications to be returned to the applicants; in other

cases the applications and answers or offers to sell to be forwarded to the Secretary of the Treasury, who, after investigating the case and securing other information as to the market price, will, if the evidence bears out the statement made in the application, issue a permit to import a reasonable quantity of the commodity and certifying to the rate of duty.

We protect the manufacturer from low prices, but do not protect

the consumer from high prices.

By adopting this plan we say to the manufacturer, "So long as you sell your products at a fair price you can have the benefits of the present tariff rates, but for every unit that you advance the selling price above that point we will deduct a unit of the tariff."

To provide a duty on a commodity without restricting the selling

price of that commodity is illogical.

The Republican idea of the tariff is all for the manufacturer or producer. The Democratic idea is all for the consumer. Either view

embodies only half the truth.

It is well to give the manufacturer and producer protection, so that good prices and prosperity may prevail, for good prices and prosperity are inseparable; it is impossible to have one without the other. But when the market prices of commodities are advanced above a reasonable level, the tariff becomes a means of extortion, and induces overtrading and overspeculation. These conditions existed during 1906–7 and were the cause of the panic.

If the tariff had been lowered in the right degree when these conditions first developed the panic would have been prevented. If the tariff had been lowered too much, business prostration would have

ensued, anticipated by a panic.

A sliding tariff would have prevented a panic from either cause. It would have checked business just enough at the right time to have prevented the excesses in the business world that caused the panic.

It would also have prevented business prostration.

A fundamental principle of the policy of protection is, that competition within the United States prevents excessive prices. This principle has never been entirely successful under a high tariff, and in recent years has utterly failed, as evidenced by the fact that many protected articles have sold within that time at exorbitant prices.

As the selling price of a commodity is the thing of vital importance to both manufacturer and consumer, and the thing affected by the tariff, what is more reasonable than to construct a tariff in which the selling price determines the rate, and the rate regulates the selling price:

A. M. STILLMAN.

## AMERICAN SHIPPING.

EDWARD P. NORTH, OF NEW YORK CITY, MAKES SUGGESTION RELATIVE TO GOODS CARRIED IN AMERICAN VESSELS.

NEW YORK, January 8, 1909.

Hon. SERENO E. PAYNE, M. C.,

Washington, D. C.

DEAR SIR: I wish to urge you, as one of those charged with the welfare of the United States, to see that in revising our laws, no duties

shall in future be collected on goods carried either to or from the Philippines or other islands under our control in the Pacific, when such goods are carried in "vessels built in the United States and owned by

a citizen or citizens thereof."

The enactment of such a provision in our laws would automatically and without cost build up a merchant marine, supplying us with a reserve of sailors, transports, and freighters in case of threatened or actual war, at the same time greatly increasing our trade and pacific and educational influence in and about Asia.

This provision would entail no hardships on producers or consumers either in the United States or in the Philippines; for the freighter now carrying the product would be unhampered thereby except through

competition, and that does not tend to higher cost or charges.

As our title to the Philippines is unassailable, it seems improbable that Japan will say now, as she said to us in the summer of 1897, that it "could not see our annexation of Hawaii with unconcern and in a spirit of acquiescence, as the enforcement of our navigation laws would be fatal to the interests of Japanese steamship lines to the United States." United States." They or other foreigners might, with equal propriety, protest against the duty-free traffic between the cities of Washington and Alexandria, which must be in vessels built in the United States.

At present all commerce with the Philippines and Asia is controlled by steamers of rival and opposing nations, as set forth at the hearing of the House Committee on Merchant Marine and Fisheries, 1906, and in the report of Consul-General Wilbur, of Singapore, showing that a combine or trust of steamship lines under foreign flags, through rebate and the discrimination of the British merchants in Manila, refused rates to American vessels wishing to engage in that trade. The freight contracts made by our Government with this trust or "conference," as they call it, is an aid to this combination of foreign interests against our trade with and influence in the Philippines.

The situation in those islands seems more threatening than that at Astoria in the war of 1812. There the original Astor had filled the offices of his post with cheap Canadian and Scotch "factors," with the result that the post was surrendered to the first demand of the British; to our inconvenience and loss in subsequent arrangement for the boundaries between the mouth of the Columbia and 54° 40'.

In the Philippines the environment can be partially judged by the report of the Philippine Commission for 1907, which recites that of 106 foreign corporations licensed to do business there, 22 were American and 57 British. The foreign acquisition of these islands may be thought remote, but the present condition tends to the elimination of all Americans except the school-teachers and a constantly decreasing number of officeholders.

Our trade with the Philippines should undoubtedly receive immediate attention. In the fiscal year 1907 the Filipinos imported goods to the value of \$28,785,855. We furnished 17.9 per cent of this value, while the United Kingdom and its dependencies, in control of the

transportation thereto, furnished 34.8 per cent.

We have a very different trade relation with our other noncontiguous territories, the transportation to and from which is governed by our coastwise laws and is confined to our vessels. In 1907 our sales of domestic merchandise to Hawaii were 76 per cent of its purchases, and of Porto Rico's total imports 86.5 per cent were of domestic merchandise, with a tidy sum in each case to our carriers

for transportation of merchandise of foreign origin.

The so-called liberal navigation arrangements for the Philippines resulting in, say, 18 per cent of that trade as against 80 per cent "dominated in the spirit of the Middle Ages" with our noncontiguous territory does not tend to increase either our commerce, production, or consumption, however profitable the "liberal" arrangements to those who extol them.

The control of trade exercised by its carriers may be exemplified by reference to our trade relations with Canada and Mexico. In 1879, the last fiscal year before our railroad building in that country influenced the Mexican trade, we sold in that country merchandise to the value of \$6,752,244, and in 1907 the value was \$66,248,098. In that year the Mexicans took 57 per cent of their imports from us, and with control of most of the means of transportation between the two countries we had 51.5 per cent of their total trade. This is better than allowing rivals to dominate our transportation so that we sell them only 17.9 per cent of their purchases. Foreign interests in "acceleration" (a term well understood in New York) of their trade, have succeeded generally in ascribing this increase to the firmness of General Diaz, rather than to increased freighting facilities in our hands.

It is not necessary to recount the numerous points through which our railroads reach interior towns in Canada nor more than refer to the fact that they have for some time enabled us to sell the Canadians about 55 per cent of their total imports, in spite of the differential

duties in favor of British manufacturers.

British subsidies, as set forth in a report to both Houses of Parliament, were intended "to afford a rapid, frequent, and punctual communication with distant ports, feeding the main arteries of British commerce and the most important of our foreign possessions, to foster enterprise, to encourage the production of superior types of vessels, which would promote the convenience and wealth of the country in times of peace and assist in defending its shores against hostile aggression." It is added: "It is not easy to estimate the pecuniary value of these results."

Subsidies have been very valuable to Great Britain and other countries. They always will be valuable when other nations do not control their bestowal and amount. But no subsidy seems needed to reach the above-desired result in our trade with the Philippines. The same perferential that gives us the largest, cheapest, and best coastwise service is ample to accomplish the desired result in the

Pacific by assuring our ships employment.

Those interested in the prosperity of our sugar and tobacco industries will be inclined to object to a law admitting these products without duty, but it seems certain that tobacco and sugar from the Philippines will be so admitted during the life of the incoming administration, and our growers will have more time to adjust themselves to the change if the increased conveyance of these articles is confined to vessels built in the United States, under proper inspec-

thrown open to the tramps of the world.

Our sympathy with British and Japanese efforts to obstruct Russia's access to an ice-free port to prevent competition either in ocean carrying or in manufacturing may or may not have been

tion, and worked by a fair proportion of our citizens, than if it were

judicious. But if you do not wish a like result for this country, you are again urged that in future no duties shall be collected on goods carried either to or from the Philippines when, and only when, such goods are carried in "vessels built in the United States and owned by a citizen or citizens thereof."

Respectfully.

EDWARD P. NORTH

## C. E. CHITTENDEN, SCRANTON, PA., SUGGESTS NEW SECTIONS RELATIVE TO OCEAN CARRIERS.

SCRANTON, December 25, 1908.

Chairman PAYNE.

DEAR SIR: Will you kindly allow me to call your attention to section 22 of the Dingley tariff, which was nullified by President McKinley on the ground that it had not been discussed in passage; also to another section not clearly drawn levying a tax of 10 per cent on foreign goods not the product of the country whose flag covers the importation. As you are probably aware, these sections were no accident. As you are also aware that the naval supremacy of England and the prosperity of the mercantile marines of Germany and Japan are based on the carriage of American products, that Canadian subsidies and Japanese cheap labor are closing to us the Pacific and that the north and south Atlantic business is already destroyed for us, can you not in the new tariff replace these two sections of unfortunate history with the two following clear-cut propositions:

All merchandise coming over the borders not the products of adjacent countries, an extra duty of 10 per cent.

On all merchandise imported by sea not the product of the countries under whose

flag the imports are brought, an extra duty of 10 per cent.

I think you will agree with me that if such a law can be openly incorporated and enforced it will as surely force America to the front of maritime nations as Cromwell's navigation act forced the suprem-

acy of England as mistress of the seas.

The present is the most propitious time and probably the last opportunity that will occur for the passage of such a law. Both Germany and Japan are desperate for more markets. They will grumble now, but will submit. Ten years hence they will fight, and strengthened by ten years of our commerce they will stand a fair chance of success. In fact, it is doubtful if Germany will to-day submit to a protective tariff in England without a war. The plan can be put through, ostensibly as a temporary measure to make up the large deficiency in revenue existing at present. Canada will complain, but deserves no consideration after her differential duties in favor of England. No other nation can retaliate in kind, for what nation but the United States can load a liner with its own products entirely?

I have but little hope that this letter will attract your serious attention, but it may be that this course will appeal to you as it did

to Dingley, and that your work may be more effective.

I am, very truly, yours,

C. E. CHITTENDEN.

## SHIPPING SOCIETY OF AMERICA RECOMMENDS REBATES OF IMPORT DUTIES IN FAVOR OF AMERICAN FREIGHTERS.

DENVER, Colo., November 30, 1908.

Hon. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

Washington, D. C.

SIR: Herewith I have the honor to send you by the hand of Hon. William Sulzer, Member of Congress from New York, the memorial of the Shipping Society of America for tariff regulations for ship protection, to be presented on December 4, and to be printed in the hearings on tariff revision.

It is to be hoped your committee will give due consideration to the matter of this memorial and will accept the suggestions thus offered. In such acceptance the interest, the honor, and the pros-

perity of our country are deeply involved.

Very respectfully, yours, Wm. W. Bates.

## MEMORIAL FOR TARIFF REGULATIONS FOR SHIP PROTECTION AND THE REASONS THEREFOR.

First. The existence of a constitutional compact for the regulation of foreign commerce to the intent that American shipping shall survive foreign competition in the foreign trade.

In support of this statement the following facts may be adduced:

#### WHY THE CONSTITUTION WAS ADOPTED.

No person was more active in this work than James Madison, of Virginia. In the House of Representatives in 1794 he said:

As early as the year succeeding the peace (1784) the effect of the foreign policy (British) which began to be felt in our trade and navigation excited universal attention and inquietude. The first step thought of was an application of Congress to the States for a grant of power for a limited time to regulate our foreign commerce.

States for a grant of power for a limited time to regulate our foreign commerce.

This effort failing, the States next endeavored to effect their purpose by separate but concurrent regulations. Massachusetts opened a correspondence with Virginia and other States in order to bring about the plan. Here again the effort was abortive. Out of this experience grew the measures which terminated in the establishment of a Government competent to the regulation of our commercial interests and the vindication of our commercial rights. \* \* \*

The president of the constitutional convention was General Washington. In transmitting the constitution to the Confederated Congress, he remarked

The friends of our country have long seen and desired that the power of making war, peace, and treaties, that of levying money, and regulating commerce, and the corresponding executive and judicial authorities should be fully and effectually vested in the General Government of the Union.

### SHIP PROTECTION AN OBJECT OF THE UNION.

One of the five principal objects of the "closer union" being the "uniform" protection of shipping, as thus declared, it was natural that this sentiment should be general in the convention. Every plan for a constitution included the regulation of our commerce, by wise national laws in lieu of state statutes—unlike and conflicting. The

only question raised and settled by debate was whether or not a "two-thirds vote" should be required for the passage of shipping bills. Mr. Gorham, of Massachusetts, chairman of the committee of the whole, in closing the debate, submitted the ultimatum of New England, as follows:

### THE TERMS OF NEW ENGLAND.

If the Government is to be so fettered as to be unable to relieve the Eastern States, what motive can they have to join it, and thereby tie their own hands from measures which they could otherwise take for themselves? The Eastern States were not led to strengthen the Union by fear for their own safety. He deprecated the consequences of disunion, but if it should take place, it was the southern part of the continent that had the most reason to dread them. He urged the improbability of a combination against the interest of the Southern States, the different situations of the Northern and Middle States being a security against it. It was, moreover, certain that foreign ships would never be altogether excluded, especially those of nations in treaty with us.

Because of this ultimatum the motion for a two-thirds restriction was lost and the majority rule adhered to nem. con. In pursuance of this action clause 3 of section 8 of Article I of the Constitution not only empowers, but its inclusion makes it the duty of Congress, in

perpetuity, "to regulate commerce with foreign nations."

Necessarily, the several States were divested of power to continue their discriminating duties of tonnage and of tariff, either for revenue or for protection. (See section 10 of Article I.) Thus was the protection of shipping given up by the States and taken over by the General Government, on condition that the protection desired and necessary should always be given. The action of the convention was afterwards ratified by the States and the people through the adoption of the Constitution. By this adoption the States were relieved of their natural duty to protect a most important industry, and the United States, in virtue of the compact described, promised and undertook the stipulated duty with no right reserved ever to discontinue it.

Though the truth of this statement may be acknowledged, it will be well to offer some facts for its support.

### WITHOUT COMPACTS NO UNION.

The founding of our Government was not the simple thing imagined by many citizens of the present day. Thirteen sovereign States, varying greatly in territory and population, differing considerably in laws and institutions, had to be united under a general government in such a way as to merit and receive the assent of each and of all. Of necessity, the Government had to be founded in the confidence and affections of the people and be constructed so as to obtain the popular vote. Compromises had to be made on several perplexing questions, and in certain States only the utmost efforts of the friends of the Union, in the legislatures and before the people, were sufficient for its accomplishment. That we have trade regulations for ship protection provided in the Constitution is no wonder at all. The States had it and thought it vital to their commercial independence. The only object in turning it over to a general government was to increase its efficiency and to complete its power. From the debate in convention, especially from the closing speech, it is clear that the third "enumerated" power was one of the "bonds and conditions" of the Union, just as much as the provisions about the im-

portation of African labor, or that allowing each State-big or littletwo Senators in Congress, or that reserving certain rights and spheres of government to the States, or that concerning the President's nativity, or that limiting his term of office—just as much, in fact, as any provision of a fundamental character. In fact, a charter for a national government would be incomplete without a power of industrial protection, such as that for the regulation of commerce. The first "enumerated" power—that authorizing the laying of duties on imports for revenue—contains no element for industrial protection, save as incidental. A power distinct from that of revenue, to enable the Government to exclude goods, or by duties to equalize home and foreign prices, or to cause preference for home-made articles, was deemed absolutely necessary for national development. The shipping trade is an industry that is highly susceptive of protection by tariff duties. Tonnage and tariff duties, taken together, were the means of ship protection in use by the States from 1785 to 1789. They were the means recognized in the compact, and applied by Congress in 1789. They are the only expedient, effective, and constitutional means at the command of Congress to-day. been unprovided for, the Union could not have been effected.

There can be no doubt of this. Massachusetts had most shipping, but Pennsylvania, New York, Maryland, and Virginia had growing fleets in 1787 under protection of state regulations. As Mr. Gorhan intimated, not one of these States would join a government unable to protect its marine, or that would protect it for a little while and then "suspend" it, as, in fact, the Federal Government did in 1828—to the gradual ruination of the vessel interest in the foreign trade. The people in this trade are now in this situation: The States can not protect their shipping, and the General Government has "suspended" its law for so doing. Had it been suspended also as to the domestic trade, that too would now be in a ruined state, not a vessel in building for it, but our entire water-borne commerce, an immense and vital interest, would have been placed to our detriment in the grasp of foreign nations. We would now be standing on the sea with both legs cut off, crippled for life in every part of the national body, as we

are weakened in many parts now.

### POPULARITY OF THE SHIPPING COMPACT.

When the question of adopting the Constitution was before the States, no little of its merit was shown to be the power which Congress would have to regulate our foreign commerce. Madison, Hamilton, and Gouverneur Morris were eloquent on this line. A single quotation may be in point here:

Every person must long since have seen the necessity of placing the exclusive power of regulating the commerce of America in the same body; without this it is impossible to regulate their trade. The same imposts, duties, and customs must equally prevail over all. \* \* \* Whence comes it that shoes, boots, made-up clothes, hats, nails, sheet iron, hinges, and all other things of iron are of British manufacture? Whence comes it that Spain can regulate our flour market? These evils proceed from a want of one supreme controlling power in these States. They will be done away with by adopting the present form of government. It will have power to regulate your trade and commerce, to enforce the execution of your imposts, duties, and customs. Instead of the trade of this country being carried on in foreign bottoms, our ports will be crowded with our own ships, and we shall become the carriers of Europe. Heavy duties will be laid on all foreign articles which can be manufactured in this country, and bounties will be granted on the exportation of our commodities; the manufactories of our country will flourish; our mechanics will lift up their heads and rise to opulence and wealth.

That the compact for the regulation of commerce was promptly acknowledged by Congress, through proper legislation, is a fact well known. The very first tariff bill, by Madison, contained protection not only for factories but for navigation. The first shipping regulation adopted in Committee of the Whole was that of Fitzsimmons, of Pennsylvania. He moved a list of discriminating duties on Asiatic goods calculated to secure the trade of the Far East for American ships. He stated that under similar legislation by his State we were already commanding the direct commerce with China and India, and the General Government would, of course, continue the policy then so useful. On goods brought by foreign vessels or indirect (via Europe) the duties were nearly double the rates by American ships coming direct. Before this bill was passed it was amended to provide for a drawback of 10 per cent of the duty on all goods imported in American vessels. In 1794 this provision was changed to an extra duty of 10 per cent on goods by foreign ships. A separate bill for tonnage-tax discrimination soon followed the first tariff measure, and in 1804 the tonnage discrimination was varied from 44 to 94 cents per ton.

That the President, the House, and Senate rightly interpreted the commerce regulating clause is indisputable. President Washington had been the presiding officer of the convention; seven Representatives and nine Senators, seventeen in all, had been delegates. They knew perfectly well all that was intended, expressed, and implied in the "regulation of commerce." They knew also of a certainty that their duty as Members of Congress was to carry out all the compacts of the Constitution. The proceedings of the convention were not made public while any of the delegates lived, but in various debates in Congress they could direct the majority. The debate on the "Madison resolutions" brought out clearly the purpose of the third "enumerated" power. Concerning this, in his work on the "Debates of Congress," Senator Thomas H. Benton remarked as follows:

In the House of Representatives, 1794, occurred one of the most interesting and elaborate debates which our Congress has furnished. It grew out of the clause in the Constitution conferring power "to regulate commerce with foreign nations," and gives the interpretation of its authors, which is wholly different in its nature, and also distinct from the power to lay and collect import duties. The latter was to raise revenue, the former to make such discriminations in trade and transportation as to protect our merchants and shipowners from the adverse regulations and devices of our rivals.

While the lack of power to regulate foreign commerce was a primary defect of the Confederated Government, and the necessity for its exercise so great as to form a chief cause for creating the Federal Government, it is singular that Congress has always overlooked it, or confounded it with the impost or revenue power. Though not now exercised, it is a power which has found a need for its exercise, and will find it again.

Benton wrote shortly before the civil war, when it was quite apparent that the suspension of our ship protection would ultimately prove ruinous. He could safely predict that the commerce power would find "a need" for its exercise "again." That need was becoming felt at the time.

Second. The fact that the Constitution provides no other means for the maintenance of a merchant marine than may be availed of in the "regulation of commerce," save and except that a small portion of it

may be "aided" to some extent by postal patronage.

That this proposition is true needs little argument. One of the bonds and conditions of the Union being the encouragement and protection of navigation, and the regulation of commerce being the specific provision therefor, it follows, necessarily, that there is no other way that can be taken. If this is not the case, why was the debate in the convention confined to trade regulations? Why were not other ways alluded to? Why was a specific way laid down? Clause 3 of section 8 of Article I of the Constitution was provided in answer to the demand for "navigation laws," which are enactments concerning vessels. The power is given for specific purposes; this logically and legally precludes all other methods of ship protection. This grant of power for specific uses, vital to national integrity, industrial development, commercial independence, and strength upon the seas constituted a trust in perpetuity, and Congress has no more authority to "suspend" or discontinue its exercise than to pass a bill making a foreign prince eligible to the Presidency or to change the number of United States Senators from two to ten for the populous States. It is not loyalty to the Constitution that has destroyed our foreign-trade marine, and without honoring its compact for life-sustaining regulations our last ship is bound to perish in the course of time.

In conclusion, notwithstanding the ease with which we may resume the effectual protection of our shipping trade, we have those among us who accept the foreign sentiment, that we should forbear to do so, and bear our ills a little longer, or, at the most, adopt a "subsidy" plan, as done abroad. Congress should consider the following points:

(1) Ship protection being essential to the survival of a marine in the foreign trade, we must return to that policy, or relinquish the sea.

(2) The equities, if any there were, in the "reciprocity conventions" for unprotection, now extant, have long since been dissipated by changes in conditions and no longer exist; the duty of the Government is, therefore, to terminate them, and to resume our liberty as to

ship protection.

(3) The Federal Government is under a compact, more sacred than any "treaty," with the States that gave up to it their right to protect their shipping, on condition that it should do it, and fail not, through trade regulations. Congress should perform its duty, or else release the States from their obligation to cease laying ship-protection duties. (See section 10 of Article I.)

(4) The Constitution—just as binding now as ever it was—confers no power to raise and appropriate money to "aid" the carrying trade or any other business. No such power has ever been pointed out as belonging to the Government. Its existence is in the States severally. Nor is it probable that they would ever consent to such an amendment of the Constitution as would be necessary to the adoption

of a "ship-subsidy" policy.

(5) As ship protection now stands under suspension the situation is wholly in the interest of foreign nations. A continuation of this plight is in that interest. Needless to say Congress has no authority to sacrifice the shipping trade to advance any other business or to please or appease any foreign nation. It may vary the degree of protection, but to suspend or discontinue it no authority whatever exists. All legislation for this purpose was unconstitutional and void; and it is far beneath the dignity and probity of any self-respecting nation to violate its compact and to continue to dishonor it for years, bringing about impotency and disgrace to itself.

## The following tariff regulations are respectfully recommended:

(1) Sec. —. That a rebate of duties shall be allowed and deducted on all foreign goods, wares, and merchandise to the extent of five per centum ad valorem in cases where the specific and ad valorem duties together amount to less than twenty-five per centum of the value of the articles, and to the extent of ten per centum in cases where the specific and ad valorem duties together amount to more than twenty-five per centum of the wholesale value of the articles in the market of the port where the same may be brought in by a vessel of the United States.

And in cases where minimum or reciprocity duties are imposed by law on goods. wares, and merchandise imported, a rebate shall be allowed and deducted to the extent of two and a half per centum ad valorem in cases where the specific and ad valorem duties together amount to less than twenty per centum of the value of the articles, and to the extent of five per centum ad valorem in cases where the specific and ad valorem duties together amount to more than twenty per centum of the wholesale value of the articles in the market of the port where the same may be brought in by

a vessel of the United States.

(2) Sec. —. That no other or higher duties than those imposed as regular by law shall be levied, collected, or paid on any goods, wares, or merchandise imported direct by a vessel of the country, its colony or possession, which produced the same, or of a country through which said merchandise is necessarily passed to reach a market; but on all goods, wares, and merchandise imported direct by a vessel not of the United States and not belonging to the country, its colony or possession, where said goods, wares, and merchandise were produced, an additional duty of ten per centum ad valorem shall be levied, collected, and paid; and on all goods, wares, and merchandise imported indirect by a vessel not of the United States from any country, its colony or possession, not that of the production and original exportation of said merchandise, the additional duty as aforesaid shall be fifteen per centum ad valorem.

And in cases where no duties are imposed by law on certain goods, wares, and mer-

chandise imported, and the same have been brought in by a vessel not of the United States direct from its own country, colony, or possession where the same were produced, there shall be levied, collected, and paid a duty of four per centum ad valorem; but if such goods, wares, and merchandise shall be brough direct from a country to which the importing vessel does not belong, but which was the place of production, then the duty as aforesaid shall be eight per centum ad valorem; but if such goods, wares, and merchandise so imported be brought from a country that did not produce the same, then and in that case the duty as aforesaid shall be twelve per centum ad

valorem, valued in all cases in the market of the port of entry.

And in cases where minimum or reciprocity duties are imposed by law on goods, wares, and merchandise imported, there shall be levied, collected, and paid full rates of duty, if the same shall be brought in by a vessel not of the United States or not of the reciprocating country from which such merchandise has been exported; or if the same, not being the growth, production, or manufacture of a country contiguous to the United States, shall be brought across the line from such country.

And the additional duties imposed under this section shall apply also to all cases where goods, wares, and merchandise may have been transferred from a foreign vessel

or land vehicle, at any place, to a vessel or land vehicle of the United States, for the purpose of convenience, or to evade the provisions of this section.

(3) SEC. — That a duty of twenty per centum ad valorem, in addition to the duties imposed by law as regular, and also to the additional duties required by the foregoing section, shall be levied, collected, and paid on all goods, wares, and merchandise imported by a vessel not of the United States from a country to which the importing vessel does not belong, unless the importation shall be the growth, production, or

manufacture of a country at peace with the United States.

(4) SEC. —. That all goods, wares, and merchandise imported by a vessel not of the United States, that shall be admitted to storage in bonded warehouse with lawful tariff duties unpaid for a period exceeding five days, shall be charged and pay an additional duty of fifteen per centum ad valorem, but a rebate of five per centum shall be allowed in all cases where such merchandise shall be reexported and cleared outward in a vessel of the United States. This section and the three preceding sections shall take effect in thirteen months after their passage.

For the legislation herein suggested, your petitioner, as in duty

bound, will ever most respectfully pray.

THE SHIPPING SOCIETY OF AMERICA, By WM. W. BATES, President.

### CUSTOMS ADMINISTRATIVE LAWS.

STATEMENT OF WILBUR F. WAKEMAN, TREASURER AND GENERAL SECRETARY OF THE AMERICAN PROTECTIVE TARIFF LEAGUE, 339 BROADWAY, NEW YORK.

FRIDAY, December 4, 1908.

Mr. Wakeman. Mr. Chairman, I wish to refer especially to a certain portion of section 2901 of the Revised Statutes, section 14 of the administrative act, section 19 of the administrative act, and section 11. The American Protective Tariff League has never appeared before you favoring any special rate of duty on foreign merchandise or favoring any given schedule of rates. We have faith in the wisdom of Congress, and with the official information at your disposal we have no doubt that the rates of duty in the forthcoming revision of the tariff will be in the interests of the American people.

With the natural evolution as to customs legislation you have provided the fairest treatment of foreign merchandise of any nation in the world. As to value, foreign merchandise has practically three appeals, and as to the rate of duty or classification, foreign merchandise, through its owner or representative, may reach the Supreme

Court of the United States.

I appear before you especially to call your attention to some apparent weaknesses, more in the administration of our laws than as to the law itself. First, let me call your attention to the method of appraisement of foreign merchandise. According to section 2901 of the Revised Statutes, one package of every invoice, and one package at least of every ten packages of merchandise, and a greater number if it should be deemed necessary, may be opened, examined, and appraised. The laws further provide that all packages on an invoice may be ordered to the appraiser for examination, appraisement, and advisory classification. Consequently, as I have intimated, the law seems to be strict enough for all practical purposes, but in operation it is found that whenever the collector or appraiser wants all of the merchandise on an invoice, he is told that the merchandise has gone into consumption; and it is my experience that all of the merchandise on an invoice can not be secured more than once in a hundred times, unless the entire merchandise is demanded upon the entry at any port. Under these circumstances the appraiser has one package in ten before him, and supposing he advances the value of this merchandise by 40 per cent, he is unable to secure the balance of the merchandise, or the nine-tenths, and the advance made, according to the decision of the court, only applies to the merchandise before him. It is my judgment that the revenues of the Government suffer very seriously on account. of the failure of importers to comply with the law in furnishing all of the merchandise on a given invoice when demanded. I remember one case which came under my personal observation, where the leading importers in a certain line constantly had one-tenth advance, and it was scarcely ever possible for me to secure all the merchandise on an invoice. On one occasion I refused to make return or appraisement of said merchandise, and found that the importers actually went out into the market and bought a low grade of similar goods, packed them in foreign cases, and submitted them to me, the appraiser, as the original goods brought in upon said invoice.

Mr. Griggs. Now, you are making some serious charges there. Do you not think you ought to give the names?

Mr. WAKEMAN. How, sir?

Mr. Grices. You are making some serious charges there. Do you

not think you ought to give the names?

Mr. WAKEMAN. You can obtain them from the Secretary of the Treasury. I am no longer a government official. I am perfectly willing to give you references.

Mr. Griggs. You do not give us sufficient facts.

Mr. Wakeman. I am willing to give you the references.

Mr. Griggs. Very well.

Mr. WAKEMAN. It might be claimed libelous.

Mr. Cockran. I think I can assure you that it would be treated as

a privileged communication.

Mr. Wakeman. You can appreciate what a loophole this amounts to in the honest admisinistration of the customs laws. My recommendation is that a provision be inserted in the new law to the effect that when all of the merchandise on any invoice is called for by customs officials and not furnished intact, the appraisement of the one-tenth shall apply to the whole invoice. I believe that this provision would be accepted gladly by every honest importer, and it certainly would have a most important influence in favor of good administration.

Mr. Underwood. Let me ask you right there, on that question of administration: If we were to change the law, which contemplates now that every bit of the imported goods shall be before the ap-

praiser-

Mr. WAKEMAN. No. sir.

Mr. Underwood. Does not the law now contemplate that?

Mr. WAKEMAN. No, sir.

Mr. Underwood. I thought it was only by a mere waiving of the law by the official that they were allowed to submit less than the whole of the goods.

Mr. Wakeman. No, sir; section 2901 provides that one package of every invoice, and one package at least of every ten packages of mer-

chandise, shall come before the appraiser.

Mr. Underwood. It now contemplates that the appraiser can order

the whole invoice before him, does it not?

Mr. Wakeman. Yes; he can order a greater number, if it should be

deemed necessary, to come before him.

Mr. Underwood. If we changed this law on that line that you suggest, would it not be subject to the construction that you could not require the entire invoice to come before you, and if one in ten went before you, the balance could go on through, and, therefore, although it would make the balance of the invoice subject to the appraisement that you made of the one-tenth, it might be juggled so as to encourage smuggling?

Mr. WAKEMAN. Your point is well taken, Mr. Underwood, and in answer thereto I would say that I mean to leave all the provisions of the present law as they exist, and where undervaluations are found of one-tenth, and the other nine-tenths are not produced, I propose that that advance shall apply to the whole invoice. I do not make any changes in your present law, but add that condition. Does that

answer your question?

Mr. Underwood. I see.

Mr. Longworth. When you examine one package out of ten, what do you do with the other nine?

Mr. Wakeman. They are delivered to the importer.

Mr. Longworth. Delivered to the importer?
Mr. Wakeman. They are delivered to the importer on what is known as a "ten-day bond." But when you send for the other ninetenths, in case you want them, you find they have gone into consumption, and you can not get them.

Mr. Bonynge. Can you not get a bond for them?

Mr. Wakeman. Yes, sir; but that bond has always been considered as of no value.

Mr. Gaines. Does this happen very often?

Mr. Wakeman. Yes.

Mr. Gaines. You said the bond was considered how? I did not

hear you.

Mr. Wakeman. I say the bond has always been considered of little value. I remember in my early experience the customs officers stated that as a rule the bond was of no value; but later, if my memory serves me correctly, a case was decided that the bond is good. But then it always depends upon the character of the bond as it is executed. It is done in a very hurried way, a perfunctory way, by customs brokers, and so forth, going upon these bonds, and I should say they were of very doubtful character.

Mr. Bonynge. What is your object? To retain the other nine-tenths until you have made the examination of the one-tenth, or what?

Mr. Wakeman. No, sir; my recommendation is, as I stated to Mr. Underwood, to leave the law as it is and add a provision that where the appraiser finds that the one-tenth is undervalued, and the importer fails to produce the other nine-tenths, that valuation shall apply to the whole invoice. To-day it applies only to this one case.

Mr. Bonynge. I see.

Mr. Wakeman. Consequently, a man can go on doing business in that way, and I think I could refer to people who have made fortunes in that way, having one case advanced, and nine cases go through to

Mr. Griggs. The manufacturers have made fortunes at the same

time, have they not?

Mr. Wakeman. That would depend upon the line you refer to. Recommendations have been made to you by certain associations and by the diplomatic note of May 2, 1907, that—

If the appraised value of any article of imported merchandise subject to an ad valorem duty or to a duty based upon or regulated in any manner by the value thereof shall exceed the value declared in the entry by more than 10 per cent there shall be levied, collected, and paid, in addition to the duties imposed by law on such merchandise, an additional duty of 1 per cent of the total appraised value thereof for each 1 per cent in excess of 10 per cent that such appraised value exceeds the value declared in the entry.

This provision was presented to your Ways and Means Committee, I think, a year ago. Under the present law all penalties apply for whatever undervaluation is found to exist. To illustrate, if an invoice of the total value of a thousand marks is advanced in value, say, 20 per cent by the appraiser, and the legal rate of duty is, say, 60 per cent, the penalties would work out as follows: On 1,000 marks advanced to 1,200 marks, the rate of duty would be advanced from 60 to 80 per cent; consequently the importer would be compelled to pay a duty of 960 marks instead of 600 marks. Now, in the recommendation quoted above it is proposed to give the importer a leeway of 10 per cent before any penalties apply, and these conditions exist in the Wilson-Gorman tariff of 1894. When I became United States appraiser at the port of New York in 1897, I found not a few, but hundreds, of invoices awaiting my signature, advanced 9, 9½, 9¾ per cent—just under the penalty provision; and this very condition which I found at that time was what caused the proviso in the Dingley tariff of assessing penalties on every undervaluation, no matter whether it be 1 per cent or upward. This provision had a splendid effect in making the importers careful as to their invoices, and I believe there is no provision of the law more important to honest importation than that penalties shall apply for every undervaluation found.

As to fees on protest and appeal, section 14 of the administrative act provides for protests against value returned by the appraiser and appeals from classification or the rate of duty assessed. You will notice in this section there is no charge made in connection with the protest for appeal, with the result that the files and records of the offices of the collector, the local appraisers, and the Board of United States General Appraisers are simply swamped with these protests and appeals. I have known of instances where customs brokers and customs lawyers kept a force of clerks simply protesting against the value or appealing from the classification of every invoice that they could reach. Finally some case would come along on which a possible protest could be made. I remember one line of merchandise where there were something like 6,000 protests, and on account of them the Government was put to great expense, and the importer never recovered a dollar.

My recommendation is in harmony with the recommendation of the honorable the Secretary of the Treasury, that a small fee apply to each protest and appeal. The other day, in the corridor here, I met a customs lawyer, and he said, "Well, we will never stand for that." He said, "We will find a way of putting a great many articles upon one protest." So I will extend that recommendation to this point, that a small fee be applied to every protest or appeal and that

each protest or appeal must apply to one invoice.

Mr. Gaines. Do you mean that these lawyers have their clerks enter protests whether they represent the owners or not?

Mr. Wakeman. They prepare them; yes, sir.

Mr. Gaines. Getting themselves ready to be employed?

Mr. Wakeman. Yes, sir. It is a well-known fact that these cases on classification are taken on a 50 per cent basis, and the customs lawyers are bright, skillful, splendid fellows, and I do not blame them for making all they can, if you allow them to, under these conditions.

Mr. Gaines. No; but I blame a lawyer for interfering with business that he is not employed in, and I think he ought to be disbarred

for it.

Mr. WAKEMAN. Well, I am not a lawyer.

Mr. CLARK. Some of these lawyers make a princely revenue, do they not?

Mr. Wakeman. I know of one case where the customs lawyer, in connection with the famous ribbon case under the law of 1883, re-

ceived a fee of \$80,000.

Mr. CLARK. Did not a large merchant in New York once pay a lawyer a fee of \$250,000 to give him instructions how to beat the Government out of its revenue on silk mixed with wool?

Mr. Wakeman. I do not know that case, Mr. Clark.

Mr. Clark. If I was not afraid of getting sued myself, I would

tell you who it was.

Mr. Wakeman. It has sometimes seemed to me that a great many of the decisions—I will not say a majority—rendered by customs officials, including local appraisers, collectors, the Board of United States General Appraisers, and the Secretary of the Treasury and the courts were hardly in harmony with the intentions of Congress. For instance, referring to section 17 of the present law, covering celluloids or compounds of pyroxylin, one paragraph reads as follows:

If in finished or partly finished articles and articles of which collodion or any compound of pyroxylin is the component material of chief value, sixty-five cents per pound and twenty-five per centum ad valorem.

That would seem perfectly clear as applying to any article, finished or unfinished, of which collodion is the element of chief value; but it is not. For instance, you take a brush with a beautiful celluloid handle representing several times the cost of the bristles, and it is imported as a brush and pays the duty as such. The same applies to toys made of celluloid.

Again, take section 153 of the tariff, covering pocket cutlery. The

one phrase of the last proviso reads:

Blades, handles, and other parts of either or any of the foregoing articles, imported in any other manner than assembled in finished knives or erasers, shall be subject to no less rate of duty than herein provided for penknives, pocketknives, clasp knives, pruning knives, manicure knives, and erasers valued at more than fifty and not more than one dollar and fifty cents per dozen.

Now, it would seem that this rate of duty should apply to parts of knives indicated, but it does not. By the decision of the Board of Appraisers this proviso is negatived, and fees are collected on parts of knives according to the first phrase of section 153, at 40 per cent.

Again, under the Dingley tariff, you provide for filler tobacco at 35 cents a pound and wrapper tobacco at \$1.85 per pound. The decisions of the courts and appraisers for some generations were cited in favor of not collecting the \$1.85 per pound unless there was more than 15 per cent of wrapper tobacco in the bale, known as a selfworking bale. This contention was strongly backed by the importers of leaf tobacco, and the Government, after four or five years' litigation, was able to sustain the law which you passed in 1897, and to enforce the collection of duties on the amount of wrapper tobacco actually contained in the bale. I give these few illustrations as to where the manifest intention of Congress is set aside by administration and the courts. It has been intimated in public prints that the forthcoming bill will be written so as to conform to decisions of the courts and customs officers. It seems to me that the new law should be so written that the customs officials and the courts would be compelled to conform to the wishes of Congress and the intentions of Congress.

The German tariff agreement was announced by the President's proclamation of May 31, 1907, and the conditions of the same were

announced by the diplomatic note of the Secretary of State of April 22, 1907. This agreement has now been extended to all nations of the Continent and to Japan. Let me quote the provisions of the agreement which seem perhaps the most important in affecting the administration of the customs laws. I quote as follows:

Market value, as defined by section 19 of the customs administrative act, shall be construed to mean the export price whenever goods, wares, and merchandise are sold wholly for export or sold in the home market only in limited quantities, by reason of which facts there can not be established a market value based upon the sale of such goods, wares, and merchandise in usual wholesale quantities, packed ready for shipment to the United States.

The certificates as to value issued by German chambers of commerce shall be accepted by appraisers as competent evidence, and be considered by them in connection with such other evidence as may be adduced.

Section 19 of the administrative act of 1890 as amended in 1897 reads, in part, as follows:

Sec. 19. That whenever imported merchandise is subject to an ad valorem rate of duty or to a duty based upon or regulated in any manner by the value thereof, the duty shall be assessed upon the actual market value or wholesale price of such merchandise as bought and sold in usual wholesale quantities at the time of exportation to the United States, and so forth.

Now, on the second point, as supplementary to section 19, and meeting the very conditions named in section A of the German agreement, I quote from section 11 of the administrative act as amended by the act of July 24, 1897, one phrase, as follows:

Whenever the appraiser can not obtain the wholesale value under section 19, he shall use such measures as he can, and in no case shall said merchandise be assessed at less than the total cost of production as thus ascertained. It shall be lawful for the appraising officers, in determining the dutiable value of such merchandise, to take into consideration the wholesale price at which such or similar merchandise is sold or offered for sale in the United States, due allowance being made for estimated duties thereon, etc.

Regarding the legality of these changes, I have the honor to submit the opinion of Hon. John S. Wise, an eminent constitutional lawyer, which covers the point of this thoroughly. He says:

The question reduced to its last analysis is:

1. Has the President a right to make this commercial agreement? To that I answer "yes."

2. In doing so, had he the right to alter a mode of appraisement, applicable to all imported goods whether they come in under commercial agreements or not, prescribed by sections 10 and 11 of the customs administrative act? To that I answer "no."

Nothing is said in any law of power in the President to alter the prescribed mode of ascertaining values of goods imported. Until I am shown such, I am of opinion that in attempting to do so he has exceeded his authority.

As to the effect of the administrative changes under consideration, as a matter of fact our imports from Germany-competitive imports—have increased steadily since this agreement went into effect on July 1, 1907, especially of merchandise competitive with American products and merchandise affected by an ad valorem tariff. Naturally this agreement could not change any rates of duty, but it has opened the door to undervaluation by the method of ascertainment of market value established by paragraph A of said agreement. There has been no increase of imports from Germany or other countries where specific rates of duty apply, but all increases of importation of foreign competitive merchandise are of the character affected

by an ad valorem or compound tariff. To illustrate, take one article— This bears a specific rate of duty of 8 cents per hundred pounds, but our imports from Germany for the fiscal year 1907 amounted to 413,000,000 pounds; and this year—the fiscal year 1908 they amount to 218,000,000 pounds. That is a specific rate that could not be changed. On the contrary, take merchandise affected purely by an ad valorem tariff, like pottery or china ware. It is regrettable that the quantities imported are not reported by the Bureau of Statistics, but the importations from Germany for two years—the fiscal years 1907 and 1908-amounted to, respectively, \$5,153,943 and \$5,287,267, or an actual increase in valuation. If under the German agreement the values of merchandise affected by an ad valorem tariff have been reduced 25 per cent, you will see that the quantity of importations has very greatly increased, and this may be the cause of several large manufacturers being now in the hands of receivers. My recommendation is, in this connection, that section 3 of the administrative act be omitted from the new bill.

Mr. Chairman and gentlemen, I thank you very much. Mr. CLARK. You are editor of the American Economist?

Mr. WAKEMAN. No, sir; I am not. Mr. Clark. Or the manager?

Mr. WAKEMAN. I am the publisher.

Mr. CLARK. That is the organ of the American Tariff League? Mr. WAKEMAN. The American Protective Tariff League.

Mr. CLARK. Yes. I take it, then, that you are about the finest sample of a stand-patter that has appeared before this committee. Is that true or not?

Mr. Wakeman. We believe in such a tariff upon all imports as shall equal the difference of cost of production, plus a reasonable profit to

the producers.

Mr. CLARK. You and your confrères are engaged at this very minute in laying the foundation to elect a Republican House of Representatives in 1910, are you not?

Mr. WAKEMAN. Yes, sir.

Mr. Clark. Somebody sent me some of your literature which led me to believe that that was the case. Well, now, I assume there is one thing that you and I will agree about, at least.

The CHAIRMAN. You do not agree upon the other proposition?

[Laughter.]

Mr. Clark. No; I am hardly interested in that. If there is a tariff law on the statute books, you and I both of us want it honestly enforced?

Mr. Wakeman. Yes, sir.

Mr. CLARK. You were appraiser of the port of New York?

Mr. WAKEMAN. Yes.

Mr. CLARK. When did you come into that position?

Mr. Wakeman. I was appointed July 3, 1897, and assumed the office July 15, 1897, just in advance of this law going into effect.

Mr. CLARK. Who appointed you to that place?

Mr. WAKEMAN. President McKinley. Mr. CLARK. When did you leave that office?

Mr. WAKEMAN. December 21, 1901. Mr. CLARK. Who took you out?

Mr. WAKEMAN. The President.

Mr. CLARK. For what reason, Mr. Wakeman, were you decapitated

officially?

Mr. WAKEMAN. If a man takes the initiative, he always has to give the explanation. If I had resigned I should feel it my duty to give you the reasons for resigning. The party who took the initiative must give you the answer.

Mr. CLARK. When did you go out? Mr. WAKEMAN. December 21, 1901.

Mr. CLARK. You came in under McKinley and went out under Roosevelt, then?

Mr. WAKEMAN. Yes, sir.

Mr. Clark. Your official life as appraiser began just about the time the Dingley bill was passed?

Mr. WAKEMAN. Yes.

Mr. CLARK. Had you had any experience in the appraising business before you were appointed appraiser?

Mr. WAKEMAN. No, sir.

Mr. CLARK. Do you know or have you any good reason to believe that there was any undervaluation of these imports going on at the time that you were appointed?

Mr. WAKEMAN. My knowledge of the office when I was appointed

was so limited that I would not be a fair judge.

Mr. Clark. What was the condition of your office when you assumed it with reference to the volume of business that had accumulated?

Mr. WAKEMAN. That was very large, and legitimately so, in view of the desire of importers to get their goods in here at the lower rates prior to the Dingley tariff going into effect.

Mr. CLARK. What was the condition of the office from the stand-

point of administration? Was it good or bad?

Mr. WAKEMAN. Well, both.

Mr. CLARK. What do you mean by such an answer as that?

Mr. WAKEMAN. There were some features that were first-class and there were some that were bad, and it took me a long time to find them out.

Mr. Clark. State one that was good, for instance.

Mr. WAKEMAN. The general office force. The general office force I considered an exceptionally good office force which I found there under the second administration of Mr. Cleveland.

Mr. Clark. I wish you would name any feature that was proposed at that time that looked substantially to the curtailment of this evil of undervaluation, made by Cleveland or any of Cleveland's subordi-

nates, or anybody else.

Mr. WAKEMAN. I think that one of the best things which did not require legislation, under any administration that I remember, that came to my notice early in my administration, was the effort made by the Assistant Secretary of the Treasury; I think it was Mr. Hammond at that time.

Mr. CLARK. Hammond lives in Boston?

Mr. WAKEMAN. Yes, sir. Mr. Clark. He is a Boston lawyer? Mr. WAKEMAN. I think so; yes, sir.

Mr. CLARK. Yes.

Mr. Wakeman. He inaugurated a plan to have all consular invoices signed before a magistrate in the country where the invoice was prepared. That would make every person preparing an invoice subject to the laws of his own country as to affidavits. That plan was carried on—I think it was under negotiation—for fully eight months or two years, and it was thought as I came into office that it would go into effect. The way I happened to know of it was that they thought they would immediately have this plan in effect, and all the countries of the Continent except one and the United States joined in this agreement. You might call it a trade agreement. The one country which did not join in it was Germany. Every country of Europe except Germany and the United States joined in it, but the fact that Germany did not join blocked the entire agreement. I think that little thing would have done as much to prevent the great evil of undervaluation as anything of which I know, and I happen to know that it had the warm indorsement of President Cleveland.

Mr. CLARK. That never went into operation?

Mr. Wakeman. No, sir; it was blocked by Germany.

Mr. CLARK. This undervaluation evil, as I understand you, has increased rather than diminished as the years go by, especially under this German agreement, as we have been in the habit of calling it?

Mr. Wakeman. Well, you may call that legalized undervaluation; but the undervaluation exists, I think, on all ad valorem goods; where these agreements are in effect the basis of value has been reduced at

least 25 per cent.

Mr. CLARK. I will ask you this, and you can let it alone or answer it just as you please. There has been a good deal of suspicion in the minds of a great many people that this German agreement, which has now been accepted by others, was entered into in the spring of 1907 because the German Government was threatening to shut out American products, especially what may be called agricultural products, beef, pork, and so forth, and that the agreement was entered into for the purpose of shoving off the investigation into tariff conditions until after that election. If you want to answer that question I would like to have you do so; but if you do not, do not do so.

Mr. WAKEMAN. I would prefer to eliminate the last point, and

then I will inject another point there, if you will allow me.

. Mr. CLARK. All right.

Mr. Wakeman. I think these trade agreements started with the Cuban treaty. Now, why? That is the first point. Here Germany was sending us between ten and eleven million dollars' worth of sugar, and when that Cuban treaty went into effect that was shut out; and the Kaiser Wilhelm, of course he is one of the greatest in the world for the industries of his people; and I happen to know through the President of the United States that the strongest pressure was brought to bear in favor of a trade agreement on account of the loss of this market through the Cuban treaty.

As to your other point, I hardly know how to answer that except in a general way. I believe that these foreign trade agreements have set aside your law as to all ad valorem goods, to the extent of 25 per cent; that is, the tariff has already been reduced about 25 per cent.

Mr. CLARK. We were shipping to Germany, when this row begun, somewhere in the neighborhood of two hundred billion dollars' worth a year of stuff, were we not?

Mr. WAKEMAN. I could not tell you that.

Mr. Clark. I think, as a matter of fact, it was one hundred and sixty-one billion dollars' worth; and there was such a tremendous protest went up against that in all of the Central West, where agriculture flourishes in its best estate, that it excited the fears of the administration that if they did not do something to quiet the unrest out there, we would carry the country last November.

Mr. WAKEMAN. I could not express an opinion on that point.

Mr. CLARK. Under the administration of the Dingley bill you find this undervaluation going on?

Mr. WAKEMAN. Yes, sir.

Mr. Clark. Why do not you manufacturers in the United States who know of this situation in New York endeavor to get information on which to base criminal prosecution, so that you can land these com-

mon swindlers in the penitentiary?

Mr. Wakeman. The manufacturers of this country know mighty little about the customs rules and regulations and their methods of administration. And as you may possibly be aware their knowledge does not go. Such knowledge to be valuable must be a knowledge of the value of the foreign goods. Their knowledge as to the duty on foreign goods would go, but when the goods come in from foreign countries under section 19, as I have stated, most manufacturers know nothing or little about that.

Mr. Clark. Do not the manufacturers in the United States know to the extent these articles are made abroad and the capital invested?

Mr. WAKEMAN. Yes.

Mr. CLARK. Then in order to convict a man who is engaged in this sort of swindle you have to have evidence as to the real value of that in Germany or England?

Mr. Wakeman. We have got to proceed under section 9.

Mr. Clark. Then if your procedure does not accomplish what you want to accomplish in reference to this swindling business, why do not the manufacturers get together and send somebody to Europe and find out what is paid so that they can get witnesses on the stand to

testify? That is one end of this case.

Mr. Wakeman. Yes; that is one end of the case; and still I would answer by stating that the avenues of information are closed to you. Even in the last four or five months the United States Government has tried to get that information and it has been declined. I gave letters of introduction to two of our agents, and when they came back they had a different idea from what they had when they went over. They found the avenues of information closed. They had not been able to get a particle of information.

Mr. CLARK. Is there any way of getting it?

Mr. WAKEMAN. You can get it by having honest officers and stand-

ing by them.

Mr. Clark. Don't you think it would do more good in the way of stopping this swindling on the part of importers to send some of them to the penitentiary rather than to inflict all of the penalties contained in the Dingley bill?

Mr. WAKEMAN. Very few people are convicted of infractions of the

customs laws.

Mr. CLARK. It seems to me it is the fault of the prosecuting officers. If I go out and get \$100 out of a man under false pretenses I can be sent to the penitentiary, but if any one of these importers swindles the Government out of \$1,000 you say that he can not be landed in the penitentiary?

Mr. Wakeman. I have known of some instances of its being done.
Mr. Clark. If you had your way would you change the Dingley
bill in any particular except to mark up the rates a little higher?

Mr. Wakeman. No, sir; we never appear here in reference to rates.

Mr. Clark. Is it not your idea to have a prohibitory tariff?

Mr. WAKEMAN. No, sir.

Mr. Clark. There has been a good deal said in reference to undervaluation. Now, simply give us a case. From your general information you think that there has been more swindling on laces and silks.

Give us a case by taking either one of those articles.

Mr. WAKEMAN. I could go into the Japanese silk cases briefly, because I would not want to take up the time of the committee to go through the entire list. It would seem that this house had supplied the market of the United States. The large merchants of the United States could not get in on these goods because the firm of A. S. Rosenthal & Co. could sell them cheaper and had the trade. I made three or four attempts at investigation, but I did not get very far. Finally some competitors of this house told me how the trick was turned. It seemed that they had an examiner and had secured an influence over him and paid him so much money. I said to them: "Gentlemen, you sit right down here and write that out and I will then have something to depend on, and I will endeavor to stop it." They hesitated about that, but they did it. The reason they hesitated was that one of them had paid funds to the examiner. That gentleman has since died in the asylum. I said to them: "You must help me." I did not know how many men under me I had that I could Doubtless I could trust everybody, but I concluded that I would handle it myself.

So in July, 1901, or before that time, I told the examiners that I wanted them to trace every importation of Rosenthal & Co. by sample from Shanghai. I told them that I wanted the number and I wanted the arrival in New York and that I wanted the invoice. In that way I thought I could keep tab on the goods. I found that I could not get this information unless I called for it in advance. Their first invoice was Japanese khaki. There were two cases marked and designated for my examination. Those two cases were correct, but I had them all gone into, and I found, in connection with this case, that there were three others. I found that the goods were undervalued about one-third. Goods that should have been valued at 18 cents were invoiced at 14 or 15 cents. The rates of duty applicable to silk are all the way from 50 per cent ad valorem to \$3.10 a pound. By reason of the classification rate and the amount of silk which should be contained in each piece, there was a wrong classification of at least from 33 per cent to 40 per cent. They had about 40 per cent more silk than they should have had. I asked afterwards in reference to the invoice, which read \$1,000 in value when it should have read \$2,400 as a proper classification. It was found that this firm defrauded the Government to the extent of \$1,100,000 per year.

Mr. Clark. One million and one hundred thousand dollars per

year?

Mr. Wakeman. Yes, sir. I was removed as an appraiser in December, 1901. The cases were going along and the President sent for me and asked me about those silk cases, and I told him all about them. The next morning a new assistant deputy attorney was appointed. In those cases the Government had accepted about \$80,000 in settlement of the suit, because it was doubtful whether they could collect anything. Rosenthal has not been convicted, because he is a fugitive from justice. The examiner was convicted, but he quit business and went to Montreal.

Mr. CLARK. How did he get to Montreal?

Mr. Wakeman. He skipped. His case went to the Supreme Court and he came down here, and when he found that he was not going to get through very well he went from Washington direct to Montreal.

Mr. CLARK. Had he been convicted?

Mr. Wakeman. Yes, sir; he was convicted—two years in the penitentiary and a fine of \$5,000.

Mr. CLARK. And he lit out to avoid the penitentiary sentence?

Mr. WAKEMAN. Yes, sir.

Mr. CLARK. Was the reason because the bond was not sufficient to hold him?

Mr. WAKEMAN. He paid one bond of \$15,000. In the second case the bond held him.

Mr. Clark. Has any one of them been landed in the penitentiary?

Mr. WAKEMAN. No, sir.

Mr. Clark. I know that one of those gentlemen jumped off the bridge in New York.

Mr. Wakeman. He was never connected with these cases.

Mr. CLARK. What was the amount of the fraud that was dug up in these silk cases?

Mr. Wakeman. In one case there was \$1,100,000.

Mr. Clark. How long was it after you dug up that case that you were dismissed?

Mr. Wakeman. I did not stay until it was cleaned up.

Mr. Clark. The other cases, as I remember, at that time were the

lace cases in St. Paul?

Mr. Wakeman. Those were embroidery cases. Those were interesting, and every man who had anything to do with them claimed the credit; and consequently I leave that to some one else. After the law went into effect in December or January, the Secretary of the Treasury directed me to go into the subject thoroughly. I did not know anything about embroidery. It was a new question, and I invoked the authority in section 19 and summoned importers before me with the endeavor to find out something about the industry. I did not get very much information, but such houses as Arnold, Constable & Co., of New York; Mills, Gibbs & Co., and I think Lord & Taylor and Marshall Field & Co. helped me somewhat. They gave us valuable information. I wanted to get at the approximate value of the goods. They would sell the goods at Chicago and pay the duty delivered there. I knew very little about this business.

Say here is an invoice of 10,000 marks and I wanted to get an approximate idea of the value so as to see about how much undervaluation there was. I would take 100 as the unit of value. The duty was 60 cents. The broker would put in his brokerage and the charges would be 5 per cent. That would make a cumulative

unit of value of 1.73. I divided the American selling price by that figure, and in that way I arrive at an approximate value on the ad valorem basis. This would amount to 5,800 marks. I saw the bills and got the receipts of these houses showing what they paid for the goods, and I found that the invoices entered at New York were one-half the selling price, and I proceeded on that basis. Finally, to cut out the details, the Treasury decided to send a subagent to St. Gaul. They sent the subagent to St. Gaul and obtained the value by the weaving and the number of stitchings. They also took into consideration the figures that were woven in the goods. Those elements of cost were arrived at and a reasonable percentage of cost was made under section 11. That was arrived at very nicely, but the ground of appraisement of the merchandise was transferred in that way from New York to St. Gaul. That went along for two or three years and the increase in the duties paid on St. Gaul embroidery ran about \$900,000. Finally it was found that the party at St. Gaul was shipping in his own goods at an undervaluation of 81 per cent. In consequence of that some changes were made. What the amount of that fraud was I can not tell you.

Mr. Clark. By these investigations how much did you manage to

increase the revenue on that entire importation? Mr. Wakeman. About \$900,000 to \$1,000,000.

Mr. CLARK. Now, I want to go back a moment and ask you some other questions. Under this law you take one-tenth of the samples?

Mr. Wakeman. Yes, sir.

Mr. CLARK. And you found from the handling of the silk—this that was marked for your examination—would not pay the revenue that the other nine-tenths would pay which was not marked?

Mr. Wakeman. Yes, sir.

Mr. CLARK. Is not that same scheme in operation now? Mr. WAKEMAN. It is susceptible of being operated.

Mr. Clark. What did you do with that examiner of whom you spoke?

Mr. WAKEMAN. I transferred him to the docks. Mr. CLARK. Transferred him to the docks?

Mr. Wakeman. Yes, sir; we have examiners on the docks examining personal baggage. It is a place where we have a great many examiners and when we want to make a special examination we put in a man we can trust.

Mr. CLARK. When you transferred him what went with him?

Mr. WAKEMAN. His salary. Mr. CLARK. Where is he now?

Mr. Wakeman. That is, the examiner, Mr. Brown, of whom I spoke?

Mr. CLARK. He ought to be in the penitentiary.

Mr. WAKEMAN. He is under conviction.

Mr. Gaines. Have we an extradition treaty with Canada?

Mr. Wakeman. I will give you the facts in that case. I am not a lawyer. I will give you the facts and you can apply the law. I understand that Mr. Brown had been convicted. We tried to extradite him under the head of conspiracy, under section 9. We found after a long consideration and after it had reached the highest courts that he could not be extradited. Then in order to get him back we pressed a second suit, and as he was going down in the neighborhood

of Sing Sing a marshal of the United States found him and took possession of his body and landed him in Sing Sing prison. His attorneys immediately made application to the federal courts on the ground that he was under protection by the United States Government and was coming in here according to the case made under this second indictment.

Mr. CRUMPACKER. Were not Greene and Gaynor convicted under

the charge of conspiracy?

Mr. WAKEMAN. Yes; I will correct that. I think they first defrauded the revenue.

Mr. Clark. Do you think that the examiner ought to have charge

of that entire invoice?

Mr. WAKEMAN. No, sir. You said the invoice, but you mean the merchandise.

Mr. Clark. The chairman has tried to ascertain and has asked whether there was any feasible scheme by which they could make

valuations of imports.

The CHAIRMAN. I want to make a suggestion, because I have been thinking more about that. The present law provides that you may take into consideration the wholesale price here in determining the value abroad. I want to ask whether there is a clause in that section providing that the wholesale price abroad should be fixed at not less than the wholesale price here, or, say, 60 per cent of the wholesale price, because Mr. Burgess put the wholesale price or fixed it to include the duty and transportation, as well as the percentage of the cost of landing it; and is it not likely that 32½ per cent of duty on that wholesale price would be equivalent to the 60 per cent on the wholesale price abroad, if honestly collected. Suppose you should say that the wholesale price abroad should be fixed at not less than a certain percentage of the wholesale price here, making allowance for the duty paid; do you think that that would help in the administration of this law?

Mr. WAKEMAN. Yes; I do. When you apply that to the St. Gaul goods it works. When you took 100 as the unit of value and added to it the brokerage, etc., and divided the selling price of the merchandise by that cumulative value, you were within 1 per cent of the valuation, or the wholesale market's valuation.

Mr. Clark. You say that the bonds were practically worthless? Mr. Wakeman. They seem to be. I wish you would call some officer in the law division of the collector's office as to that.

Mr. Clark. Do you favor ad valorem duties?

Mr. WAKEMAN. I favor specific and ad valorem duties combined. Mr. CLARK. Is there less swindling under a specific than there is under an ad valorem duty?

Mr. WAKEMAN. No; not if you will watch matters under a specific

Mr. Clark. During Mr. Cleveland's administration it was suggested that men who make out invoices should be sworn.

Mr. WAKEMAN. Yes, sir.

Mr. CLARK. Do you think it would be feasible to swear importers? Could you not then get that knowledge without having to go to England, Germany, or other countries? I do not mean to say that all importers are swindlers.

Mr. WAKEMAN. A great many of them are.

Mr. Clark. Is there not some way to swear them now?

Mr. WAKEMAN. You have got that authority now under section 16.

Mr. Clark. Authority to swear them? Mr. WAKEMAN. Yes; but it is not utilized.

Mr. Clark. Do you suppose that the Secretary of the Treasury knows that?

Mr. Wakeman. I think so.

The CHAIRMAN. Are there not blank oaths furnished with the papers?

Mr. Wakeman. That is a matter that comes under the collector.

The CHAIRMAN. I remember that in coming from abroad persons are asked to sign a paper, but I have no knowledge of anybody ever having been asked to swear to it.

Mr. Wakeman. As to their personal baggage?

The CHAIRMAN. Yes; I never saw any person administering an oath.

Mr. Wakeman. I have.

Mr. CLARK. It is like the law in Missouri requiring an oath as to taxes. Not one person out of 500 ever swear to it. Is there any way

by which examiners can pick out their own samples?

Mr. Wakeman. I do not think it is proper to swear them. The way that is done you go into a collector's office and submit your invoice on a whole lot of goods, and the entry clerk designates it as so many cases to go to the appraiser. The examiner has nothing to do with

Mr. Clark. In examination of tobacco an examiner will go with a crowbar and dig into the hogshead. He gets a sample from whatever part of the goods he pleases. Is there any way to fix it so that the custom-house officer can work on the same plan in examining importations?

Mr. Wakeman. You have reference to leaf tobacco?

Mr. Clark. I have reference to the examination of the tobacco in the hogshead.

Mr. Wakeman. You are speaking of smoking tobacco. They are imported in hands, and a certain portion of them are examined.

Mr. Clark. Why can not you do that with silk?

Mr. Wakeman. They could, but tobacco pays a high rate of duty. Mr. Clark. Is there any way that that can be applied to silks, for instance?

Mr. Wakeman. You are now applying that to the entire line of

importations.

Mr. CLARK. Certainly.

Mr. Wakeman. If you take the article of gloves, that pay a certain rate of duty. All gloves go to the appraiser. The appraiser examines them to see whether they have so many gloves, as to how many but tons and the length. There is no difficulty about that.

Mr. Clark. Suppose a man should attempt to load up with sheepskin gloves and should try to get them in as high-price gloves, have

you a right to interfere in that case?

Mr. WAKEMAN. The specific duty applies to gloves, and all gloves

go to the appraiser.

Mr. Clark. Then I have selected the wrong article for my illustration. Suppose you take something else. Take something where there are two qualities, like silk, on which there is a high and low

duty. Suppose a man loads up with a stock of half high grades and half low grades and represents the invoice as low grade. Suppose he takes in 100 cases, and instead of having the privilege of examining one-tenth, why not examine the whole lot? Mr. WAKEMAN. That could be done.

Mr. DALZELL. You have that privilege now.

Mr. WAKEMAN. If we could get them.

Mr. Dalzell. You can get them if you take it in time.
Mr. Wakeman. Yes; if you call for them immediately after they land, but that would cast a terrible reflection on the importer.

Mr. Dalzell. The question of his feelings comes in?

Mr. WAKEMAN. That always comes in. He would come in and say that the appraiser classes him as a thief, and he would threaten to see his Member of Congress.

Mr. Clark. The law provides that you shall examine a tenth.

Mr. Gaines. That might be petty larceny.

Mr. Grices. Is an importer not a thief if he is trying to swindle in

that manner?

Mr. WAKEMAN. I think the importer has just as much right to be treated courteously and fairly as anybody else. A majority of the importers are just as good as any business man we have in this country, but there are a few who bring discredit on the trade.

Mr. CLARK. I think so, too; but I want to ask you another question.

What was the date of your exposure of these silk frauds?

Mr. WAKEMAN. When I was called into the cases initially?

Mr. CLARK. Yes.

Mr. WAKEMAN. July 31, 1901.

Mr. Clark. When was this confabulation with the President?

Mr. Wakeman. The Treasury Department gave the silk people a clean bill of health December 5. They called for my resignation, and I gave 17 reasons why I would not resign. This was done December 20. I was promptly removed.

Mr. CLARK. Who was the Secretary of the Treasury at that time?

Mr. WAKEMAN. Lyman J. Gage.

Mr. Clark. He has retired and is now studying theosophy.

Mr. WAKEMAN. The President sent for me and I called at the White House January 7 or 8, when the prosecution was going on. Mr. Gage retired January 10.

Mr. Clark. How long was it after that until you were beheaded? Mr. WAKEMAN. A short time. I am obliged to the President for

his action.

Mr. Hill. I would like to ask one other question. I have read your paper and have noticed that you have been very critical of the German agreement. I agree with you, so far as undervaluations exist. Do you think that the increase of trade from Germany under the German agreement has been due to undervaluations?

Mr. WAKEMAN. The increase of importations?

Mr. HILL. Yes.

Mr. WAKEMAN. Yes, sir.

Mr. Hill. You think it has been largely due to that?

Mr. WAKEMAN. Yes, sir. Of course you do not get the quantities.

Mr. HILL. What is that?

Mr. WAKEMAN. The great difficulty is, as I mentioned in my statement, on ad valorem goods you do not get the quantities. On specific or pound duties they always give you the quantity.

Mr. Hill. But do you think the increase of trade since the German agreement went into effect has been largely due, not wholly of course,

but largely due to undervaluations of goods?

Mr. WAKEMAN. Let me give you a practical illustration of a large bill of high-class hosiery sold to Wilson & Bros., in Chicago. Prior to July 1, 1901, these goods laid down in Chicago and furnished to that house, one of the most reputable in the United States, were valued at between 3.01 and 3.10, I think. But recently—the order was placed three or four or five months ago—the figures were 1.83.

Mr. Hill. Since when?

Mr. Wakeman. Since the German agreement.

Mr. Hill. When did the German agreement go into effect?

Mr. WAKEMAN. July 1, 1907.

Mr. Hill. That was fourteen months ago?

Mr. WAKEMAN. Yes, sir.

Mr. Hill. Let me state this case: For eleven years, or ten years, under the Dingley law there have been very few importations of hats from England. Within the last twelve months there have been very large importations. The German agreement does not apply to that.

Mr. Wakeman. Yes, sir; it does. It went into effect in Great

Britain a year ago.

Mr. Hill. Has the policy of undervaluation in Great Britain been changed at all in any sense whatever by the German agreement?

Mr. WAKEMAN. That would be hard to say. As a rule, importations from Great Britain have been looked upon as the fairest of any nation in the world.

Mr. Hill. Can you tell the committee on what ground you can explain the great importation of hats in the last twelve months from Great Britain?

Mr. Wakeman. I have not looked into that. I will take it up and look into it, if you wish me to, and see if I can find out about it.

Mr. HILL. Do you not believe it is due to dull trade in Great Britain and the dumping process that is going on?

Mr. Wakeman. Undoubtedly that is part of the reason.

Mr. Hill. Do you not believe it is just as true as to Germany, where commercial conditions have been far worse for the last eighteen months, since that agreement went into effect?

Mr. Wakeman. But your law provides not for the export price,

but for the general wholesale prices.

Mr. Hill. Exactly. Now, let me put another case.

The CHAIRMAN. The export price, if it was a lower price—

Mr. Wakeman. Not according to your law, sir; that is contrary to your law.

Mr. Hill. If the goods were selling lower in Germany in the last eighteen months than prior to that, would not the lower price in the exportation be equally justified?

Mr. Wakeman. Yes, sir.

Mr. Hill. Is it not justifiable to make a lower price for export than for home consumption, and export accordingly?

Mr. WAKEMAN. If Congress so provides—

Mr. Hill. Is not the American practice strictly in accordance with the German practice in that respect? Are not our manufacturers doing the same thing?

Mr. Wakeman. To a certain extent, yes, and as provided for by the

sections giving rebates on all foreign materials.

Mr. Hill. Let us take something that is not foreign, that has nothing foreign in it. Let us take illuminating oil, for instance. Suppose you found on the sworn export statement-for all exports are sworn to in the United States custom-houses, are they not-suppose you found that illuminating oil month after month would be exported at a valuation of 4 cents a gallon-would you call that an undervaluation? Suppose it was going into Germany or France, where it is dutiable?

Mr. WAKEMAN. I would, if their law read the same as ours does. Mr. Hill. It is not the wholesale market price here, is it, or any-

where near it?

Mr. Wakeman. I am adjusting my recommendations purely to your law, Mr. Hill. Now, if you change the conditions-if the Con-

gress sees fit to change its laws—that is another proposition.

Mr. Hill. But our exporters, in supplying our goods, have to go to the customs-houses and swear to the value, and we have to obtain that value by consulting those records. If we go and find, as a matter of fact, that in various lines of export they are shipping goods out at much less valuation than they are selling them in the wholesale market at home, is that undervaluation?

Mr. Wakeman. That depends upon the laws of the country—

Mr. Hill. There is no law that governs it here, of course. Do you think the Germans would be justified in saying that we were undervaluing oil in exporting it into their protected market?

Mr. WAKEMAN. I had not thought of that question.

Mr. Hill. You have thought of the other side of it, and have been very severe in your paper. I read it.

Mr. Wakeman. Yes.

Mr. Hill. Although they are doing precisely the same thing we are

Mr. Wakeman. Not in connection with Standard Oil?

Mr. Hill. No; not in relation to oil, but in relation to other things. Mr. Wakeman. Ask me the question about any real competitive goods; don't take a matter that is controlled by the largest combination in the world.

Mr. Hill. They meet Russian competition in Germany, of course?

Mr. WAKEMAN. Yes.

Mr. Hill. The oil meets that competition. Take, for instance, steel rails. We have had testimony before this committee during the past week that in various years gone by steel rails have been exported at prices ranging from \$1 to \$3 or \$5, and I think the highest figure was \$9-

Mr. Dalzell. Six dollars, I think.

Mr. Hill. Six dollars—less than they were sold here. Do you think that is an undervaluation?

Mr. Wakeman. Not necessarily.

Mr. Hill. Then why is it, if the German does the same thing, it is an undervaluation?

Mr. Wakeman. That depends upon your law, purely.

Mr. Underwood. Our law says that we must take the foreign market, does it not? Our law does not say that we shall value them at what the goods are sold for, or what they are worth, but we must take the wholesale price of the goods in the different markets. Mr. WAKEMAN. Yes; the imported goods.

Mr. Hill. Now, then, as a matter of fact, is it not true that ever since this German agreement went into effect, so far as commercial conditions are concerned, Germany has been in a worse state than any other country in Europe and its factories have been more or less idle, and is it not equally fair to presume that they have been unloading their surplus product for their factories on us in the vain effort to find a market?

Mr. WAKEMAN. That is undoubtedly true, Mr. Hill, but that is not

market value according to the law.

Mr. Hill. Let me supplement that by another question. If that is true, as you admit, is it not equally fair to the German manufacturer to say that he has in all honesty reduced the price of his goods in order to find that market below the wholesale market price at home?

Mr. WAKEMAN. No; I don't think that naturally follows; I don't

think that follows.

Mr. Hill. I don't see, myself, how you can reach any other conclu-

sion in regard to it.

Mr. WAKEMAN. I will carry out your point. I will refer to the extreme case of hosiery and I will confirm a portion of your question. When the Germans knew that they were going to have this German agreement they loaded up with certain grades of machinery to make this with, what is commercially known as from 36 to 42 gauge, and they got too many of them, and they had too many of them, and I think they shipped those goods here at less than the cost of production. But that is not what your law says. Your law says it must be at the usual wholesale price, or at the cost of production, plus 8 and 50 per cent. That is what your law says. We all make mistakes—Mr. Hill. You recognize the propriety and reasonableness of a

manufacturer having two prices, one for home consumption and one

for foreign trade, do you not?

Mr. Wakeman. Well, that is a very large question, a very large question. For instance, take Manning, Maxwell & Moore. They have a foreign catalogue of about 5,000 articles, and every article is sold abroad alongside of New York, 5 per cent added on American

The amount of goods sold abroad at less than market price is comparatively small, but when people come here and say that goods are not sold lower in exceptional instances they are simply misrepresenting things to you. I remember a case of a large Pittsburg manufacturer who wanted to get some tubes into Buenos Aires, and I happened to be in his office when the subject came up. He had not put any of these goods into that country. He had New York on the phone. He said: "Take the order at any price; I want to get into that market." And he got into the market. Now, those instances occur very often, and when people say that export discounts do not occur they misrepresent things to you, Mr. Hill.

Mr. Hill. You have watched the thing pretty closely. Have you found similar undervaluations, under the like agreements, with the other countries, England and France? Have you found the same

things that exist with regard to Germany?

Mr. WAKEMAN. That is gradually growing.

Mr. HILL. What is that?

Mr. Wakeman. The German agreement went into effect, you know, six months before any other agreement.

Mr. Hill. But all of them since practically the recession of trade began in 1907—for it began before the financial panic began——

Mr. WAKEMAN. Well, I think the effect of these agreements prolonged the panic very greatly. I will illustrate that in one little thing that perhaps did not come before you that is felt in almost every community. Take artificial flowers. It is a little thing. A woman will get a nice pattern; some wholesale milliner will start and run it. She will have two or four or eight or sixteen girls. I have known of women in New York and Brooklyn perhaps working three houses with 150 girls in them. Germany does nearly all of that work very cheap, and the importations of artificial flowers during the panic year increased threefold, 300 per cent. They are dumping those goods in here in carloads. Artificial flowers are used for almost everything in a decorative way now, and our own people have been practically put out of the business.

Mr. Hill. You mean have been put out of business recently?

Mr. Wakeman. Within the last year.

Mr. Hill. Would not that be an industry that would be peculiarly susceptible to a depreciation in trade?

Mr. WAKEMAN. The importation of those goods jumped 300 per

cent, I think, the first month.

Mr. Hill. That would indicate something rather than undervaluation, would it not?

Mr. Wakeman. Not necessarily, because they were very prosperous

times up to October.

Mr. HILL. As a matter of revenue, to refer to hats again, the increase of hats in the last eight months has been very, very great, and not by undervaluation either. Now, one other question and I will be through.

Have you given any attention to the question of the fixing of that

valuation at wholesale market price in America?

Mr. WAKEMAN. Only as illustrated by my example here.

Mr. Hill. From your experience as an appraiser, do you think it would be possible that there should be a board or somebody who should be given authority to do that in New York City and the valuations thereby made uniform, by telegraph or otherwise, with every other custom-house in the United States, so that whenever importations were made, for instance, in New Orleans and in New York on the same day, they would both enter at the same value?

Mr. Wakeman. You are basing that on establishing an American

value?

Mr. Hill. Yes; instead of a foreign value.

Mr. WAKEMAN. That is a very hard thing to answer, whether you start out with the goods as sold by any house in America or whether you start out with the duty already added.

Mr. HILL. One advantage would be that every importer would come in on the same basis, pay the same amount of duty propor-

tionately.

Mr. Wakeman. That recommendation was made by Senator Hoar in 1893. He was very urgent upon that point. But as to the practicability of that question, I am at a little loss to know whether it would be practicable or not.

The CHAIRMAN. I understand that Colonel Tischner wrote an

article advocating that in 1892.

Mr. WAKEMAN. I don't know as to that. If he did, I would like to see it.

Mr. Hill. It would put all the importers on an even footing?

Mr. WAKEMAN. Yes; if we could put them all on one basis, that would be a grand thing to do.

Mr. Hill. You have not thought out the details of such a plan? Mr. Wakeman. No; I have not. I have been trying to adjust

things in accordance with the laws given us by Congress.

The CHAIRMAN. I would like to have you figure out on two or three leading articles, such as crockery, for instance, where there have been such gross undervaluations, whether it would be advisable to say that the market price abroad should not be less than the market price here, based on a percentage of that market price, say 60 per cent, or whether they could base it on such a percentage and be able to get a better enforcement of the law.

Mr. Wakeman. I will try and prepare something on that line, Mr.

Chairman

The Chairman. I am interested in seeing if anything can be made out of that suggestion.

Mr. Wakeman. There seems to be a germ of good thought in it.

The only trouble is to get a place to put your fulcrum.

The CHAIRMAN. I have no present opinion as to the advisability of

that; I am seeking all the light I can get on the subject.

Mr. Longworth. I would like to ask a question that is not brought out by your paper, but I think is somewhat pertinent in this connection, and that is in regard to the question of American citizens returning home from abroad. As I understand it now, they have to make a written declaration and the oath is abolished?

Mr. Wakeman. They can do either.

Mr. Longworth. They have to make a written declaration or a declaration under oath, and in addition they have their baggage examined?

Mr. Wakeman. Yes.

Mr. Longworth. Do you think it is fair that both of those restric-

tions should be placed upon them?

Mr. Wakeman. I think the traveler should be subject to the same conditions as the importer; I think he should be compelled to swear to what he has. Every importer or his agent has to swear to what he has, and I don't think the American traveler should be exempt from the same conditions that you apply to the merchant.

Mr. Longworth. Now, as to the question of the amount, which is now limited to \$100, would you favor the retention of that amount

or an increase?

Mr. Wakeman. I would favor its abolishment—that you should have no limit. I remember some years ago, when the law went into effect, there was some such provision as "such personal baggage as would be natural to the conditions of a man's life;" and then, I think, it was made \$500, and then it was made \$100. I watch this appraisement of baggage a great deal, and the present law is for the benefit of the honest man.

I will give you an illustration. There was a lady coming in with her three children. She had letters. She was of a prominent family. She arrived in New York, and I had information that she had a vast amount of piece goods—laces and everything of that kind. This lady

was very much put out at the examination she was subject to, and after the examination of her baggage we told her she would have to pay \$9,600 of duty, and she had the currency right in her clothes to

pay the duty.

One of the principal reasons for a limit in connection with the baggage business is on account of milliners coming in with goods. Millinery houses will send over six or eight people with no baggage, and they will come back with from six to eight or ten or even twenty trunks as personal baggage. I have partly broken up that system.

Then there is another class, a class of people who feel that they should not pay a duty. Take the case of Count ———, of New York, a very estimable gentleman. He did not believe that the Government had any right to collect the duty. He came back here with a vast quantity of material, Worth goods, Worth trunks, and I think that he finally paid the duties, amounting to \$12,000 or \$14,000; but he simply claimed the United States Government was a robber. But you take all those elements, and I can give you any number of illustrations. As I say, I favor the abolishment of this law, although we have made no recommendation on the subject, because we are sure Congress will do the right thing. It is simply for the protection of the honest merchant.

Mr. Longworth. You mean by abolishing it, to make no limit?

Mr. Wakeman. Yes, sir.
Mr. Needham. You mean he shall pay duty on everything that he brings over?

Mr. Wakeman. Everything that is not actually used by him. Mr. Longworth. What do you mean by not actually used?

Mr. Wakeman. Any wearing apparel that has not been used. We are very liberal. For instance, you might have a suit of clothes made for you. Now, what would be the value of that suit of clothes to anybody else? Probably not \$3 or \$4 or \$5, and yet you have paid \$40 or . \$50 on the other side. But all those goods that have been worn are free of duty. They are not dutiable even at this time. But whenever you bring in goods for the use of others, or piece goods, I feel that they should all be dutiable, just as the importer's goods are dutiable, just as the merchant's goods are dutiable.

Mr. Longworth. You make no distinction, then, between the American citizen who goes abroad for pleasure and instruction and

the one who goes abroad for business?

Mr. Wakeman. That brings in another provision of the law. There is a provision that where household goods are abroad one

Mr. Longworth. That is perfectly true, too. But I think on the first question I asked you, as to the declaration, sworn or written, and the subsequent examination-on that you make no difference between the man who has been traveling for his own pleasure or instruction and the importer?

Mr. WAKEMAN. I should treat them just the same as I would the

importer; yes.

Mr. Hill. But they do not do so now. A gentleman going abroad for three months and bringing home articles for his own use is called upon to pay-he has to furnish his bills, the prices he paid, does he not?

Mr. WAKEMAN. Not necessarily.

Mr. Hill. That is included in the declaration, is it not, the actual amount paid?

Mr. Wakeman. Yes.

Mr. Hill. The law provides that the bill shall govern.

Mr. WAKEMAN. No; the bills do not govern if the appraiser—
Mr. Hill. The law provides that the merchant's goods shall be assessed at the wholesale market price, whereas a private citizen pays

a duty on the retail price for the single article.

Mr. Wakeman. The law provides the wholesale price or whatever you paid for the article.

Mr. Hill. What you paid governs if it has not been in use?

Mr. Wakeman. Of course you know how that is obviated by the merchants on the other side. They will offer you a bill at one-half the price paid if you want it.

The CHAIRMAN. I remember one instance where the appraiser cut my estimate of value down 20 per cent; he thought I had been cheated

to the extent of 20 per cent and he cut it down.

Mr. Boutell. You described in general terms a method of estimating the wholesale price abroad of an imported article, and if I recollect, you said this system would give results of 1 per cent of the actual figures. Will you kindly give us a specific illustration, assuming such concrete terms and actual figures as you choose for purposes of the argument?

Mr. Wakeman. I do not know that it would be as close as that. I did that for estimating purposes, when I started in with this plan. Now, to get back to the illustration I used before, I had an invoice before me of goods to Marshall Field & Co., I think it was. Say this

invoice was 10,000 francs.

Mr. Boutell. Can you not call it dollars and cents?

Mr. Wakeman. Yes; we will say \$10,000. That is the price at which those goods are sold to Marshall Field & Co. Now, then, how do we get the cumulative unit of value? Start out with 100 as the unit of value. Then you have got to add 60, then 8 per cent, what we call the regular landing, and 5 per cent, c. i. f.—charges, insurance, and so forth—and then you have a cumulative unit of value which is absolutely fair to the importer. In fact, it is a little more than fair. It is 1.73. If Marshall Field & Co. paid \$10,000 for that invoice, you divide 1.73 and you pretty near get at the wholesale market value of the goods when they were shipped.

Mr. BOUTELL. Well, you have in addition to the \$10,000, at which figure they are sold to Marshall Field, you have another given figure, you have the figure at which they are valued abroad, the figure that

is in question.

Mr. WAKEMAN. My point is to obtain the market value abroad.

Mr. BOUTELL. Yes. Well, I say you have the market value abroad

given; that is, the suspected figure.

Mr. Wakeman. The goods were shipped directly to the large merchants, and then they would send them to themselves in New York, and I found that the invoices in New York were about one-half of what I found by this method of figuring, and I proceeded to substantiate, and I found it was very correct, very correct.

Mr. BOUTELL. Then the method of assessing the duties upon the wholesale price here could not be utilized in any peculiar shipments,

in anything which was not a staple, and which had a wholesale price here at home?

Mr. WAKEMAN. I have thought of this matter for months. It was presented to me months ago. Really I can not get at my basis of

value, Mr. Boutell. I can not get my basis.

Mr. HILL. What difference would it make whether you did or not, so long as it was uniform in all parts of the country and to all persons; it would simply be a question of a higher or lower duty, would it not? Suppose a board sat in New York every day and fixed every day the value of sugar.

Mr. WAKEMAN. Now you are getting off again. That is a specific

rate on the saccharine content.

Mr. Hill. I admit that, but it would put them all on an equal basis. It is like assessing the value of land in the town in which I The board of assessors fix the value of the various pieces of land. If they fix them on a relative basis of value, who is harmed whether that value is high or low, if we all pay our taxes on the same proportion?

Mr. WAKEMAN. I think if you could arrive at something like that

it would be wise and beneficial.

Mr. NEEDHAM. That would be hard to do at each port.

Mr. Hill. No; you could telegraph it to each port each day.

Mr. Underwood. I would like to ask whether this objection does not apply to that: Suppose a large importing house brings in a very large quantity of goods at American market rates, which are reasonably low. The temptation then is to put up the price of the market rate to make their competitors pay more when they bring in their goods, and if this board was not making an arbitrary rate, but merely figuring the market rate, would not they be continually faced with those conditions?

Mr. WAKEMAN. That temptation would undoubtedly exist.

Mr. Underwood. And might work injuriously in applying the law to the importations, might it not?

Mr. WAKEMAN. I should think so.

Mr. Chairman and gentlemen, I thank you very much for your attention.

STATEMENT OF JOHN M. PETERS, SECRETARY OF NATIONAL ASSOCIATION OF IMPORTERS, NEW YORK CITY, RELATIVE TO CUSTOMS ADMINISTRATIVE ACT.

Friday, December 4, 1908.

Mr. Peters. Mr. Chairman, I desire to call the attention of the committee briefly to one or two features of the customs administrative act, which we would like to see amended, and then I will go more specifically and at length into the matter, in a brief.

I must apologize for not having prepared myself in advance with a brief, but the time at my disposal has not permitted that.

The CHAIRMAN. You can file your brief, if you desire to do so,

after you have made your statement. Mr. Peters. I simply desire to practically enter an appearance in the present instance.

The first section which we desire to see amended is section 7 of the administrative act and that portion of it which applies to the penalties. The law now reads:

And if the appraised value of any article of imported merchandise, subject to an ad valorem duty, or to a duty based upon or regulated in any manner by the value thereof, shall exceed the value declared in the entry, there shall be levied, collected, and paid, in addition to the duties imposed by law on such merchandise, an additional duty of one per centum of the total appraised value thereof for each one per centum that such appraised value exceeds the value declared in the entry, etc.

The law of 1890, which was the original customs administrative act, I believe, allowed a difference between the invoiced value and the appraised value of 10 per cent. I noticed that Mr. Wakeman alluded to that feature of the law of 1894. But as a matter of fact it was a part of the law of 1890, and was not amended or changed until the present act was passed in 1897. It was then reduced to 1 per cent.

Now, as a matter of fact, and a matter of common experience in business, it will be clear to most of you gentlemen, I think, that an agreement within 1 per cent between actual values and market values—what may be declared as market values—upon any day upon almost any article of merchandise—unless it be an article which has a fixed price, like a proprietary article—is an absolute commercial

impossibility and almost a physical impossibility.

On the articles of merchandise with which I am familiar, I am sure no two men would agree within 1 or possibly within 2½ per cent as to their market value on any given date or at any given time.

The CHAIRMAN. I think this committee has reported the bill mak-

ing that 5 per cent instead of 1 per cent.

Mr. Peters. It has been reported?

The CHAIRMAN. I think so.

Mr. Peters. Well, then, I congratulate the committee as well as the importers.

Mr. Hill. I think that is correct.

The Chairman. I know I was reluctant to grant that, but I finally consented to it.

Mr. Hill. I am quite positive about it.

The Charman. I regard it as too great a temptation to the honest importer to make that leeway less, and I have been told if it was 10 per cent it was wonderful how near they would come to 10 per cent in the undervaluation; they would make an undervaluation of 9 per cent, 9½ per cent, and that sort of thing. Of course I am not attributing any dishonesty to them, but they were a little careless when there was no penalty for undervaluation to the extent of 10 per cent, and so we made it 1 per cent, with a certain penalty up to 10 per cent, and then a greater penalty. I have been told by administrative officers that that worked very well, and that the importers have been able to guess nearer to the actual value of their goods than they were when there was 10 per cent leeway allowed.

Mr. Peters. Well, I will tell you, Mr. Chairman, without desiring to apologize for any dishonest importer, I think you will find that those discrepancies to which Mr. Wakeman alluded this morning, of 9\(^3\) per cent, and so on, are very often the result of the appraiser's desire to shield an importer whom he believes is perfectly honest—

The CHAIRMAN. It may likely be that there is a temptation to the

appraiser too; I am not sure about it.

Mr. Peters. I do not think there is any temptation about it; I think that in most of those cases the appraisers find the declared value is honestly stated, and if there is a difference of opinion between him and the importer he hesitates to make an advance which will penalize the importer, because he realizes the fact that the importer is not at all dishonest.

If you gentlemen have had any commercial experience in that line, you know how absolutely impossible it is to get within a small percentage of an agreement on prices on almost any article, and for that reason I feel that the Government is not being wronged any by allowing 5 per cent, nor is the margin such as to tempt the cupidity of an

importer.

You will notice the cases Mr. Wakeman cited this morning of flagrant attempts to avoid payment of duties were on a scale that entirely eliminated any question of penalty; they were simply a question of fraud pure and simple; they were questions of absolute evasion. However, if that has all been acted upon by the committee, it is not necessary to go into it any further.

The CHAIRMAN. We will look into that carefully. I think we

passed a bill through the House making it 5 per cent.

Mr. Peters. The next clause to which I would like to call the attention of the committee is section 19. That is, whenever merchandise is subject to an ad valorem rate of duty the duty shall be assessed upon the actual market valuation or wholesale price of such merchandise,

That was pretty well thrashed out this morning by Mr. Wakeman, but unfortunately he and I do not entertain the same views on the

The Government makes a practice of assessing duty upon the invoice value when the invoiced value is higher than what it determines to be the market value. When the market value is the higher of the

two, then the duty is assessed upon the market value.

A very large amount of imported merchandise, as well as domestic merchandise, is sold before it is produced. This is true of all the markets of the world, but it is conspicuously true of the markets of the Far East, where their produce is contracted for and has of necessity to be contracted for by the importer in America or in any other consuming country long in advance of its production.

It is then sold by him in advance of its production or at least in

advance of its shipment to this country.

Many of those materials are the crude materials of a domestic manufacturer. The domestic manufacturer must supply himself, or must be assured of his supply of those materials, before he can begin his work; and the importer, on the other hand, must be assured of his supply before he can begin to make sales here.

Now, those purchases are absolute and bona fide purchases. The sales here, which, as I say, are made in advance of the importation of goods, are bona fide sales, and the importer who sells those goods has no redress as against his customer in the event of any change in price, but yet he never knows what his goods are going to cost him until

the goods have been imported into this country and the appraisers

have passed upon the valuation and assessed duty thereon.

That works a hardship, and while the elimination of that hardship by any process I can foresee might possibly open the door to some fraud, still the business is of a character that justifies the Government, it seems to me, in taking some chance upon the honesty of the importer—especially as the Government has constantly hedged itself in by its appraisers and other methods to prevent undervaluations and fraudulent statements—to relieve the importer of this unnecessary hardship.

The CHAIRMAN. I can see where the hardship comes in that you speak about and the uncertainty that comes in about the price, and if you will point out to me any way in which the Government can afford an honest valuation of goods, so that the duties can be collected alike on all, I will favor the amendment you suggest in regard to this.

Mr. Hill. Would a fixing of the wholesale value here be of any greater hardship than that which you have just spoken of if under that wholesale value so fixed here all importers paid from day to day

a uniform duty on a uniform valuation?

Mr. Peters. Well, the difference between a wholesale value here and the actual value of the article in the market in which it is sold is so great in many instances that it does not seem to me that the sug-

gestion you make is a practical one.

Mr. Hill. One moment. The genius who buys much below the market in Europe and imports his goods on the basis of the prices he paid gets the better of the other man all the way through, does he not?

Mr. Peters. That is true, sir.

Mr. Hill. But if it was a uniform value here he would get just what he was honestly entitled to, the benefit of his skill; but when he

came to pay his duties they would pay on the same basis.

Mr. Peters. That would at least give us the benefit of uniformity; but unfortunately there are many of these crude materials imported which practically have no value here. Of course they have some value——

Mr. Hill. What difference does it make, so long as it is uniform to everybody, whether it is an actual value or an arbitrary value?

Mr. Peters. Well, if you can eliminate the uncertainty so an importer could say, having bought these goods at 5 cents a pound, I know that when they get to the United States any time during the year 1909 the price will be 7 cents, I will govern myself accordingly.

Mr. Hill. You have the uncertainty now, have you not?

Mr. Peters. You have the same uncertainty——Mr. Hill. You have the certainty in the other case.

Mr. Peters. I do not think you can have it by that process.

The CHAIRMAN. The other uncertainty troubles me more. If you will eliminate that uncertainty I will try to help you eliminate yours.

Mr. Peters. Mr. Chairman, this is what we suggest by way of an amendment, and it seems to us—we certainly will bow to you gentlemen, who have had more experience in the forming of laws and watching their administration, but it certainly seems that this ought to be an improvement. This is what we suggest:

Sec. 19. That whenever imported merchandise is subject to an ad valorem rate of duty, or to a duty based upon or regulated in any manner by the value

thereof, the duty shall be assessed upon the actual price paid for such merchandise; such price to include the value of all cartons, cases, crates, boxes, sacks, and coverings of any kind, and all other costs, charges, and expenses incident to placing the merchandise in a condition packed ready for shipment to the United States: Provided, That the price paid shall be the actual market value or wholesale price for such merchandise as bought and sold in the usual wholesale quantities at the time of purchase in the principal markets of the country from whence imported, and in the condition in which such merchandise is there bought and sold for exportation to the United States, or consigned to the United States for sale, including the value of all crates, cartons, cases, boxes, sacks, and coverings of any kind, and all other costs, charges, and expenses incident to placing the merchandise in a condition packed ready for shipment to the United States. If there be used for covering or holding imported merchandise, whether dutiable or free, any unusual article or form, designated for use otherwise than in the bona fide transportation of such merchandise to the United States, additional duty shall be levied and collected upon such material or article at the rate to which the same would be subject if separately imported: Provided further, That the word "value" or "actual market value" whenever used in this act, or in any law relating to the appraisement of imported merchandise shall be construed to mean the actual market value or wholesale price as defined in this section.

That is what we propose. At the present time you levy duty upon the wholesale price in the market of exportation on the day of exportation. Is it not just as easy to put it upon the price in the wholesale market on the day of purchase? Is it not just as easy for an importer who makes a contract in China, if you please, in June of this year, to file that contract? And I should assume that that would be a necessary provision of the law, that when that contract was made it would be filed just as clearance papers are filed at the time of exportation; that it should be filed with the consul, if you please, and also at the custom-houses here, and that the fairness of those prices on the day on which the contract was made should be determined by the appraiser as the basis of valuation.

Is not that as easy as six or eight months hence to determine the

market value on the day of sailing?

The CHAIRMAN. Suppose the price goes down largely before it is withdrawn for consumption, would you make him pay duty on

the high price?

Mr. Peters. You pay duty on the actual cost, which is what you ought to do now. Now, if the market goes down, you pay the duty on the invoiced price. A man invoices his goods now presumably at the contract price, except that as a matter of security he has got to advance it to the market price if the market price is higher. But if the market price is lower he does not get the benefit of it.

Mr. Underwood. You think there is more uniformity between the invoiced price and the market price if fixed on the day of purchase

instead of the day of shipment?

Mr. Peters. At that time; yes, sir.

Mr. UNDERWOOD. That seems to be logical.

Mr. CALDERHEAD. In other words, why should the Government be

a party to a speculation?

Mr. Peters. The Government is not a party to a speculation, as I see it. But I assume that it was the intention of the aboriginal who devised a protective tariff to collect a duty upon the actual value of the goods. The question is what the actual value of the goods is. It seems to me that the price that a man actually pays, honestly pays, I mean—I am not defending any fraudulent form of contract—and at which anyone else can go into the market and buy an equal

quantity of goods, assuming, of course, that he is an equally good buyer, is the fair market value. It is very unfair—this is getting beyond what this committee wants, I know, but as an abstract principle it is very unfair to make the purchases of the poorest buyer the standard market value for an article.

The CHAIRMAN. Can you give an actual case of a hardship of that

kind?

Mr. Peters. Not that I could cite personally to your committee.

am familiar in a general way with a great many cases.

The CHAIRMAN. What was the difference in dollars and cents in those cases you do know of, if any?

Mr. Peters. I could not tell you any.

The CHAIRMAN. I am trying to find out how much the complaint

amounted to in dollars and cents.

Mr. Peters. That I could not tell you. I would be very glad indeed to look up specific instances and furnish them to you, but in my own personal experience it has not happened, because I have not been engaged in that particular line of importations, but I simply

know of it in a general way.

Now, it seems to us that if some such form could be adopted it would not make the work of the Government any more difficult; it would be as easy for the appraiser to determine the market value on the day of purchase as on the day of exportation, and it is an absolute necessity that a man should buy these goods months, even, before they are produced, and it would give a man some assurance as to what his goods were going to cost him when they come here. Now, if the Government would not be hurt in any way, that is some-

thing we would be glad to recommend.

There is a further clause, section 23, in relation to damage. No damage allowance is now made, and it seems to us that there should be. I am not prepared at the present time to make any specific recommendation as to what the minimum rate of damage should be, but we will assume that it might be 5 per cent. That would be fair. That is done, I know, in the Canadian tariff, although just what their basis is I don't know. Where goods are damaged, we will say, to the extent of 5 per cent or more, when an ad valorem duty is collected an allowance compensating for that damage should be made in the valuation of the goods, but I have no specific recommendation to make as to how that should be provided for in the act.

The Chairman. The same subject was presented before.

Mr. Peters. Yes. sir.

The CHAIRMAN. In a somewhat different case.

Mr. Peters. There are many cases, of course, where the matter is a very serious one to the importers.

The CHAIRMAN. I think the crockery importers raised that ques-

tion.

Mr. Peters. Yes. They have absolute breakage, which is complete damage. Many other goods get slight damage, as compared with it.

The CHAIRMAN. I am afraid they are not as much embarrassed in that way as the Government is in trying to get at a fair valuation

Mr. Peters. I do not believe the crockery men have much on the Government. I think the Government has about as much as it ought to have out of crockery. I do not know very much about the crockery

business, except that I have met and talked with a good many of those people. I think a good many of these cases of alleged undervaluation on the part of the importers are actually cases of overvaluation on the part of the Government. I do not believe that the average importer is as bad as he is painted.

Mr. Clark. Mr. Witness, I would like to remark, as I have a good deal to say about importers myself, that nobody believes the majority

of importers are dishonest.

Mr. Peters. That is right, I think.

Mr. Clark. But what we are trying to do is to get a whack at these fellows that swindle the Government on these invoices.

The CHAIRMAN. Every honest importer should be with us, and I do

not doubt that they are.

Mr. Peters. They are; yes, sir.

The CHAIRMAN. I remember that Marshall Field came here years ago and complained that he could not import kid gloves; and that he could buy them cheaper in America. Of course, he did not come in person, but his manager came. He said they could buy cheaper in America, duty paid, than they could buy in large quantities in France and import them and pay the duty. If that is so, there is undervaluation for somebody.

Mr. Peters. It struck me this morning that in the cases cited by Mr. Wakeman every one of those instances involved collusion with

the officer of the Government.

The Chairman. I do not know. It is pretty difficult for an officer of the Government to find out what the price is in Europe on many of these goods. Importers of crockery and china came in the other day and claimed they could not be proven here, to establish a wholesale market value in this country of crockery—that the goods varied so that it was impossible to establish a market value here. And when you take it abroad, where you can not swear a witness, where you can not have him confronted by the examiner, and all that sort of thing, the difficulties are multiplied. If that is so, it is not necessary to imagine any connivance by the appraiser. It is all in the hands of the men who are paying the duties, or largely so.

Mr. Peters. In these cases that he cited, clearly there was con-

nivance there.

Mr. CLARK. There is no question on earth about that examiner being in with them.

The CHAIRMAN. No; not in that case.

Mr. Clark. If the plan suggested by Mr. Chairman Payne of getting a valuation on the imports after they get over here should be adopted, then it would make the prosecution of the swindlers so much easier than it is now that there is no comparison between the two cases. In that instance the witnesses would be American witnesses, where you could serve them with a subpœna and make them come into court and tell the truth, or make them come into court, at any rate.

Mr. Peters. I do not quite understand that suggestion of yours, but is it that the price on the imported goods in the American market shall be the basis of valuation, and not the general market price?

The CHAIRMAN. The wholesale price.

Mr. Peters. I think there is a provision in the British tariff, or some tariff, that if the assessed valuation on an imported article is

unsatisfactory to the importer he shall signify his willingness to sell his goods at the price at which he enters them, or something of that sort. Is there not such a law?

The CHAIRMAN. I did not hear you.

Mr. Clark. I do not know. He said that he thought there was a provision in the British laws to the effect that if there is any dispute as to the valuation that the importer should be required to sell his goods at the price the invoice showed, plus a profit, I guess.

The CHAIRMAN. There may be, but we can not put that into our

law.

Mr. Clark. No; but if your idea could be embodied into law, and if it were possible to execute the law after it was embodied in it, I would be cheerfully in favor of it, and think it the best thing the committee had done for a long time.

The CHAIRMAN. I am trying to determine in my own mind whether

it is practical.

Mr. Peters.<sup>a</sup> One thing that I have not yet suggested is that the witness who has the facts in his possession is across the sea, and that process will not bring him into court.

The CHAIRMAN. We can not compel him to take oath over there; and if he does it is ultra vires. He can not be punished under the

foreign law. If we got him here we could punish him.

Mr. Peters. This suggestion of the chairman's is so new that I do

not think it has ever been considered by the importers.

The CHAIRMAN. Yes; I was informed by a letter, last night, that Colonel Tichenor, whom you no doubt know—one of the general appraisers and perhaps one of the greatest experts we have ever had in this country on tariff matters—wrote an article upon the subject in 1883 (and I am hunting for the article now and hope to get it), in which he advocated that idea; and the Assistant Secretary, Mr. Reynolds, has advocated it. It is not entirely new, although it has been brought forward more prominently in the last six months. Several people claim to be the author of it, but I do not. It was suggested to me by somebody else, but I have been trying ever since I heard of it to see if we could not work something out of it. I have got what information I could on the subject from any men who favored it, and I have tried to find out what objections there were to it. I asked the importers of crockery the other day, and they did not seem to think it would do at all. I suggested that if it was done on crockery, instead of the 60 per cent ad valorem we could reduce the duty to 35 per cent ad valorem in this country; and they shook their heads. I do not know why.

Mr. Hill. Is it not entirely possible that to-morrow in the port of New York sugar will be landed by different parties of uniform

quality and yet at differing valuations under our present law?

Mr. Peters. Unquestionably.

Mr. Hill. Some system would certainly be an improvement by which they all sailed into the port of New York to-morrow and for the twenty-four hours of to-morrow paid a uniform duty. I mean equal as between each other, regardless of what they paid for it a year ago, or whether they bought it on the market to-morrow.

<sup>&</sup>lt;sup>a</sup> Mr. Peters in his corrected statement credits the following remark to a member of the committee.

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Mr. Peters. Does not a specific duty accomplish that?

Mr. CALDERHEAD. In other words, would it not be better to have an

international trust on price?

Mr. HILL. Yes; I did not think about the specific duty. I simply cited that as an illustration, supposing that it was an ad valorem duty.

The CHAIRMAN. As it was under the Wilson bill?

Mr. Hill. Yes. Is it not more difficult to fix a valuation for all the men who import to-morrow, as the appraisers have to do, than it is to fix it for one of them and then fix another for another importer, and another for another, based on some transaction that occurred a year ago by which the goods were bought under a special contract? That value has to be fixed, does it not, to-morrow, on that importation being made?

Mr. Peters. I am not prepared to say how far your suggestion would affect the interests of the importers, because I do not know what relation the duty bears to the cost price of many articles of

merchandise.

Mr. Hill. Is it not true, within your knowledge also, that this state of affairs exists? That on the same day one valuation will be made in Boston, another in New York, another in Philadelphia, another in New Orleans, and another in each port, on the same quality of goods coming in on the same day?

Mr. Peters. I believe, from all I know on the subject, that that

Mr. Hill. Would it not be an improvement if some central body could fix that valuation for all those ports, for that particular day?

Mr. Peters. That is a most unfortunate feature in the administration of our customs laws to-day -the irregularities in administration at the different ports. There is no doubt about that. All appraisers do not agree, and there is no question but that goods get through at certain ports where more or less favoritism is shown that would not get through at other ports where there is a strictly impartial administration.

Mr. Hill. And, of course, that gives an advantage?

Mr. Peters. Undoubtedly. There is no doubt about that.

Mr. Hill. And an unfair advantage?

Mr. Peters. Yes, sir.

Mr. CALDERHEAD. What effect would that have on the right of free contract? One buyer has a right to buy at the best price he can make,

and another at the best price he can make.

Mr. Peters. It would not affect it any more than it is affected now: So far as the price paid by the buyer is concerned, the Government ignores that, as I stated before, unless it is higher than the Government thinks the market value is. Then the Government takes the difference. It is a case of "heads I win and tails you lose" every time. It would make no difference, so far as I can see, on that point.

Mr. Underwood. Is not this where the difficulty of this proposition would come in? If you are importing laces, say, and you make a contract to sell those laces in this country at a certain price, you would know about what the duty is going to be fixed at when you buy those laces abroad, and would know whether you can fill your contract without a loss, even if it is to be fixed at the date of shipment; but if the valuation of your goods is to be fixed after they land in this country, an American valuation of which you know nothing, you have to have a very broad margin of profit in order to insure against an absolute loss, have you not?

Mr. Peters. Unless your experience had shown what that variation

would be, so that you could calculate on it.

Mr. Underwood. That comes down to the proposition, then, that if your competitor in business has imported a lot of lace goods into this country, and has got it in on a reasonably low valuation, and he knows you have a shipment coming, it is to his interest to put up the American market and ruin you?

Mr. Peters. That is a sure thing.

Mr. Underwood. And would not that make those difficulties almost impossible to handle?

Mr. Peters. I should think there is no question about that.

Mr. Underwood. Every commodity that is sold has a basis of sale. It is either sold by the yard or by the ton or by weight, and if the committee went into it far enough is it not practical to put almost everything on the basis of a specific duty instead of an ad valorem

duty?

Mr. Peters. A specific duty is unquestionably the fairest and most economical and the easiest to collect. The only objection to a specific duty is that unless it is changed more frequently than our tariff changes have occurred in the past, with perhaps one or two exceptions, what is a fair ad valorem rate on a specific basis to-day may be a very unfair one to-morrow by reason of fluctuations in prices. But if you had a tariff commission, for instance—and I am not arguing for a tariff commission now, heaven knows—

Mr. Underwood. Suppose it were suggested that this committee

Mr. Underwood. And considered bills, instead of considering them every ten years?

Mr. Peters. If you did that, it would seem to me to be an ideal

tariff arrangement.

Mr. Gaines. But with a specific duty, would not we be constantly criticised on the ground that the rate of taxation was greater on the cheaper articles that the poorer people use than on the more expensive ones?

Mr. Peters. You would not have a uniform specific duty, I take it, of course. You would have a specific duty arranged for one article—it might be 1 cent a pound on one thing and 10 cents a pound

on another.

Mr. Underwood. You would have a specific duty arranged for each article, of course.

Mr. Gaines. A specific duty for every yard of every kind of cotton

cloth, for instance?

Mr. Peters. Yes. You have it to a large extent now. It would be, perhaps, a little more complicated in the first instance. I do not say that it would be very much more, but possibly a little more complicated. It is furnishing a specific rate, with ad valorem reference to the actual value. That is, if it is your principle——

Mr. Bonynge. You would have a tariff bill as large as an una-

bridged dictionary.

Mr. Peters. I do not think it would be very difficult. So far as any criticism would be concerned, if you gentlemen are criticised any more than you are now, I am sorry for you.

more than you are now, I am sorry for you.

Mr. Gaines. My point is this: I do not so much object to the criticism as I want to avoid any just ground for criticism. We

expect to be criticised.

Mr. Peters. From my conversation with the importers generally, and with merchants generally, whether importers or manufacturers, I believe the popular sentiment is in favor of a specific rate of duty. I believe everybody recognizes it as the simplest, and so far as I can see it utterly eliminates chances for fraud, except as Mr. Wakeman stated, where weights and measures are concerned.

Mr. Bonynge. Would there not still be opportunities for wide differences as to the classification of an article, and as to whether it

came within one class or another, respecting the rate?

Mr. Peters. I presume there would be some of those difficulties; yes, sir. I guess it is utterly impossible to get up a tariff and make it so specifically clear that you will not have differences. You have

to have appraisers.

There is just one point outside of the recommendations that I have made that I would like to allude to that was brought up by Mr. Lovering in his advocacy of a change in the drawback clause. I had the honor of appearing before this committee some years ago when Mr. Lovering's bill was under consideration and have some familiarity with the subject. I refer to that question of 1 per cent. If you gentlemen recall the fact you do not charge the foreign merchant or the importer who enters his goods in bond and then reexports them from bond any 1 per cent for doing that business, and you have been to just the same expense, or practically to the same bookkeeping expense and all the other expenses, in caring for his merchandise and accounting for it that you have in the case of a man who withdraws his goods from consumption, pays a duty, and then reexports them; so that if 1 per cent or 2 per cent or any other charge is fair as against the domestic manufacturer who has availed himself of the drawback clause, it is equally fair against the merchant who simply utilizes the bonded warehouses. And while I admit that there is some expense involved, the fact that it has been waived in the case of the bonded warehouses would seem to me to be a fair precedent for waiving it in the case of the domestic manufacturer.

The Chairman. I want you to consider this question, if you will, and furnish the committee with such observations as may occur to you in a brief to be filed with it; Whether we shall not incorporate in the law that "the value at which the duty shall be paid on such merchandise—that is, imported merchandise—shall not be less than the wholesale price." I am quoting now the end of section 11, so that you need not write it out. "Shall not be less than the wholesale price at which such or similar merchandise is sold or offered for sale in the United States, due allowance being made for estimated duties thereon, the cost of transportation, insurance, and other necessary expenses from the place of shipment to the United States, and a reasonable commission, if any, to be paid, not exceeding 6 per cent." If we put that in the law, and say that the value should not be any less than the value determined in such manner, by the wholesale

price in the United States, would that work injustice to any person except a dishonest importer, and would it not go a long way in curing this evil?

Mr. Hill. I believe it would.

Mr. Peters. It would seem to me, offhand, Mr. Chairman, that there is not very much allowance made there for profit. You have simply covered transportation expenses, insurance, and allowed 6 per cent commission.

Mr. Hill. What difference does it make, if it is all alike to every-

body, whether it makes any allowance for profit?

Mr. Peters. I do not know that it makes any difference, but I am

not quick enough a thinker to answer that right off.

The CHAIRMAN. The question of the profit is the evil of the whole thing. When you get the valuation down, the profit is big, and when the valuation is raised it is not so large.

Mr. Peters. You would expect a man to get over 6 per cent.

The CHAIRMAN. It makes it uniform in that respect.

Mr. Peters. I do not know how it would work out. I am not prepared to answer that, because I can not think fast enough. I would want to figure it out.

The CHAIRMAN. I should not wonder if something could be figured

out in that way.

Mr. Peters. I will take great pleasure in working it out if I can. I

appreciate your courtesy, and thank you for it.

The CHAIRMAN. I want to find out what objections there are to it. That is the reason I asked you about it. We welcome any suggestions on the subject; but I want to know the objections to it.

Mr. Peters. All right. I will look for objections.

THE NATIONAL ASSOCIATION OF IMPORTERS, NEW YORK CITY, FILES SUPPLEMENTAL BRIEF RELATIVE TO CUSTOMS ADMINISTRATIVE FEATURES.

NEW YORK, December 14, 1908.

COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

Gentlemen: Referring to the oral suggestions I made on behalf of the National Association of Importers at the hearing held by your committee on Friday, December 4, 1908, as to the amendment of certain sections of the act of June 10, 1890, entitled "An act to simplify the laws in relation to the collection of the revenues," I beg to submit the following more explicit recommendations, together with the reasons therefor, and the statements of facts in support thereof asked for by your committee, in so far as I have been able to obtain the same in the time at my disposal, to wit:

Sec. 7. Penalties for undervaluation.—The provisions of the present

law are as follows:

\* \* \* and if the appraised value of any article of imported merchandise subject to an ad valorem duty or to a duty based upon or regulated in any manner by the value thereof shall exceed the value declared in the entry, there shall be levied, collected, and paid, in addition to the duties imposed by law on such merchandise, an additional duty of one per centum of the total appraised value thereof for each one per centum that such appraised value exceeds the value declared in the entry, but the

additional duties shall only apply to the particular article or articles in each invoice that are so undervalued, and shall be limited to fifty per centum of the appraised value of such article or articles.

H. R. 16069, introduced by Mr. Payne February 3, 1908, and which is now in your committee, amends this section in many particulars, the most important of which are the provisions that no penalties shall be imposed unless the appraised value exceeds the entered value by more than 5 per cent, and that which permits the Secretary of the Treasury to remit the additional duties whenever "he shall be satisfied that the undervaluation was not fraudulent or was due to trade conditions or to manifest clerical error." This bill also provides that there shall be no forfeiture of merchandise unless the appraised value exceeds the entered value by more than 100 per cent. Importers can not fail to recognize the liberality of the provisions of this bill, and their entire fairness, but inasmuch as they will undoubtedly be opposed by the representatives of those who favor penalizing the business of the importer by every form of regulation that may operate to his cost and annoyance, we believe that a simpler amendment to section 7 might accomplish the relief of which the importer stands in most urgent need, and we therefore suggest the following amendatory addition to that portion of the section which we have quoted:

Provided, however, That in cases where it shall be made clear to the Board of General Appraisers, and they shall so certify to the collector, that the difference in value is due to legitimate trade conditions, such additional duty shall not be imposed except upon valuations exceeding by more than five per centum the value declared in the entry. Such additional duties shall not be construed to be penal, and may be remitted by the Secretary of the Treasury whenever he shall be satisfied that the undervaluation was not fraudulent, or was due to trade conditions or to a manifest clerical error, and whenever penalties have been imposed upon merchandise the same shall not be refunded in case of exportation, etc.

This provision applies only to cases where the valuations representing actual cost are advanced not more than 5 per cent, and where the good faith of the importer in his declaration of values is shown to the satisfaction of the Board of General Appraisers. A difference of 2½ to 5 per cent, representing actual differences in discounts under varying conditions of the market, or due to a difference in the volume of purchases, or in the terms of settlement, or to other legitimate reasons, is frequently found in a comparison of invoices for identical goods, bought in the same market by competing buyers. In a large share of such cases the exceptional character of such discounts is unknown to the importer, and his entry is made in the strictest of good faith and in ignorance of the fact that there is any ground for charging undervaluation. But be this as it may, if the appraiser believes the discount to be exceptional, and advances values accordingly, and the Board of General Appraisers sustains the advance, but is satisfied that the original valuation was the real cost and represented no intentional undervaluation, there should be no penalty, so long, at least, as the advance does not exceed 5 per cent, because it is everywhere admitted that a difference of as much as 5 per cent may easily exist in the most expert valuation of almost all classes of merchandise. So long as the Government loses nothing in duties by recognizing the impossibility of exactitude in this feature of commercial transactions it can well afford to waive penalties where their enforcement inflicts unfair punishment upon the importer.

Sec. 11. Determination of dutiable values.—The concluding paragraph of this section is as follows:

It shall be lawful for appraising officers, in determining the dutiable value of merchanduse, to take into consideration the wholesale price at which such or similar merchandise is sold or offered for sale in the United States, due allowance being made for advanced duties thereon, the cost of transportation, insurance, and other necessary expenses from the place of shipment to the United States, and a reasonable commission, if any has been paid, not exceeding six per centum.

The suggestion of your chairman that this method of determining values might be adopted as the basis of all valuations for dutiable purposes possesses features of novelty which, no less than the source from which it emanates, entitle it to the same careful consideration of all importers that it doubtless will receive at the hands of your committee, as a possible means of simplifying the collection of duties. An analysis of the suggestion with reference to its practical application, however, does not make it clear to us that it would

accomplish the purposes it is designed to accomplish.

The reasons for this conclusion are that the estimation of values upon which duties may properly be levied, under what we assume to be the purpose of tariff laws, must be made before the influences affecting values have so far multiplied in each case as to add varying items of cost or profit which can not easily be separated from those that are uniformly borne by the merchandise under appraisement. Involved in these items are differences in the cost of transportation to different ports of entry, and conditions of competition which differ in different markets and correspondingly affect prices. These influences operate to produce such a lack of uniformity in prices on so many classes of merchandise as to complicate the work of the appraiser to a much greater extent than is the case where the basis of valuation is the market value near the seat of production. It is true that differences of cost exist on the same class of merchandise in the foreign markets, especially when they are produced in different countries, but the conditions are more nearly equalized by the competition for export trade when the same buyers have access to all markets than they are by the competition at the ports of entry in the importing countries, where the importers in many instances act as distributers to buyers who are dependent upon local markets as their source of supply. Take, for example, such widely separated ports as Boston, New Orleans, and San Francisco. All of these ports receive direct importations of the same merchandise from the same ports of exportation, and in many cases from the same shipper. Up to the time of exportation there has no factor entered into the value of the merchandise which should cause any difference in the invoice price, excepting such as might be represented in the discounts varying with the quantities purchased or with the terms of payment. But by the time the goods reach their port of entry there have been different expenses incurred on each shipment, which would affect the cost to the importer, and as different conditions of competition are met at each port it is fair to assume that in a large proportion of cases the selling prices would vary materially, or at least much more widely than the wholesale prices in the markets of the country from which the goods were imported. It frequently happens that through loss of vessels, or some one of the unexpected happenings incident to trade, a shortage occurs in the market, causing a sharp advance in

price on such merchandise as is avaliable until further supplies can be received from the sources of production. It would not be fair to take such a temporary condition as the basis of dutiable valuation for goods the very importation of which might tend to relieve the situation and depress prices, nor would it be wise to leave to the judgment of any appraising officers the question of how to deal with such a situation. Moreover, there are many classes of goods imported into this country for which there is no "wholesale price" that could be used as a basis of duties except the invoice price, plus duties and such charges as are not covered in the invoice. In such cases there would be no way of determining these prices except by the foreign cost.

We believe, therefore, that the continued employment of foreign cost as the basis of valuation for customs purposes will afford equal protection to the Government with fewer complications of the work of the appraisers, as well as an imposition of duties more equitable to the importer than would be afforded by the substitution of values in the markets of the United States. At the same time we beg to submit the following changes in the method of assessing duties, as pro-

vided for in section 19.

Sec. 19. Assessment of duties.—We recommend that this section be amended as follows:

SEC. 19. That whenever imported merchandise is subject to an ad valorem rate of duty, or to a duty based upon or regulated in any manner by the value thereof, the duty shall be assessed upon the actual price paid for such merchandise; such price to include the value of all cartons, cases, crates, boxes, sacks, and coverings of any kind, and all other costs, charges, and expenses incident to placing the merchandise in a condition packed ready for shipment to the United States: *Provided*, That the price paid shall be the actual wholesale market value for such merchandise, as bought and sold in the usual wholesale quantities at the time of purchase in the principal markets of the country from whence imported and in the condition in which such merchandise is there bought and sold for exportation to the United States, or consigned to the United States for sale, including the value of all cartons, cases, crates, boxes, sacks, and coverings of any kind, and all other costs, charges, and expenses incident to placing the merchandise in a condition packed ready for shipment to the United States: Provided further, That the word "value" or "actual value," whenever used in this act, or in any law relating to the appraisement of imported merchandise, shall be construed to mean the actual wholesale market value as defined in this section. If there be used for covering or holding imported merchandise, whether dutiable or free, any unusual article or form, designated for use otherwise than in the bona fide transportation of such merchandise to the United States, additional duty shall be levied and collected upon such material or article at the rate at which same would be subject if separately imported.

As at present executed, the law works great and seemingly unnecessary hardship to importers who purchase goods for forward delivery, by leaving a complete uncertainty as to the final cost of the goods until they have been finally entered and assessed for duty so that the amount of duty they are to bear may be determined. A very large percentage of the goods imported into this country are contracted for at a definite price before they are produced, and are delivered in installments extending over a number of months. In many instances these goods are resold in this country long before their importation, at a fixed price, which may cover all charges, including duties, or may be ex-vessel, or even free on board at port of shipment. But in any case, whoever assumes the duties can not know how much they will add to the cost of the merchandise until it has finally passed the appraiser. If the invoice cost, agreed upon at the time of purchase, however remote that may have been from the date

of shipment, be higher than the market value in the foreign markets at the date of shipment, as ascertained by the appraiser, duty is collected on the invoice price, and the calculations of the importer as to cost are undisturbed. If, on the other hand, the invoiced cost is lower than the market price as ascertained by the appraiser, duties are levied upon the latter valuation, and whoever assumes the payment of duties has added to the cost of his merchandise this difference, which he could not estimate at the time of the purchase. H. R. 16069, already referred to, provides in its amendment of section 7 that the importer at the time of making entry "may make such addition in the entry, or such deduction therefrom, to the cost or value in his opinion may raise or lower the same to the actual market value." etc. And it further provides that the duty shall not be assessed in any case upon less than the entered value. If this amendment were to be enacted, its practical operation would be to make, in all cases, the foreign wholesale market value at the time of shipment the basis of valuation for duties. In this way the Government and importer would be taking equal chances as to variations between prices at the time of purchase and the value at the time of shipment, and this system, under the law of averages, would probably result in no advantage to either in a series of years. But, unfortunately for the importer, the law as it now reads, while providing that duties shall be assessed upon market values at the time of shipment, contains another proviso that "the duty shall not be assessed in any case upon an amount less than the invoice value," and he is therefore certain only as to what the minimum amount of the duty will be, but absolutely uncertain as to the possible maximum.

By reason of the commercial necessity for contracting for goods long in advance of their delivery, a practice which obtains no less in domestic commerce than in our purchases abroad, it is believed that the amendment of section 19 as herein proposed, while depriving the Government of such revenue as it might inequitably collect on merchandise that was worth more in the wholesale markets abroad at the time of shipment than it was at the time of purchase, would deprive it of nothing to which it was justly entitled, and would relieve the business of the importer, or his customer, whichever assumes the payment of the duty, from an enforced element of speculation against which the law allows him no compensating chance. In operation this amendment would render the work of the appraiser no more difficult than it is at present. It would be no more difficult to ascertain the fair market value on the date of purchase than on the date of shipment, and any discrepancy which the appraiser might deem as undervaluation would be subject to the same penalties as a like discrepancy between the declared value and the appraised value at the time of

shipment.

In the brief time at my disposal I have endeavored, in response to the request of your chairman, to obtain some specific information as to the operation of this feature of the present law. The following from an importer of burlaps, or hessians, as they are commercially known, not only explains the operation of the law, but also suggests regulations to facilitate the carrying out of the provisions of the proposed amendment to section 19:

To illustrate how the present practice operates to the disadvantage and loss of the importer, take the article of burlaps or hessians. The present practice is to assess the

duty on the market price at the time of shipment. The business is done by cable. I may buy in Calcutta, by cable offers or orders, to-day, say, 600,000 yards of burlaps for shipment in monthly proportions of 100,000 yards each for shipment January to June, inclusive. Suppose I pay 4 cents a yard to-day. If the market advances to, say, 6 cents in February and 5 cents in April and 44 cents in June, I must pay duty on these various advanced values. If, on the contrary, the market declines in any of the months during the term of the contract to 3 cents a yard, I am obliged to pay duty on 4 cents, the actual cost, so that it is a one-sided arrangement and always results in a loss to the importer. This seems to be unfair and unjust. Now, as a matter of fact, a loss to the importer. This seems to be unfair and unjust. Now, as a matter of fact, when I buy to-day in Calcutta I sell at once to a manufacturer of bags who makes his contracts to deliver bags to the consumer who uses the bags to pack his wheat, corn, oats, fertilizers, etc. The manufacturer desires to have knowledge of what the cost of his hessians will be, landed in New York. Hessians are the raw material out of which the manufacturer makes his bags in New York, or at Chicago, St. Louis, etc. He therefore wants to know what to charge for his manufactured product, viz, bags. In order to calculate the cost, suppose I take the cost of my purchase, adding the expense of getting my hessians here. I, as an importer, must take the risk of a possible increased duty; if the market increases in Calcutta before the actual shipment takes place all my calculations are destroyed, while if the market in Calcutta declines I have no corresponding compensation. This is manifestly unjust, and as the business has to be done on a bare commission basis there is no margin of profit to compensate for this risk, and it makes it difficult and often impossible for the importer to make any calculation of the cost of his purchase landed in the United States. If the importer sells to manufacturer on cost and freight terms then the manufacturer must assume all importers' risk of varying duties, and can not make any safe calculation of the cost of his raw material. If the duty was assessed on the market price at the time of shipment, whether up or down from the purchase price, there would be a chance sometimes of the importer or manufacturer having some compensation to offset the advancing market, but as it is now it is all on one side, and that the side of the Government. The manifestly fair way would be to assess the duty on the actual price paid for the goods at the time of purchase.

The theory seems to be that there is difficulty in ascertaining the actual cost and that this opens the door to fraud. It seems unjust that all should suffer a real and constant penalty because there may be found some dishonest importer here and there, but to guard against such dishonesty I would suggest the following remedy. At present I understand that the Government provides that the American consul at Calcutta shall ascertain and report to the Government the ruling market price of hessians from day to day and certify in the consular invoice at the date of shipment what the

market price is on that date.

I propose that in addition to providing that the foreign merchant shall swear to the price in Calcutta, that I, as an importer here, shall file with the custom-house here in New York a copy of my contract within five days of the date of my purchase made by cable, and then when the goods come along they shall be charged off against this contract and the duty paid on the actual cost to me. The Government could provide that the American consul in Calcutta should send daily reports of the market price ruling in Calcutta by mail, to be kept on file in the custom-house, and this would serve as a complete check upon the statement as shown in my contract that I file when the purchase is made, and the duty will be paid on the actual price paid. The consular reports of market price on the same date would serve as a check on my contract statement and make it difficult, if not impossible, to make a false statement or file a false contract. The usual consular certificate could also accompany the goods, certifying to the price paid, and it seems to me this system would make fraud practically impossible. The investment of the price paid, and it seems to me this system would make fraud practically impossible. The importer could then make his contracts with the manufacturer here impossible. on a landed basis, would know how to calculate his costs accurately, and the Government would receive the duty on the actual cost, and not on a hypothetical cost, which no one can foresee or calculate and which varies from day to day. The great advantage to the Government would be that it would be dealing with an American citizen amenable to the laws here in case he attempted fraudulent entries or statements, while now the Government requires a foreigner, not amenable to the laws of the United States, to swear to a statement in Calcutta (the consular invoice), and has no power to punish him if he commits a fraud by making a false statement in such consular invoice. I have been able to give you the following particulars of actual sales and results of hessian cloth:

Sale, March 5, 1907, 25 bales 45/8/40 hessian cloth, cost, 13/13/6; duty, \$492.55; sale, June 5, 1907, market value day steamer sailed Rs. 14/14; duty, \$517.46; excess duty

paid over cost, \$24.91.

August 22, 1908, sold 50 bales 40/10/1/2 ounce hessian cloth, cost Rs. 11/14; duty, \$986.91; September 19, 1908, market value day steamer sailed Rs. 11/10; duty, \$974.77; difference, \$12.14.

In this instance the value is less on the day the steamer sailed than the goods actually

cost, but the duty had to be paid on the cost.

Another sale of September 8, 1908, 50 bales 40/10/1/2 ounce hessian cloth, cost Rs. 11/03; duty, \$953.38; September 10, 1908, market value day steamer sailed Rs. 11/10; duty, \$974.67; difference, \$21.29.

You will see by this that even in a few days the market changes so that it is impossible to make any calculations beforehand unless we have the privilege of paying the duty on the price that the goods cost us.

In this connection, I beg to call the attention of your committee to the fact that fluctuations in the value of merchandise are especially frequent and irregular in countries whose monetary system is based on silver, and declines in the market value of goods at the time of exportation, due solely to the fluctuations in the currency, offer an opportunity for undervaluation that is especially tempting to the dishonest importer of goods bearing specific duties which vary with the cost.

Another interesting example of the operation of the present law is afforded by the following statement concerning an importation of peroxide of barium, and although this disputed valuation was ultimately settled in favor of the importer, and in accordance with the principle upon which the proposed amendment is based, it illustrates the injustice which results to importers from a strict interpretation of the present statute, no less than the fairness of our proposed amendment. I quote from the letter of the importers, Rogers & Pyatt (Incorporated), under date of December 7, 1908, as follows:

The usual commercial methods adopted in this article are the making of contracts during the months of October, November, December, each year, covering the dealers'

requirements over the following year, usually in about equal monthly proportions. The specific instance that we refer to is as follows:

Under date of November 17, 1906, we made a contract with the Hardworth Barium Company, of Newcastle-on-Tyne, through their selling agents, Messrs. Bessler, Waechter & Co., of Liverpool, calling for 51 to 61 casks of 88 to 90 per cent peroxide of barium, to be shipped in about equal monthly proportions, January to December, inclusive, 1907, at £34 per ton f. o. b. Newcastle, on which the duty was 25 per cent ad valorem, believe under section calling for chemicals not otherwise provided for and Lam I believe under section calling for chemicals not otherwise provided for, and I am also sure that all contracts made for that year were at the same price. During the life of this contract one of our monthly shipments at £34 per ton arrived on the same steamer with goods coming to another importing house who only occasionally imported this article, and they had made a purchase of a small quantity for which they paid £36 per ton. Upon the arrival of these goods one of the general appraisers at this port advanced our valuation to £36 per ton, to which advance we protested, and at the same time asked five or six other importers, who had contracts covering the same period as ours, and at the same price, to join in our efforts to prove that our price of £34 was bona fide, and applied to all contracts made during October-December, 1906, for delivery over the year 1907. At the same time we wrote to the consul at Newcastle, and upon arrival of his report of the contract price, and the other importers of this article joining with us, the general appraiser finally passed our invoice at £34 per ton, realizing that it was only fair and just that if practically every importer of this article had contracted at £34 per ton, and sold their goods, duty paid, covering the period of their various contracts, they were entitled to have the duty assessed at the

actual purchase value, and our entries were finally liquidated at this figure.

This certainly seems fair and logical from the importer's point of view, and looking at it from another point, had the production of the article increased and the selling price abroad decreased, the importer would have still been compelled to pay the duty at the rate of £34 per ton, as all their invoices would call for that figure.

Sec. 23. Damage allowance.—The present law provides that no allowances for damage to goods, wares, and merchandise shall be

made in the estimation of duties thereon.

This has been shown, by the experience of all importers, to be a burdensome provision and one that is not necessary for the protection of the Government against frauds that might be attempted by the use of claims of damage as a means of reducing valuations. therefore recommend the amendment of the statute as follows.

SEC. 23. That no allowances for damages to goods, wares, and merchandise imported into the United States shall hereafter be made in the estimation and liquidation of duties thereon, unless the damage is shown to the satisfaction of the appraiser to equal or exceed five per centum of the dutiable value, but when such damage equals or exceeds five per centum of said value an allowance equal to the damage shall be made from the estimated dutiable value of the merchandise so damaged, and upon goods bearing a specific rate of duty a corresponding percentage of reduction shall be made in the duties to be assessed, or the importer of any goods, wares, or merchandise whereon damage is claimed may, within ten days, etc.

While this provision of the law would render it necessary for the appraiser to use diligence in the estimation of damages, we believe that this does not impose so unreasonable a burden upon the Government as is imposed upon importers by the collection of duties upon nonexisting values as practiced under the present law. Nor is this the full measure of the burden which the present statute imposes. provide against possible loss from the payment of duties on damaged goods importers are compelled to insure not only the value of their merchandise, but the duties as well, and as the amount of premiums paid for this insurance is greatly in excess of the losses paid thereunder by the insurance companies it is obvious that the tax upon importers is altogether beyond the amount of duties which the Government would waive by the just consideration of the impairment of values by damage to goods in transit. It is immaterial that the importer is recompensed for this loss by the insurance companies; the value does not remain in the goods, and the Government is collecting duties, whether they are ultimately paid by the importer or the insurance company, upon values which do not exist and can not be restored.

The following-named firms, from among the members of this association, are particularly familiar with the operation of those features of the law herein referred to and will cheerfully afford your committee any further information it may desire respecting their operations: Arnold, Karberg & Co., Carleton & Moffat, Carlowitz & Co., The Robert Crooks Company, of New York, Hoople & Nichols, J. L. Hopkins & Co., Otto Isenstein & Co., Jardine, Matheson & Co., A. Klipstein & Co., Paterson, Boardman & Co., Roessler & Hasslacher Chemical Company, Rogers & Pyatt (Incorporated), D. A. Shaw & Co., Smith & Schipper, A. A. Stillwell & Co., The Strobel & Wilken Company, Thurston & Braidich, Ungerer & Co., Wilson & Anderson,

S. Winterbourne & Co., Paul C. Zuhlke.

Respectfully submitted.

NATIONAL ASSOCIATION OF IMPORTERS, J. M. Peters, Secretary.

## SNOW'S U. S. SAMPLE EXPRESS COMPANY, NEW YORK CITY, OBJECTS TO FEES FOR FILING PROTESTS.

NEW YORK, December 23, 1908.

COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

Gentlemen: We are informed that there is a proposition under consideration by your committee to require the payment of a fee upon the filing of every protest against an assessment of duty by the col-

lector of customs.

We desire to call your attention to the hardship that the proposed law would entail upon us and our customers. We bring from Europe a large number of small packages, and on a considerable number the duty amounts to less than \$5 each. It is plain, therefore, that the proposed fee might often equal or exceed the amount of duty, thus

practically prohibiting all protests in this class of cases.

These small amounts are not insignificant, because there may be many of them, all of one kind. For example, our protests, recently decided in our favor, against the exaction of the fees for passing free packages through the sample office. These fees ranged from 30 cents to \$1.25 each, according to the size of the package, and yet we alone paid over \$5,000 per annum in such fees. We feel that under the law as it stands we have been subjected to an injustice for which we have no remedy because we paid these fees for many years without protest, assuming that they were legal because the collector demanded them and a regulation of the Treasury Department required their payment. It now appears that they have been illegal ever since the passage of the customs administrative act of 1890, but the Government has returned to us only about \$5,000 paid under protest, but will not return the illegal fees collected from us for sixteen years, amounting to over \$75,000.

Your committee will see that we could not have recovered even the

\$5,000 if the law had required us to pay a fee on each protest.

Respectfully, yours,

Snow's U. S. Sample Express Co. (Ltd.), H. W. Robinson, Secretary.

# McCORMICK & CO., BALTIMORE, MD., DO NOT THINK THAT FEES SHOULD BE REQUIRED FOR FILING PROTESTS.

Baltimore, Md., February 10, 1909.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: We understand a House bill has recently been referred to your committee, which requires that every importer, upon filing a protest with the customs officials against the imposition of duties levied on importations, is required to make a cash payment of \$5 on each protest, which deposit is not to be refunded to him in any event.

To our minds, this is an exceedingly inequitable provision. It goes without saying that we would not file a protest against customs duties

levied unless we thought that we had been overcharged.

For instance, we not long ago made a protest on paprika, which the officials here assessed at 3 cents per pound and which the New York officials had, from time immemorial, assessed at 2½ cents per pound.

We made a protest with the result that finally a decision was

granted in our favor and the excess duty refunded to us.

We were not to blame for the idiosyncrasy of the local appraisers, and it would have been exceedingly inequitable to have required us to have forfeited \$5 for the privilege of filing and prosecuting our protest.

Many clerical errors are made by the customs officials with the result that importers pay wrong duties. It would not be right to

have them pay \$5 for the privilege of righting a wrong.

As we understand it, the Board of General Appraisers have had their salaries increased from \$7,000 to \$9,000 per year, and it is gossiped that they now wish this provision referred to to become a law, believing that it will cut out from 50 to 75 per cent of their work.

from our standpoint, we beg to express the hope that you will critically examine the rights of importers before giving this bill your

indorsement.

Sincerely, yours,

McCormick & Co., Importers, Exporters, and Grinders of Drugs, Teas, and Spices.

# THE BALTIMORE (MD.) BOARD OF TRADE PROTESTS AGAINST REQUIREMENT OF FEE FOR FILING PROTESTS.

Baltimore, February 17, 1909.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: The Board of Trade of the city of Baltimore, having been informed that, in connection with the proposed tariff bill, a provision is suggested requiring importers to pay a fee or tax when protesting against exaction of duty and charges on foreign goods, respectfully recommends and asks that this provision be not adopted.

In the opinion of this board an importer should retain the untaxed right of protesting against a rate of duty which he considers is not

in conformity with existing tariff.

Very respectfully,

WM. H. LOVE,

Secretary of the Board of Trade of the City of Baltimore.

# THE DURBROW & HEARNE MANUFACTURING CO., NEW YORK CITY, SUGGESTS RELEASE OF GOODS WHILE SETTLEMENT OF PROTEST IS PENDING.

12 Wooster Street, New York, February 18, 1909.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: We submit the following changes in present customs administration regulations:

1. That all goods taken to appraisers' warehouse be released to importer immediately after appraisal and payment of duty, and if any

protest be made that only a sample be retained for identification. The retention of goods is a hardship to the importer, and does no

good to anyone besides cluttering up the warehouse.

2. That where there are several shipments of identical goods the importer be not compelled to protest on each lot separately, but that by paying the increased duty on all subsequent shipments while his protest is pending that the decision in the original protest will entitle him (if successful) to a refund on the others. Suitable means can be taken to record on the original protest papers the additional and later shipments.

Under existing regulations if an importer is in a hurry for his goods he loses his rights to protest if he takes his goods out of public store and pays increased duty, even though he be successful in a

prior protest.

Yours, truly,

Durbrow & Hearne Man'f'g Co.,

Manufacturers and Importers of Small Machinery.
R. J. Hearne,

Secretary and Treasurer.

### CUSTOMS COURT.

# THE AMERICAN SPICE TRADE ASSOCIATION FAVORS ESTABLISHMENT OF A COURT TO TRY CUSTOMS CASES.

Boston, November 27, 1908.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: The American Spice Trade Association of America desires to put itself on record as favoring the customs courts specified in the tentative draft of the bill prepared by the Committee on Ways and Means and also by the Finance Committee of the Senate. These customs courts will save much time and expense to all importers.

We also most respectfully petition that the said customs courts shall have control of all decisions as to the quality of all imported drugs and food products, under the higher control of the Department of the Treasury and the Department of Agriculture, for the very same reasons.

Yours, very truly,

AMERICAN SPICE TRADE ASSOCIATION, JAMES S. MURPHY, Chairman Committee.

(Resolutions similar in purport to the above were adopted by the Boston Wholesale Grocers' Association and the Wholesale Druggists' Association.)

### CUSTOMS DECISIONS.

### S. P. CONNER, SAN DIEGO, CAL., CITES INSTANCES SHOWING THE EFFECT OF VARIOUS COURT FINDINGS.

SAN DIEGO, CAL., November 26, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: The Treasury and court decisions bearing upon the Dingley law have played havoc with that act. To illustrate, 99 pounds of dried fish or herring, costing 6 cents a pound, are dutiable at 30 per cent of \$5.94=\$1.78; while 100 pounds, costing \$6, pay three-fourths of 1 cent per pound, or 75 cents. (See paragraphs 258 and 261, Dingley law.) One hundred pounds make one-half barrel, at threefourths cent per pound; less than 100 pounds is provided for at 30 per cent. Hides pay 15 per cent. Skins are free. If dry, 12 pounds and under is a skin and free of duty; 121 pounds and over is a hide and dutiable at 15 per cent. If green, 25 pounds and under is a skin and free; 25½ pounds and over is a hide and dutiable at 15 per cent.

A \$15 pony or cayuse and a \$150 horse pay duty at \$30 per head. A 400-pound sow is dutiable at \$1.50. Her 10 pigs, one month old, are dufiable at \$1.50 per head each.

Shingles at 30 cents per 1,000 simply feed the trust and rob the other fellow on the prairie. Lumber is ditto as to feeding and robbing.

Whisky should be on the free list, as the duty on it only enriches

the distiller.

A suit of woolen clothing costing \$15 pays 44 cents per pound and 60 per cent. So if the suit weighs 4 pounds the duty would be \$10.76. This is more than a half too high.

Linen drawn work pays 60 per cent, which is 30 per cent too high. No man living can figure out the duty on silk fabrics. The United States Board of Appraisers tried to, and the court set their decision aside and made a less intelligible ruling. Read the silk schedule, and then read the two decisions, and you will find them all as clear

Just why piling and telegraph and telephone poles are dutiable, and round timber and saw logs are on the free list, is a mystery to an old customs collector like the writer of this penciling.

I would put cigars on the free list and bust the trust, as \$4.25 per pound and 30 cents per 100 internal-revenue tax is robbery to the

consumer to enrich the trust. Cut it out.

Manufactures of shell pay 30 per cent, yet the courts hold that tortoise-shell pins and combs without settings or gems are jewelry and dutiable at 60 per cent, just because a woman wears them to decorate or hold her hair in place.

And so I might go on for a week noting the effect of the decisions made as to the meaning of the Dingley law. It has been literally cut to pieces by decisions till no collector ventures to act till he consults the rulings. What are you going to do with the whole mess? I fear you have a task you wot not of.

I am in favor of a tariff that shall do what the Republican platform demanded—equalize the wage, etc. The Japanese have bought cotton in Arkansas and freighted it by railroad 2,500 miles and by water 5,000 miles to Japan, made it into cotton clothing, and sent it back to the United States and paid 50 per cent duty on it, and sold it in competition with American-made goods. Wages did the work. Do you want to keep the pauper-wage Jap out of the United States and admit his pauper-wage-made goods free? That will not do by a jug full. And so it goes all along the line. A tariff for revenue defeated Bryan, and it ought to defeat any man.

Respectfully,

S. P. Conner, Ex-Deputy Collector of Customs.

### DOMESTIC VALUATION.

# STATEMENT OF COL. ALBERT CLARKE, BOSTON, MASS., RELATIVE TO ASSESSING DUTIES ON HOME VALUATION.

Friday, December 4, 1908.

Colonel CLARKE. Mr. Chairman, so much has been said on the subject of an American valuation that it has occurred to me that a concise history of that subject in this country might be of interest at this time.

Mr. Cockran. What is that; undervaluation?

Colonel CLARKE. No, sir; it is as to the valuation of goods subject to an ad valorem duty on the basis of a home valuation instead of a

foreign valuation.

The first tariff of the United States under the new Constitution was chiefly prepared by James Madison and was approved by George Washington, July 4, 1789. It provided that such duties as were made ad valorem should be assessed upon the imported goods according to "the value thereof at the time and place of importation." This was home valuation, although it must have been true at that time in many instances that there were no domestic products of a similar character to create a domestic standard of value. The provision, however, so far as appears, caused no discussion, and it continued until 1795, when foreign valuation was substituted, apparently also without discussion. It is highly probable that the lack of domestic standards at that time convinced everybody that foreign valuation was necessary. But our fathers were careful to require that all packing, transportation, and commission charges should be added to the foreign cost.

After the war of 1812, however, there was such a desire to cultivate peaceable and friendly relations, and the influence of the importing class became so great, that Congress seems to have been thrown off its guard, and after having enacted the liberal tariff of 1816 it passed a short supplementary act in 1817, which provided that ad valorem duties "shall be calculated upon the net cost of the article at the place whence imported, exclusive of packages, commissions, charges of transportation, export duty, and all other charges." It seems astonishing that such an unfair exclusion of a large element in the cost of goods when landed in this country should have been made, but it was

made.

Before long, however, frauds began to appear, and in 1818 Congress enacted that the owner or consignee of goods subject to ad valorem

duty must produce "the original invoice thereof" and swear that it "exhibits the true value of such goods, in their actual state of manufacture, at the place from which the same were imported," and that if such oath were not made within four months the goods should be subject to appraisal. The same law provided for two appraisers in the principal ports and also for merchant appraisers in certain cases. Thus the law began to grow complex in order to prevent increasing frauds. From that day to this various provisions calculated to further strengthen the law have been introduced, most of them necessitated by foreign valuation, until we have a system the efficiency of which depends more upon the men who work it than upon the strength and simplicity of its own provisions.

A few statesmen, however, from 1817 to near the present time, have studied the subject to see if a better way could not be discovered, and

it will be profitable to us to examine their statements.

### SENATOR SANFORD, OF NEW YORK.

On the 16th of December, 1817, after it had been found that the new tariff, which was intended to be protective, was not yielding the revenue or affording the protection that was expected, Senator Nathan Sanford, of New York, moved that a committee of inquiry be raised, and supported his motion by a speech which shed considerable light upon the question and from which I make the following extracts:

Taking all the information which I have been able to obtain, and the estimates and opinions of well-informed men, in whose knowledge and judgment I have great confidence, as the basis of my own opinion, I can not estimate the loss to

the revenue arising from these causes at less than 10 per cent.

It is probable that for many years after the commencement of the duties and the system of collection in 1789 the fraud of false invoices was not often practiced, but it is believed that this species of fraud had, before the late war, gradually gained much ground, as the duties were gradually increased and the methods of accomplishing the object with impunity became better understood.

If the committee reported on the subject, or if anything was done about it, I fail to find a report of it.

### REPRESENTATIVE BALDWIN, OF PENNSYLVANIA.

When the tariff bill of 1820 was reported Mr. Henry Baldwin, of Pennsylvania, chairman of the House Committee on Manufactures, which then had charge of the tariff, in the course of an able speech in support of it, made the following allusion to the particular subject which we are now considering:

The mode of ascertaining the value of goods on which a duty is to be assessed has been attended with much difficulty—an almost constant war between the merchants and the officers of the customs, and has been often changed. The original mode of ascertaining the value "at the time and place of importation," pı scribed by the act of 1790, was the fairest and most equitable; as an ad valorem duty it was in fact what it purported to be—so much per cent on the value. But as a different standard of valuation has long since been adopted, it was thought best not so much to alter as to modify it.

In April, 1830, the Committee on Manufactures in the House reported an administration bill, the object of which was to prevent the enormous frauds on the revenue which were being perpetrated chiefly in New York City and which were depriving the country of much of the benefit of the tariff of 1828. The chairman of the com-

mittee, Hon. Rollin C. Mallary, of Vermont, made an able speech, in which he set forth the methods of the frauds and showed the defects

in the law which permitted them.

The principal method of fraud was by the use of double invoices—one for examination by the customs officials and the other for the consignee only. The former was very low, sometimes less than one-half the cost of the goods, and yet it was upon that invoice that most of the duties were assessed. Mr. Mallary said:

#### REPRESENTATIVE MALLARY, OF VERMONT.

I am informed by one of the appraisers that the invoice is used as evidence of the value of the goods which it contains. It is well known that, in commor practice, it is the only standard of valuation. Not more than seven or nine thousand dollars of woolen goods have been found by the appraisers undervalued in the invoice for the year past, although millions have passed through the custom-house. A part, if not all, of the undervaluations were discovered by an open examination of the goods imported in the ship Sitas Richards, to which I have before referred. It may therefore be considered as the general practice of the appraisers to take the invoice value as the real value on which duties are to be assessed.

There is no check, no barrier, to the unprincipled adventurer. The door is thrown wide open. A mammoth might pass without touching his sides. It has already been decided by a large majority in the House that Senators and Members of Congress can not be trusted to compute their own mileage—that we can not trust the presiding officers of the House of Representatives with the appointment of a draftsman. If so, what are we to think of a Liverpool invoice?

It makes little or no difference whether the duties are 20 or 50 per cent; the same relative advantages exist in favor of the foreigner—that is, he dares verify an invoice in Liverpool that an honest American merchant dares not do in New York. If the invoice is made out in this country by an agent, he can swear as to his belief of the cost abroad; the American merchant who purchases does not know the actual cost, and honesty will require him to declare truly; if he does not possess honesty, danger will compel him. He is within the reach of our own laws, where perjury is sometimes noticed. But you can not reach the person who swears falsely to an invoice in a foreign country. There he is perfectly safe. The truth is, sir, that the foreign valuation is the rotten part of our system.

#### THE OPINION OF HENRY CLAY.

When the compromise tariff bill of 1833 was pending in the Senate, which bill, it will be remembered, proposed a sliding scale of reductions of duties to 20 per cent in 1842, at which figure they were to remain, Henry Clay moved an amendment that after 1842 the duties should be assessed "on a valuation made at the port in which the goods are first imported." A great debate arose, in which Clay took part. Mr. Clay said:

Now the valuation is made in foreign countries. We fix the duties, and we leave to foreigners to assess the value on articles paying ad valorem duties. This is an anomaly, I believe, peculiar to this country. It is evident that the amount of duty payable on a given article, subject to an ad valorem duty, may be affected as much by the fixation of the value as by the specification of the duty. And, for all practical purposes, it would be just as safe to retain to ourselves the necertainment of the value and leave to the foreigner to prescribe the duty, as it is to reserve to ourselves the right to declare the duty and allow to him the privilege to assess the value.

The effect of this vicious condition of the law has been to throw almost the whole import trade of the country, as to some important articles, into the hands of the foreigner. I have been informed that seven-eighths of the importation of woolens into the port of New York, where more is received than in all the other

ports of the United States together, are in their hands.

Now, sir, it seems to me that this is a state of things to which we should promptly apply an efficient remedy; and no other appears to me but that of taking into our own hands both parts of the operation—the ascertainment of the value as well as the duty to be paid on the goods. If it be said that we might have in different ports different rules, the answer is, that there could be no diversity greater than that to which we are liable from the fact of the valuation now being made in all the ports of foreign countries from which we make our importations. And that it is better to have the valuations made by persons responsible to our own Government and regulated by one head than by unknown foreigners, standing under no responsibility to us.

The amendment was adopted, 26 to 16, and the bill as thus

amended was enacted.

The compromise tariff was a failure, not because it contained the provision for home valuation, but because it provided insufficient and decreasing protection. Foreign buying increased, domestic industry suffered, and the panic of 1837, though immediately caused by the financial troubles of the day, was gradually superinduced by the decline of industry resulting from the diminishing tariff. In no history have I seen it charged that the difficulty was caused by home valuation, for it should be borne in mind that the new policy was

not to go into effect until 1842.

The new tariff of 1842, though enacted by a Whig Congress, returned to foreign valuation, and apparently without discussion of that question, but it provided in section 27 that the Secretary of the Treasury should annually ascertain if the duties on any articles had exceeded 35 per centum ad valorem on the average wholesale market value of such articles "in the several ports of the United States for the preceding year," to enable him to make such recommendations as he might deem necessary. Thus the tariff returned to foreign valuation for the collection of duties, but preserved home valuation for the purpose of making recommendations, but as this amounted to nothing, it may truthfully be said that the only actual trial of home valuation was from 1789 to 1795 and during the brief period from June 30, 1842, as provided in the compromise tariff, to August 30 the same year, when the new tariff was approved.

The Walker tariff, in 1846, made all duties ad valorem, and re-

tained foreign valuation.

In his first annual message to Congress, December 2, 1850, President Fillmore made a strong argument for specific duties as a means of preventing undervaluation frauds, and then added:

#### RECOMMENDATIONS OF PRESIDENT FILLMORE.

As before stated, specific duties would, in my opinion, afford the most perfect remedy for this evil; but if you should not concur in this view, then, as a partial remedy, I beg leave respectfully to recommend that instead of taking the invoice of the article abroad as a means of determining its value here, the correctness of which invoice it is in many cases impossible to verify, the law be so changed as to require a home valuation or appraisal, to be regulated in such manner as to give, as far as practicable, uniformity in the several ports.

He returned to the subject in his annual message in 1851, but Congress failed to act, and in his third annual message, December 6, 1852, President Fillmore recurred again to the subject and stated the case with great force, as follows:

Another question, wholly independent of protection, presents itself, and that is, whether the duties levied should be upon the value of the article at the place of shipment, or, where it is practicable, a specific duty, graduated

according to quantity, as ascertained by weight or measure. All our duties are at present ad valorem. A certain percentage is levied on the price of the goods at the port of shipment in a foreign country. Most commercial nations have found it indispensable, for the purpose of preventing fraud and perjury, to make the duties specific whenever the article is of such a uniform value in weight or measure as to justify such a duty. Legislation should never encourage dishonesty or crime. It is impossible that the revenue officers at the port where the goods are entered and the duties paid should know with certainty what they cost in the foreign country. Yet the law requires that they should levy the duty according to such cost. They are, therefore, compelled to resort to very unsatisfactory evidence to ascertain what that cost was. They take the invoice of the importer, attested by his oath, as the best evidence of which the nature of the case admits. But everyone must see that the invoice may be fabricated and the oath by which it is supported false, by reason of which the dishonest importer pays a part only of the duties which are paid by the honest one, and thus indirectly receives from the Treasury of the United States a reward for his fraud and perjury. The reports of the Secretary of the Treasury heretofore made on this subject show conclusively that these frauds have been practiced to a great extent. The tendency is to destroy that high moral character for which our merchants have long been distinguished, to defraud the Government of its revenue, to break down the honest importer by a dishonest competition, and, finally, to transfer the business of importation to foreign and irresponsible agents, to the great detriment of our own citizens. I, therefore, again most earnestly recommend the adoption of specific duties wherever it is practicable, or a home valuation, to prevent these frauds.

Congress was not constituted rightly at that time for heeding such wise recommendations, and later the slavery question became of such intense interest that nobody appears to have thought of this detail of tariff legislation.

In 1882 the question of home valuation was investigated by the

tariff commission.

#### AN EMINENT EXPERT-GENERAL APPRAISER TICHENOR.

The late Col. George C. Tichenor, long a special customs agent of the Treasury Department and for several years before his death president of the Board of General Appraisers, testified as follows:

Having in view ad valorem duties, I would suggest as a measure calculated to circumvent and break up the pernicious consignment system, to which I have referred, the levying of a discriminating duty of, say, 20 per cent upon all such importations, subject to ad valorem duties. And since the market value of such goods is, as a rule, fixed at a dollar price duty paid, in this country, instead of in the country of production and currency of such country, there is eminent propriety in assessing the duty thereon, according to the home value, instead of the unknown and uncertain value in the country of production. I am aware that cases would arise where it would be difficult to apply home values, such. for example, as the first importations of new articles and classes of merchandise. I apprehend, however, that it will not be contended that the difficulties thus encountered would be as great as are met in arriving at the true foreign market value of the immense quantities and kinds of goods consigned to this country, for sale and returns, which are reputed to be made "specially for the American market." It rarely occurs that goods in large quantities and of great value are consigned here, unless they have been placed in advance or their probable value in the market ascertained.

Could the principle of "home values," either as a rule or alternative, be

adopted in the revision of the tariff, the dutiable value should, I think, be the

wholesale market value in the principal markets of our country.

If the dutiable value of merchandise-subject to ad valorem duty-is to be based upon the foreign market value, the law should more clearly define what shall constitute such foreign market value. It should, in substance, declare that the same shall be that price or value at which such merchandise is at the time of exportation to the United States, freely and regularly offered to all desiring to purchase, in usual and ordinary wholesale quantities in the principal markets of the country from whence exported. In countries like Canada, for example, where articles subject to excise tax or impost duty are held in bond, and the market value thereof is less than out of bond, the value of such article out of bond should be declared to be its dutiable value when exported to the United States.

I have found instances in some foreign countries where it was claimed that the prevailing market values for certain articles were different, lower, of course, for the export trade than for the home trade, and in some instances the prices for export to different countries differed. It appears to me that in such case

either the home value there or here should be taken.

Another expert to whom I refer was Hon. Henry F. French, then Assistant Secretary of the Treasury, in charge of customs, and whose argument is so instructive that the following copious extracts need not be apologized for. He said:

#### ANOTHER-ASSISTANT SECRETARY OF THE TREASURY FRENCH.

I think the question whether your commission should not recommend a home valuation instead of a foreign valuation is one of the most important you should consider. By section 2902 of the Revised Statutes it is provided that—

"It shall be the duty of the appraisers of the United States, and every one of them, and every person who shall act as such appraiser, or of the collector and naval officer, as the case may be, by all reasonable ways and means in his and their power, to ascertain, estimate, and appraise the true and actual market value and wholesale price, any invoice or affidavit thereto to the contrary notwithstanding, of the merchandise at the time of exportation, and in the principal markets of the country whence the same has been imported into the United

Why should we go to India, or to England, or anywhere else, to ascertain what the value is or was there, rather than to take the value in the port of importation, or in the principal markets of the United States, which would be the better term or better method? It seems to me that it is one of the curiosities in the law that such a provision should have existed from 1799 down to the present time; and I think it only exists now because nobody has really thought it possible to change a thing that has existed so long. People have supposed that there must be some reason that they did not understand why the foreign

value should be found rather than the home value.

There is another practical difficulty. I suppose the members of the commission are familiar with the fact that large invoices come into New York, notably of silk goods, which are not sold in any other market except the American mar-The factory where they are manufactured is devoted to a certain line of goods, especially made for the American market, and they are not sold abroad, but are consigned to an agent here, and the price is fixed in the invoice as the consignor or the consignee wants it, and when they come here there is no foreign market value. In such cases we have been through the absurdity of trying to ascertain what the goods are worth in a foreign market by finding what they are worth in this market and adding to that the costs and charges, and so working back from the original value here to ascertain the foreign value in order that we might assess the duties in this country. We have been obliged to do that because there was no foreign value upon those articles. Of course, in all of them, even in Japanese goods, they soon have a market value here, and the value in Japan is not of any particular consequence that I know of. But in every case, if you desire to fix the home value, you have the foreign invoice. It is now nothing but prima facie evidence. The law says that the real value shall be ascertained; so that whatever the invoice says, you can fix the home value by any other means at your command.

I think any person who should be told for the first time that we look abroad in order to find out what duty we should assess upon an imported article would be very much puzzled to know what reason there could possibly be for so doing, or how we were any better able to find out in that way than we should by submitting to our appraisers the question, What is the article worth on a valuation to be fixed here? But the answer is very apparent if you look at the condition of things in 1799, when the first enactment of this kind was made. At that time the country was young and the value of manufactured articles

was not known. Imported articles had no fixed value as they now have, and therefore there was occasion to go abroad to see what the article cost. There was not then, as there is now, communication between the different ports, and there were no opportunities for consultation between the officers of the differeut ports. It was therefore necessary to find out what the articles cost. If you look at the old statute you will see that the leading idea was to find what was actually paid for the article, when and where it was purchased, and that was a very fair criterion. A thing sold in a fair market is ordinarily bought and sold at its fair value. And so it was provided that the value should be fixed by the "original invoice," and the "bill of loading," as it was called in the old statutes, that is to-day the bill of sale, as I suppose it was—the actual bill of sale that passed from the seller to the buyer. The oath was that this was the original bill of sale or original invoice, and these were the original "bills of loading." It was assumed that the honest transaction would be disclosed, and then it might fairly be taken with such additions as were afterwards made. I think there were no charges or commissions so long ago as that. It was the

simple question as to how much the article cost.

After a while it was found that the original invoice, as it is still called, was no criterion of value, because it was found that one price could be paid, and a different price put in the bill of sale or invoice. And so, many years afterwards, I think not until 1842, authority was given to the appraiser to disregard the invoice and ascertain by every means in his power the true value of the article. He was not limited to the invoice price, but was allowed to go about among his neighbors and ascertain by any means in his power what the fair value was in the market of the country from which the article was brought. Thus the original idea of assuming that the bill of sale and bill of loading disclosed the true value, and relying upon that is entirely waived, and no appraiser feels safe for a moment to regard the invoice produced, although sworn to 40 times, as showing the true price at which the article was bought and sold. Undervaluation and fraudulent invoices of all kinds occur, so that the reason why the foreign value was taken instead of the home value has entirely disappeared. There is no reason that I can see why the value in the ports of the United States upon every article can not as well be ascertained as the foreign value, and, indeed, much better. What article can be named which the appraisers in one of our ports can not ascertain the value of, being at liberty to look at the invoice, to examine on oath the importer, to inquire in every direction what such articles are bought and sold for in this country and other countries? Why can they not ascertain the home value, and why is not that the simplest way? Then you get rid of this whole class of charges and commissions, which is an outrage in itself, I was going to say. It is a provision of law that can not be fairly executed. Invoices come into New York in English, in German, in Spanish, French, and Italian, and all other known languages. The charges and commissions are entered in those various languages and in the currencies of those countries. You not only have to know foreign languages, but to know foreign moneys—pounds, shillings, pence, francs, ducats, thalers—everything else you can conceive of. Those must all be reduced to American currency in order to be understood. Some of it is depreciated currency, but it all has to be reduced to a gold standard before it can be dealt with in the invoices. Then, as I read from section 2502 of the Revised Statutes, if there are general charges upon an invoice containing several descriptions of articles, the custom-house officers are required to distribute fairly among the different classes of articles this amount of general charges and commissions, and that, I think I may say, is an impossible thing to do fairly. I do not think any custom-house officer will say that in a complicated invoice of that kind he can succeed in administering the law to his own satisfaction.

By Commissioner McMahon:

Q. As you say, the law provides that the charges shall be distributed pro rata on the different classes of articles, and it sometimes happens that a change of the one-tenth part of a mill, where there are large quantities of goods thrown from one rate of duty to another, will make a very large difference in the charges upon the different articles.—A. That is very true, and I think you can get rid of that whole complicated matter of charges and commissions, and that it is very desirable that you should do so.

Another matter is the fact that formerly most of the goods that were imported were actually bought and sold. They were imported by the buyer, and purchased in the market at a fair and regular price. Now, a great proportion of the goods that come into the market (dress goods and silk particularly) are consigned.

They are not sold before they come to this country, and, as I said yesterday, in the silks particularly there are large establishments which manufacture for the American market and sell to one particular American dealer. A house in New York will have a line of goods manufactured especially for them in France, perhaps in Lyons, and will import all the goods that are manufactured by that house, themselves. They will have no competition in the market. are not sold in the foreign market at all. They have no established price abroad, and the question is, How shall they be valued here? We have to find out how much the goods sell for here and how much they must cost. The raw material costs so much, the labor so much, and other goods somewhat like them sell for so much. We thus work out the problem, and we assume a foreign price which never did exist, because (as I have said) there is no sale abroad for these goods. By that sort of computation we get at the foreign price. It can not be done in any other way.

As to consigned goods, they are in the same position. A silk manufacturer in France who makes a particular kind of goods for this market has an agent in New York to whom all these goods are consigned. They do not sell a yard of them in the open market, but send them here on consignment. There is no French value for them by which our statute can be complied with, but it has to be ascertained. The invoice is made up as the law contemplates, but it is made up at the lowest value which the consignors dare to fix for the goods, because if the value were fixed too low they know that it would be raised here. There is, therefore, no sense in retaining this provision for foreign valuation. It is the

home valuation, in fact, which should control the duty.

Besides the articles of silks, gloves are also consigned (a very large proportion of them), and so are all fancy articles of women's dress. We frequently have communications from our special agents on the subject, stating that these goods are undervalued. Investigations are made abroad, and we have hearings here, and have constant controversies on these points. About three years ago our special agents, whose business it is to hunt up frauds of this kind, reported that there must be a great undervaluation in silks, because the silks were selling in New York at a less price than they were selling for in the places where they were manufactured. That they proved to the satisfaction of the Treasury Department.

Now, after considering these matters, a prominent business man in Massachusetts, Mr. George A. Draper—and, by the way, he is a brother of General Draper and of Governor-elect Draper in Massachusetts—said:

If I have not miscounted, there are 617 specific duties in the Dingley tariff, 230 ad valorem duties, and 145 compound duties. Since the compound are partly ad valorem, there are 375 of 992 duties in the law which are assessed wholly or partly on the value of the goods.

Even when there is no fraud there is such a difference in the cost and value of similar articles in countries that are far apart, that when those articles are brought together here the duties based on foreign valuation are very different. Under the present law an exactly similar article which honestly costs in England \$1 and which would honestly pay duties of fifty-

The CHAIRMAN. I think if there is anything on which this committee is agreed on both sides it is that whenever we can place specific duties instead of ad valorem duties we will do so. I do not think

there is any variance in the committee on that proposition.

Colonel CLARKE. I am very happy to know that that is the opinion of the committee. I was reading what Mr. Draper said as to the unfortunate working of the foreign-valuation clause where ad valorem duties prevail, as they will, necessarily, in many articles. There is very little more of this. He further said:

There is another feature of this business which has now become of immense practical importance. I am told that nine-tenths of the great imported staples can not be purchased by Americans in Europe and imported; that the selections are largely made there, but that the actual purchases are made in the United States, and the goods delivered by the foreigners in this country, duty paid. This practice is, I am told, substantially universal. There is a reason for it. Foreigners do not send their agents to this country and pay them large salaries or commissions, and keep up agencies here at an added expense, unless there is a gain to them in doing it, and there is only one place where this gain can be made, and that is in the amount of duty paid; and it is without doubt true that nine-tenths of the goods imported into the United States through these

agencies subject to ad valorem duties do not pay proper duties.

If home valuation were substituted, it would make no difference what the goods cost the foreigner. There would be an American price for them, and he would manufacture and sell them in this market under a practically fixed duty, and knowing substantially what it would be. It would (and this is perhaps in theory the most important advantage) base the tariff on the cost of American production in all competing articles rather than on the cost of foreign production, and as we should here reduce costs and prices it would automatically work to reduce in the same proportion the duties, and it is a fact that costs and prices are constantly being reduced.

There is a very brief further paragraph in the historical statement:

A provision was introduced into the United States tariff of 1897 (the Dingley law) which authorizes appraisers "to take into consideration the wholesale price at which such or similar merchandise is sold or offered for sale in the United States," etc. This is not home valuation, but is an approach to it. The fact remains, however, that importers often contend that the goods are different from any to be found here, and so they insist on the foreign valuation.

In view of all the light of a century of experience, and the study of experts, and of the fact that every variety of goods is now found in the principal ports of this country, and the railroad and telegraph have established general unformity of prices of staple manufactures, it would seem to be entirely practicable now to frame a law for home valuation which will be both just and work-

able.

At least, the difficulties attending it are very small and very few

compared with the difficulties of the present system.

Mr. Hill. Do you know Edward M. Woodward, president of the

Woodward & Powell Planer Company, of Worcester, Mass.?

Colonel CLARKE. I do not.

Mr. Hill. Is he a member of the Home Market Club?

Colonel CLARKE. I could not tell you without looking at their list.

Mr. Hill. You do not know him personally?

Colonel Clarke. No.

Mr. Hill. You have quite a good many members of the Home Market Club who are machine-tool manufacturers in Worcester and Fitchburg, have you not?

Colonel CLARKE. Possibly.

Mr. HILL. I would like to read a letter which has come to me by special delivery. It is very short. I would like to ask your judgment on it. I do not know why it was sent to me. It was handed to me a few moments ago. It is a letter requesting me to file this brief with the committee:

Worcester, Mass., December 3, 1908.

Hon. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

Washington, D. C.

Gentlemen: The machine-tool builders of Worcester and Fitchburg, Mass., a large majority of whom are members of the National Machine Tool Builders' Association, present to you the following brief with reference to the proposed revision of the tariff on machine tools.

We believe that it would be for our best interests that we should have a maximum and minimum tariff on machine tools coming into this country, and that the maximum tariff be 45 per cent ad valorem, as now exists, and that the minimum tariff be 30 per cent ad valorem; also that the minimum tariff be

used when the most favorable tariff is granted the United States on machine tools by foreign countries.

Yours, respectfully,

rs, respecting,
Edward M. Woodward, President Woodward & Powell Planer Company, ex-President National Machine Tool Builders' Association;
Stockbridge Machine Company, A. W. Beaman, Treasurer; J. E. Snyder & Son, J. E. Snyder; The Young Machine and Tool Company, W. C. Young, Vice-President; Francis Reed Company,
Francis Reed, Proprietor; Whitcomb-Blaisdell Machine Tool Francis Reed, Proprietor; Whitcomb-Blaisdell Machine Tool Company, Charles E. Hildreth, Treasurer; H. G. Barr, per H. E. Barr; Heald Machine Company, per James N. Heald, Manager; Donald Tulloch; B. G. Luther Company (Incorporated), B. G. Luther; O. S. Walker & Co., per I. F. Williams; Norton Grinding Company, by George I. Alden, Treasurer; C. H. Cowdrey Machine Works, by C. F. Cowdrey; Fitchburg Machine Works, G. H. Dyer, Treasurer; Bath Grinder Company, John Bath, President; Putnam Machine Company, C. F. Putnam, President.

It is signed by practically all of the machine-tool makers of Fitchburg and Worcester. In your judgment, would the adoption of such legislation as that tend to increase the trade of foreign machine-tool

builders in this country?

Colonel CLARKE. I think it would increase it.

Mr. HILL. Would it be any detriment to the home trade?

Colonel CLARKE. I think it would.

Mr. Hill. You think it would be a detriment to the home trade?

Colonel CLARKE. Decidedly. Mr. Hill. Would your judgment commend such legislation?

Colonel CLARKE. It would not.

Mr. Longworth. I might say that I have had a number of such communications on exactly the same line.

Mr. CALDERHEAD. Why not? Colonel CLARKE. We have a very large manufacture of machine tools in this country, and the competition between these many producers is very keen. It has reduced the price to the consumer as low as it can safely be reduced and maintain our present American system of living and American wages. To introduce more easily the foreign-made machine tools, which, of course, are the products of countries with much lower labor cost than prevails here, would by just so far dislocate the American industry and displace American goods which have given employment to American labor.

The CHAIRMAN. Do we not sell machine tools abroad?

Colonel CLARKE. Hardly any.

Mr. Longworth. Cincinnati is one of the largest machine-tool districts in this country. I am told that more than 40 per cent of

their trade is export trade.

The CHAIRMAN. I think you are mistaken about that, Colonel. I have read constant references to it. I think you are mistaken about that. I understand that we beat the world in making machine tools,

in the fineness and quality of the tools.

Colonel CLARKE. That may be so, Mr. Chairman, but I have been told by machine-tool builders that the foreigners copy the American patterns within a year after they obtain a pattern; and we have not the advantage of the lower cost of labor and the lower cost of everything that enters into their manufacture.

The CHAIRMAN. The statement was that because of their excellence they were sold at even a higher price than the tools of domestic manufacture there. I am sure I saw that statement about machine tools

in the consular reports.

Colonel Clarke. It may be true of certain special instances, Mr. Chairman, but I can not believe that it is true as a whole. The machine-tool industry, of course, is a very large industry. There is a great variety of machine tools, and naturally some would be exported, and we naturally import some.

The CHAIRMAN. Is there any portion of the present law where you

think it would be possible to reduce the rate?

Colonel Clarke. I think it may be possible, if you adopt home valuation.

The CHAIRMAN. If you adopt what?

Colonel CLARKE. Home valuation, where ad valorem duties apply. The CHAIRMAN. I am speaking of a reduction. If we adopted home valuation, the rate might well be the same as now, if we could get an honest valuation. For instance, if we adopted home valuation on crockery, the rate would be  $22\frac{1}{2}$  per cent, and would run fully as high as it is now at 60 per cent on foreign valuations. That figures out to a certainty. But I mean aside from that, is there any schedule or any paragraph where you think the rate might be reduced with safety?

Colonel Clarke. I think probably there are a number of instances.

The CHAIRMAN. But you have not been able to specify any.

Colonel CLARKE. I have tried for the last three years to get somebody to name those articles, and with very, very limited results. I have heard more in these hearings here on that subject than I have been able to ascertain in three years from talking with individuals and reading their magazine and newspaper articles.

The CHAIRMAN. How about the duty on hides?

Colonel CLARKE. The duty on hides; the hides of cattle? The CHAIRMAN. The hides of cattle, now at 15 per cent?

Colonel Clarke. Of course that can be taken off probably with some small advantage to the shoe industry and the harness industry of the country, unless they thereby have to sacrifice their price.

The CHAIRMAN. Did you hear the shoe men the other day when they said they were willing to have the duty all taken off of shoes if

they had free hides?

Colonel CLARKE. I did. I heard the telegram from a Lynn firm.

The CHAIRMAN. You think they are mistaken about that?

Colonel Clarke. I do, and I know there is a large number of shoe manufacturers in Massachusetts who do not agree with them.

Mr. RANDELL. They are manufacturing for export, though, are they not, and they get a drawback on the hides that they import; they get their hides free, and are manufacturing for foreign markets?

Colonel CLARKE. If they are able to identify the leather.

Mr. RANDELL. Is that the case or not?

Colonel CLARKE. If they are able to identify the leather made from imported hide which enters into a shoe, they can get the drawback. Otherwise not.

The CHAIRMAN. That seems to be a little difficult, because they buy

uppers and soles already cut.

Colonel CLARKE. Certainly. The manufacturer of sole leather has no difficulty at all in getting the drawback, except in this respect: The foreign producer of that leather knows very well that the American exporter is entitled to that drawback, and so in driving his bargain he insists on having that drawback, or a part of it.

Mr. Bonynge. Do you agree with those witnesses who appeared before us in favor of free hides, who contended that the packers got all the benefit of the 15 per cent on hides?

Colonel CLARKE. I do not.

Mr. Bonynge. And that the cattlemen and ranchmen of the West

got none of it?

Colonel Clarke. I do not agree with their statement about that.

The Chairman. If the whole duty were added to the price of the

hides, still the amount of that duty would not affect the price of shoes to exceed 2 per cent; it would be nearer 1 per cent on the price of a pair of shoes. Say it is 2 per cent. The duty on shoes is 20 per cent, I think. Now, if their statement is correct, without any reduction in the duty on hides they could reduce the duty on shoes 15 per cent and not be hurt, and that would leave them 5 per cent. If I am not right about the duty being 20 per cent, and it is 15 per cent, they could reduce the duty 10 per cent and leave it at 5 per cent. If these gentlemen know their business, and know what they are talking about, they can stand a reduction to 5 per cent and have ample protection, accord-

ing to their notion.

Colonel Clarke. The duty on shoes is 25 per cent. Possibly it could be reduced a little. Mr. William B. Rice is one of the largest shoe manufacturers in Massachusetts. He is a free trader in theory and a member of the Democratic party, and when the subject of taking the duty off shoes in consideration of taking it off hides was brought up three or four years ago he said the shoe manufacturers could not afford to take it all off, because other things besides hides went into shoes. There is the cotton cloth used for lining, and there are some metallic goods used for eyelets, and so forth, and they are dutiable. He said that it would place the shoe manufacturer at a disadvantage. The other day this Mr. Jones who testified so ably before this committee told me in conversation that the Germans and Austrians are now manufacturing what is called an "American shoe" on machinery sent over to them and leased to them by the United Shoe Machinery Company, which they operate under the skilled guidance of a man or men sent over by the United Shoe Machinery Company, and those shoes are in great favor in the foreign markets. He says an expert can hardly tell the difference between them and an American shoe of the same style. He looked upon it as setting the limit to the exportation of American shoes to European markets, and he said, "We shall be very fortunate if it does not result in an invasion of the home market by those same shoes."

The CHAIRMAN. You say Mr. Jones who appeared during the

nearing!

Colonel CLARKE. Yes, sir.

The CHAIRMAN. Why did he not come out in the open and express his views?

Colonel Clarke. I do not know. I had this conversation with him. Mr. Gaines. He is speaking of Mr. Jones, who testified here so ably before this committee on this subject, or at least so skillfully. Colonel Clarke, I have been told to-day by a gentleman from Massachusetts that the persons who were here the other day represent the very large manufacturers of shoes, who, by reason of their great output, can manufacture more cheaply than the great bulk of shoe manu-

facturers, and also men whose product has, to a certain extent, now a monopoly because they manufacture shoes of superior fit and fashion, but that the great bulk of Massachusetts shoe manufacturers will say that upon cheaper grades of shoes, such as can be manufactured abroad, the shoemakers of this country can not stand free trade, and that the gentlemen who were testifying here the other day did not represent the majority in number or even the bulk in output of the shoe trade.

The CHAIRMAN. Why do they not appear and give the information

to the committee?

Mr. Gaines. I understand they want to appear, and will appear. I wanted to ask Colonel Clarke whether, in his opinion, those gentlemen who expressed themselves in favor of free shoes do or do not represent the sentiment of the Massachusetts shoe manufacturers.

Colonel CLARKE. I think they represent the majority of that senti-

ment.

Mr. Gaines. You do?

Colonel Clarke. I do; and I will tell you why. Three or four years ago the Boston Commercial Bulletin, owned and edited by Governor Guild, made a canvass of the shoe manufacturers of New England, and 65 per cent of them declared in favor of free hides and declared their willingness to sacrifice a part of the protection on shoes if they could get free hides.

Mr. Bonynge. A part of the protection only?.

Colonel CLARKE. Part of the protection.

Mr. Gaines. But these gentlemen said they were willing to do away with all of the protection, if I understood them correctly.

Colonel CLARKE. I do not believe that a majority, or even a large minority, of the shoe manufacturers of Massachusetts would consent

to taking off all of the duty.

The CHAIRMAN. They not only stated that, but they have asserted it to me repeatedly in the last three or four years; and I have asked them if they had all the duty taken off on shoes if they would not be back here asking us to put it on again, and if they were aware of the fact that if it was done under a general revision of the tariff it would be years before the tariff would be changed again; and they said yes, they were aware of that, and they were willing to have it taken off. That is what these gentlemen told me, some of these same gentlemen.

Mr. CALDERHEAD. There is no tariff upon any hides that come in of

any kind except the heavy hides, the sole-leather hides?

Colonel Clarke. That is all; hides weighing 26 pounds, I think. Mr. Calderhead. What percentage of the importation of hides is of that character?

Colonel CLARKE. It is a comparatively small percentage, but still

it is an important factor in the business.

Mr. Calderhead. If there were six or seven millions altogether, the importations of heavy hides would be about one million?

Colonel CLARKE. I would not undertake to give the percentages

without looking them up.

Mr. CALDERHEAD. I wish you would.

Colonel CLARKE. I will look them up and furnish the information to the committee.

Mr. Calderhead. I wish you would. Where do the heavy hides come from?

Colonel CLARKE. From South America, very largely.

Mr. CALDERHEAD. Any from India?

Colonel CLARKE. I doubt if any heavy hides come from India. We import a great many light skins, goatskins. Of course they come

Mr. Calderhead. Yes. There is no tariff of any kind except upon

heavy hides?

Colonel CLARKE. That is all.

Mr. CALDERHEAD. The heavy hides of 3 and 4 year old cattle?

Colonel CLARKE. That is all.

Mr. Longworth. Do you agree with the statement of Mr. Jones that the price of hides has nothing whatever to do with the price of cattle?

Colonel CLARKE, I do not.

Mr. Longworth. I did not understand whether you did or not. Colonel CLARKE. I think the growers of cattle know what the duty is, and they are generally keen-scented for what they are entitled to. I think they exact a little higher price for the steer than they would

but for that duty.

Mr. Longworth. Mr. Jones had some figures which he read to show that when the price of hides was highest the price of cattle was lowest, and vice versa.

Colonel CLARKE. I do not recall those figures, but that might happen as a coincidence. There might be other factors entering into the problem at different times which would make prices high or low.

Mr. Calderhead. What would the packer who buys cattle say to the shipper who sells cattle if the tariff was taken off of heavy hides? Colonel CLARKE. Well, I am not much acquainted with the packers.

I do not know what they would say.

Mr. Gaines. You mean whether he would not use that as an argu-

ment to force down prices when the cattle were offered for sale?

Mr. Calderhead. Yes; when the cattleman offers his cattle he offers them with the hides on. The price is \$6 a hundred at this time. and he pays that much with the hide on, and he pays for the hide as well as the other part of the animal. Now, the hide of a 3 or 4 year old steer weighs from 100 to 115 pounds. If the tariff amounts to 3 cents a pound, will the packer say to the shipper, "The tariff has been taken off and I can not pay quite so much for this steer?"

Colonel CLARKE. I think he is very likely to say that; but there is a very large proportion of the hides of cattle which are not sold by The output of small slaughterhouses all over the country amounts probably to about one-half of all the hide-producing indus-

tries.

Mr. Bonynge. What do they do with the hides?

Colonel CLARKE. They sell them in their city markets at the pre-

vailing prices, always getting all they can.

Mr. CALDERHEAD. Those are all hides of young cattle, usually? Colonel CLARKE. No; they are very often the hides of cows, and sometimes, in some States, of oxen. I was in a town in Maine four years ago, where I was told that every farmer keeps one yoke of oxen, and some farmers more. They are returning to the use of oxen more and more in some parts of New England. Of course those hides get into the market sooner or later. They are heavy hides.

Mr. Longworth. Do you believe, Colonel, if the duty on hides was

increased that the cattle industry would be stimulated?

Colonel CLARKE. I hardly think it would, for the reason that people do not grow cattle exclusively for their hides nor largely for their hides. They grow them mostly for beef. But as the hide is a part of the animal a grower feels that he is entitled to get as much as he can for that part, the same as he gets for other parts, and I never have been able to see why he should not.

The CHAIRMAN. I think the committee will ask Mr. Jones to come back here and tell us about this. We want to get all the facts on this

subject.

Mr. Hill. Referring back to the Massachusetts machine-tool industry, which is a very large one in Massachusetts and managed very successfully, to my personal knowledge, the home market is much larger than any possible foreign market that could be found by those men, is it not?

Colonel CLARKE. I think it is.

Mr. Hill. Undoubtedly. Why and on what ground should these men come before this committee and ask for such a change in the duty as you say will extend their foreign market and injure their home market?

Colonel Clarke. Perhaps they do not take that view of it.

Mr. Hill. It is quite evident that they do not take that view of it, but I did not know but what you might give us the ground on which you think they acted.

Colonel Clarke. I had no knowledge, before coming before the committee, that there was any such request from Massachusetts, and I

do not know the motives of those men.

Mr. Hill. I think I can tell you what one of their arguments is. They fear that the French will raise the duty against them, and therefore they want a tariff on which a trade interest can be made,

and that is their reason for asking for a minimum tariff.

Mr. RANDELL. Is it not a fact that the tariff on hides has not had a real, fair test in reference to the matter of raising the price of cattle, because three-fourths of the importations have been cut out from being a revenue by a ruling of the department applying the tax only to hides of 25 pounds and over? Is not that a fact?

Colonel CLARKE. I do not know whether that is a ruling of the

department or a provision of the law.

Mr. RANDELL. But do they not trim the foreign hide so as to send in the better part of it, and bring the hide in under the 25-pound provision, so that the average hide that comes in from South America and other countries comes at the weight of about 22½ pounds; is not that a fact?

Colonel Clarke. I do not know about that.

Mr. Calderhead. Do I understand you to say that that is a ruling of the department?

Mr. RANDELL. Some of the witnesses were talking that way, and I will say that is the ruling; the department ruled on it in that way.

That is not the law; it is a ruling of the department.

Do you not think that the situation is just about this, that there is just enough pressure brought to bear in favor of taking off the tariff on hides, and enough consent given to get the pressure in that direction, so that before this thing winds up and this bill should become a law the producers of hides will have no tariff on their product and the produceres of leather and shoes will still have the tariff, just the same? Is not that about the situation?

Colonel CLARKE. That may be what would please them. Mr. RANDELL. That is what I think will be the result.

Colonel Clarke. But, so far as I am concerned, I am in favor of protecting every domestic article that is subject to foreign competition.

Mr. RANDELL. I am in favor of protecting the American people and letting these business men stand on their proper business basis.

Colonel CLARKE. The shoe-manufacturing industry has generally been very prosperous since this Dingley duty was put on, not because of it, perhaps, but in spite of it, maybe. At any rate, it has been largely owing to the general prosperity of the country.

Mr. RANDELL. Had we not better take it off and give them a fair

chance?

Mr. CALDERHEAD. If it were taken off, do you think our eighty millions of people would be any better off than they are now? Colonel CLARKE. I do not.

Mr. Calderhead. Would they get any cheaper shoes? Colonel Clarke. They would not get cheaper shoes unless they were cheaper in quality.

Mr. Calderhead. Unless they were cheaper in quality?
Colonel Clarke. Yes. The shoe manufacturers, as was testified to here the other day, have got the processes of manufacture down to a fine point of economy, and they can not reduce the price without reducing the quality.

Mr. RANDELL. If the tariff was taken off, do you mean to say that

would let foreign shoes into the market?

Colonel CLARKE. I think it would.

Mr. RANDELL. Then, would not that reduce the price?

Colonel Clarke. Not necessarily at once.

Mr. RANDELL. Then why do they not come in with the price not reduced? What difference does it make about a tariff if the price remains the same? What difference does that make about the importations?

Colonel CLARKE. Up to within a year—

Mr. Randell. Please answer that question, if you can. Colonel Clarke. I will, if I can. I do not know that I can. Up to within a year Americans would not wear foreign-made shoes to any extent, except a few fine shoes made in France, but now that the United Shoe Machinery Company's machines are in use, and American styles are copied so that experts can not tell the difference in the two kinds, the cheaper-labor country will get the foreign markets.

Mr. CALDERHEAD. And when your cheaper-labor country gets the markets, will the price of meat be any better in this country?

Colonel CLARKE. I think it will be less. You can not impair the purchasing power of the people, you can not strike down one great industry, without all industries suffering, and these men who are clamoring to have the duty on shoes taken off simply do not know what they are talking about.

Mr. RANDELL. They are very successful shoe men, are they not? Colonel Clarke. Some of them are very successful shoe men.

Mr. RANDELL. And they say they have got a cinch on the markets of the world outside of the home market.

Colonel CLARKE. Their exportation has been growing well.

Mr. RANDELL. Do you not think they know more about that than

you do?

Colonel Clarke. I do not. I cheerfully agree that they have more practical knowledge of their business than I would assume for a moment to have.

Mr. Pou. Are not any of these foreign manufactured shoes coming

into this country now?

Colonel CLARKE. Hardly any, now. But I am apprehensive, as Mr. Jones expressed himself to me in conversation, that our market will be invaded.

Mr. Pou. I was asking that purely for information. I did not

know

Colonel Clarke. Since you have alluded to the men and their interests in this matter, allow me to say that two or three years ago, when the question of reciprocity with Canada and the free-hide questions were uppermost in Massachusetts discussions, some workingmen in Lynn, which is a great shoe town, united in a protest against it on account of the fact of the great disparity in wages between this country and other countries, and they gave a table of those wages taken from consular reports. I shall be happy to furnish a copy of that protest, if the committee would like to see it.

Mr. Gaines and others. We would like to see it.

## WILLIAM W. BATES, DENVER, COLO., FAVORS ASSESSMENT OF AD VALOREM DUTIES ON DOMESTIC VALUES.

38 West Second Avenue, Denver, Colo., December 22, 1908.

Hon, EBENEZER J. HILL,

Member Ways and Means Committee,

House of Representatives, Washington, D. C.

DEAR SIR: I note in your questioning of Mr. W. F. Wakeman, secretary of the American Protective Tariff League, a desire to draw out his opinion of the wisdom of home in place of foreign valuations on goods imported. Mr. Wakeman was not prepared to favor the idea.

Some years ago I examined this "basis"-of-valuation subject and concluded that foreign valuation is a mistake. If my recollection serves me well the original basis was home valuation. It was changed to foreign by Walker in the tariff of 1846, and was intended to give an advantage to British manufacturers, they being then the cheapest producers of our principal imports. Now Germany is the cheaper manufacturer, and soon Japan and China may be. Query: Is Asiatic labor, skill, and capital to be given advantage of European?

You are entirely right in thinking of changing the basis of valuation for ad valorem taxation. It is now unjust to the countries that

are not the cheapest manufacturers.

I can see no object in seeking to have a uniform valuation throughout all the ports of the United States. It looks to favoring one port at the expense of others (which is unconstitutional). Let the foreign exporter be free to ship to any port he may choose, and the market value in that port to govern the payment of duties.

This is the plan I have adopted in formulating the four sections for the tariff bill that should be included in it for ship protection.

(See my "Memorial" in the Hearings for December 4.)

I think the customs administrative law would be simplified and improved vastly by changing the basis of valuation from foreign to home market.

Very respectfully, yours,

Formerly Commissioner of Navigation, Treasury Department.

# HON. JAMES KENNEDY, M. C., ADVOCATES ASSESSING AD VALOREMS ON SELLING PRICES IN THIS COUNTRY.

Washington, D. C., December 23, 1908.

WAYS AND MEANS COMMITTEE,

Washington, D. C.

GENTLEMEN: In my district I have a great many industries that are manufacturing the kind of goods which when imported from abroad pay ad valorem duties, and complaint has been general that the protective tariff has failed to protect in all cases where it is an advalorem tariff. The glass blowers of Massillon, the watchmakers and roller ball bearing manufacturers of Canton, and the potters of East Liverpool are all contending that they have never had the protection against imported wares from abroad which was intended by the Dingley bill to give them. This could be remedied by a simple change in the administrative clause of the Dingley bill with reference to ad valorem duties. If the tariff were based upon the price at which the importer sells his goods, after the duty is paid, freely at wholesale in our market, further objection to ad valorem duties would disappear and the ad valorem duty, in place of being a source of infinite trouble and annoyance, would become the easiest of administration and the most satisfactory in every way. At present we permit foreigners to fix the market value in a foreign country and to pay duty upon that value which they have fixed.

In the testimony of Mr. Burgess, when appearing for the potters, he stated that the United States import figures on earthenware and china for 1907—our import figures from Germany are \$5,153,943, whereas the German export figures for the same goods at the same time were \$8,114,848. In the Daily Consular Trade Report No. 3338, dated November 23, 1908, per figures from the German Statistical Year Book (Statistisches Jahrbuch für das Deutsche Reich) for 1908, is given the imports from Germany to this country for the year 1908 aggregating \$7,689,980, while the Treasury Department collected duties, as appears by American figures, on \$5,287,367 worth. For the two years 1907 and 1908 German statistics show that importations to the United States were \$5,400,000 in excess of American figures, and that the admission of these goods into our country was attended by a swindle of our revenue department of over \$3,000,000. This gross undervaluation of goods coming from abroad was made at a time when the pottery associations were using the utmost endeavors to prevent such a practice. In the testimony given by Mr. Burgess it clearly appears that the United States Government was, in the matter of these duties, charging one

rate of duty for English goods entering our ports and a very much less rate of duty for the identical article when it came from German This is indefensible. The bill which you are framing should be prepared with every care possible, so that it will not get out of adjustment, out of harmony, with the existing conditions quickly. The present method of levying duty upon the market price in the country where goods are made is vicious. The distance between the labor cost of goods abroad and the labor cost of the same goods manufactured in this country should be spanned or bridged by the duties collected. This is the protective idea. If duty is based upon a foreign price and conditions become disturbed, labor rapidly falls, carries down with it the foreign market price of the article, the tariff which is intended to span the entire distance between the foreign cost and ours should automatically become greater and not less. As for example: Let us assume that the hat I wear would cost \$1 to manufacture in a foreign country; that the labor cost and the material cost of manufacture here would make the cost of the hat \$2; the tariff should be \$1; if based upon the foreign price the rate of duty should be 100 per cent; if based upon the American

price it should be 50 per cent.

Now I take it this committee is ambitious to frame a tariff bill that will have the tendency to free business in this country from all unnecessary disturbances by reason of unfavorable foreign conditions. the case I instanced if prices should suddenly fall in those countries from which hats are imported into this country under the Dingley bill the tariff also would rapidly decrease, thus allowing foreign goods in great quantities to be shipped into our market cheaper, and so to suddenly disturb conditions resulting in calamitous disturbances to business of all kinds, making necessary the readjustment of wage scales in the factories and workshops, needlessly causing strikes and lockouts until every panic or labor depression wherever coming in the civilized world is instantly felt in greater or lesser degree upon our shores. Upon the other hand it is not the foreign market price of goods coming to America that should be considered in the framing of a protective tariff. It is the competitive price in this country, and upon that the duty should be based. I think that the ad valorem duties should be levied upon the price—the specific price—at which the importer sells goods freely to the jobber or to the wholesale trade in this country after the duty is paid. It would be the simplest thing in the world to require our administrative officers to collect the duties when goods are entered which are intended for sale at the price which the importer makes declaration that he expects to sell them, with the provision that he must report the exact price at which same are sold and when so sold, and if sold below the price originally entered the excess duty should be returned, and if sold above that price the additional duty immediately paid. This arrangement would make the ad valorem duty the ideal duty. It would free their collection from . all embarrassments and suspicion of false valuations. It would bring this duty back to the just basis of all taxation, the value in money at the place where taxed.

Again, it has been shown that the same goods, identically the same articles of pottery, when imported from England are valued for taxation at 35 cents per dozen; when coming from Germany at 19½ cents.

It would seem fair to infer that the pottery of other kinds coming from Germany entered with an undervaluation bearing the same ratio to the real value that the Holland teas did. If this be true, then the figures given in the German Year Book, notwithstanding the fact that they are three-fifths greater than the valuation upon which they paid duty, are still away below, more than \$1,000,000 per year below, the price at which the same goods would have been appraised if they had come from England. The proportion stated for the year 1907 would be  $19\frac{1}{3}$ :5,153,943::35:9,332,012; for the year 1908,  $19\frac{1}{3}$ :5,287,267::35:9,578,082. In the two years pottery imported from Germany was entered at our ports at a valuation of \$8,458,884 below the value at which the same goods would have been appraised had they come from England.

The administrative clause of the Dingley bill, which makes even possible such gross discrimination against the commerce of a friendly nation, must be corrected. Why, if the wages of workmen are lower in Germany than in England, we need more tariff upon them and

not less.

It is objected that this change can not be effected because it would render unnecessary an army of special agents and appraisers who are now in the employ of the Government and who would use their

influence to defeat the reform.

While it is difficult to understand why a feature in our tariff law so unscientific as the administrative clause relating to ad valorem duties has obtained for over half a century, while everywhere has been complaint and comment about the difficulty of its execution and its unsatisfactory operation, I am loath to think that our predecessors in Congress were influenced by the mere hunger of patronage in retaining this provision. Nor will this Congress hesitate for any such unworthy reason to make the change if it is thought right by a majority of its members.

When this idea was suggested to the president of the American Potters' Association he expressed surprise that it was not adopted long ago; at the same time, however, saying that intensely interested as he had been in the subject he had never thought of it before. I advert to this for the reason that it has been said that the potters do not ask this. They do. They made other suggestions of change, however, because they feared that this could not be had, inasmuch as

it would affect all the schedules having ad valorem duties.

Respectfully submitted.

James Kennedy, M. C., Eighteenth District of Ohio.

## THE DURBROW & HEARNE MANUFACTURING CO., NEW YORK CITY, OFFERS SUGGESTIONS ON VALUATIONS.

12 Wooster Street, New York, January 5, 1909.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

DEAR SIRS: If not too late, we would ask if some modification of the present definition of market value of goods assessed "ad valorem" could not be embodied in the new tariff under discussion. We refer only to goods which are purchased outright in the open

 $\mathbf{market}$ .

Under the present interpretation of the law the attempt is made to ascertain what the home price on goods is and assess duties on that basis irrespective of what is actually paid.

In effect this almost constitutes a specific duty instead of an "ad

valorem" as specified in tariffs on many goods.

We respectfully submit that, viewed from the point of protection, the home price on goods has no bearing on the matter of protecting our industries. It is the export price that affects the matter. If the duty is not high enough on the export price, then make it sufficiently high. Practically all goods imported into the United States are bought for export.

The foreign manufacturer who parts with his goods for no other consideration but the cash return for same as per invoice rendered

is the factor to be reckoned with.

We submit that the bona fide purchase of goods, for money, in the open market by an American merchant from a foreign merchant

should be the basis on which to assess ad valorem duties.

There is no reason why American merchants should not have their statements (under oath if necessary) accepted as to these facts, when not controverted by any knowledge as to statements being untrue.

We also submit that in all appraisement hearings, formal or informal, before one, two, or three appraisers, the merchant is entitled to know what evidence he must contest, and should have the privilege, if necessary, of cross-examining government witnesses.

One-sided hearings where the appraisers conceal the facts on which they decide against merchants are un-American and unjust.

Yours, respectfully,

Durbrow & Hearne Mfg. Co.,

Manufacturers and Importers of Small Machinery,
R. J. Hearn.

### DOUBLE DUTIES.

HON. WILLIAM S. GREENE, M. C., THINKS THERE SHOULD BE SOME PROVISION FOR ARTICLES ONCE IMPORTED AND SENT ABROAD FOR REPAIRS.

Washington, D. C., January 15, 1909.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

My Dear Sir: Constituents of mine are interested in the use in this country of the musical instrument known as the concertina. I am informed that none of these are made in this country, nor can they be repaired here. Hence, it is necessary when they need to be repaired that they be sent abroad. There is a duty on these instruments when they are first brought into this country, and I understand that when they are sent abroad to be repaired another duty is charged upon the same instruments to bring them back. This cer-

tainly seems an injustice, and I call the matter to your attention for the consideration of your committee to see if some remedy for this double tax can not be evolved.

Very truly, yours,

WM. S. GREENE, M. C., Thirteenth Massachusetts Congressional District.

### ENGLISH PATENT LAW.

HON. S. BRUNDIDGE, JR., M. C., SUBMITS LETTER OF E. C. LIPP-MANN, TUPELO, ARK., RELATIVE TO PATENTED ARTICLE.

Tupelo, Ark., November 28, 1908. ·

Hon. SAMUEL W. McCALL, M. C.,

House of Representatives, Washington, D. C.

DEAR SIR: I have recently patented a roller guide for band saws under No. 876816, dated January 14, 1908, of the United States Patent Office, and am expecting to have the manufactured product on the market within the next few weeks. It is a very useful and important invention, and will, I think, be largely adopted by the users of band saws.

A short time ago I read an article relative to a change in the patent laws of England, in which it was shown that American inventors could easily be deprived of the benefits of their inventions, it being stated that England now requires that the manufacture of all patented articles must be begun within her borders inside of two years after the date of an English patent, or the patent would expire, and it would then become possible for an article to be shipped into this country in the original package, and the holder of letters patent for such article would have no remedy except to prosecute each individual distributer. It was pointed out that the United States might retaliate by passing a similar law, but that that would still be unfair on account of the greater number of patents issued by the United States than by England. In the meantime the inventor would be standing helplessly. waiting for a readjustment, and seeing the benefits of his labor and money shared by those who had possibly never given an instant of thought or a dollar of expense toward making an improvement over old methods. This is particularly true when applied to the smaller and less valuable inventions, of which mine is one.

As I would not be able to start to manufacturing my guide in England and the prosecution of individual distributers in this country would cost more than my profits would amount to, I see nothing but a loss of all the labor and money I have used in perfecting my invention, unless a tariff of sufficient amount can be put upon the manufactured guide to make it unprofitable for anyone to ship same

into this country.

I would be very glad to have you give this matter your consideration and, if you see fit, to take it up with the committee on tariff legislation and see if they will grant me the necessary protection.

My guide is the only all-roller guide for band saws that is made, and any contrivance using rollers would be an infringement on the idea, and if the committee will grant this protection, I hope they

will make the description broad enough to bar any roller guide that may be gotten up with the object of reaping the benefits that I would otherwise secure from my invention.

The retail price of the different sizes of guides will be about as

follows:

These prices will be subject to a trade discount, but will give you an idea of what it will take to protect; the net cost of manufacturing being expected to be one-half of the retail prices of the smaller sizes and a little more than one-half the retail prices of the larger sizes.

Assuring you of my appreciation of anything you may do for me,

I beg to remain,

Yours, very truly,

E. C. LIPPMANN.

### EXPORT DUTIES.

## ROSWELL A. BENEDICT, NEW YORK CITY, SUGGESTS AN EXPORT TARIFF AND PROHIBITIVE PROTECTION.

29 Broadway New York, January 9, 1909.

Hon. Sereno E. Payne,

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

Gentlemen: If your committee has time to consider general policies at all, in the exacting labor necessary to frame a tariff law, will you not consider the following points, and so far as you may agree with me let your agreement be reflected in some measure in the new law?

(1) Ought not the country gradually to learn to pay its own way by internal taxation and place tariffs on imports more and more for the purpose of protection to domestic employment and wages, even

to the limit of a final cutting off of imports altogether?

Does not our looking in part to customs duties for revenue lead to the encouragement of imports, the displacement of domestic employment and wages, and so domestic business, and a necessary lowering of our means of support, and therefore our citizenship and our civilization?

Our population increases both by native procreation and by immigration. All increase in domestic consumption must come from one of two sources, viz, increase in the number of those employed, or increase in per capita wages, every aggregate increase being made up

of these two elements in varying proportions.

During the currency of the Dingley law there has been a very large increase in competitive imports. I believe something like an increase of 100 per cent. These added imports must have been absorbed either by the increased consuming power per capita, by the increase of the consuming population, or by both of these agencies combined.

The question is how far this absorption of foreign goods can be traced to these sources of consumption, separately considered; for inasmuch as the country which furnishes either the increase in per capita wages or in the number of consumers is alone entitled to benefit by the correspondent increase in consuming or purchasing power, it would be instructive to know from which of these sources of increase belonging to us alone foreign producers were indebted for their opportunity to destroy consuming power in this country. For, of course, since employment and wages must precede consuming power, it follows that employment of foreign instead of domestic producers, as has been the case to the extent of something like \$800,000,000 of competitive goods annually for some years past, has destroyed domestic consuming power to the extent of the wage-yielding employment which would otherwise have come to our own producers had the production taken place at home instead of abroad.

How far has the apparent increase in domestic consumption during the currency of the Dingley law been due to increase in per capita

wages, and how far to increase in population?

May it not be that the increase in consuming power is represented by increase in wages of skilled labor entirely and not at all by

increase in population?

This would leave the increment of population from native and foreign sources during that period short in employment by the whole employment required for producing the \$800,000,000 of competitive imports annually.

May it not be that the increase in aggregate consuming power was due both to per capita wage increase and to increased population, but still be far short of what it should have been and would have been had the competing imports not have been made, but instead an equal amount answering the demand had been made in this country?

In this calculation it should be remembered that employment here, quantity for quantity, has a far different value in raising consuming power than it has abroad, because the wages arising here from a given employment are from twice to twenty times the wages arising from the same employment abroad, depending upon the foreign locality in which such employment is lodged. When we import \$800,000,000 of competing products we must bear in mind that the value of \$800,000,000 is the declared foreign value upon which tariffs are collected, and that this value is always stated at the lowest possible figure in order that the smallest amount possible may be paid in the way of customs duties. It is likely that \$800,000,000 in foreign values, taken promiscuously from the world's round export into this country, represents something like \$4,000,000,000 in wages here, following each article from the rawest state to the point of consumption, and that the canceled exchanges which would otherwise have been current in this country would amount in a year to from \$20,000,-000,000 to \$40,000,000,000, seeing that every dollar placed in trade here passes from hand to hand at least five times and possibly ten times in a twelvemonth.

May not this cancellation of domestic business, by stopping our consuming power and destroying domestic exchanges at the rate above named, account largely for the great depression and wide unemploy-

ment which is even now severely felt in many places?

On our Bowerv Mission bread line here in New York there are nightly 2,000 men, a great many of whom are skilled workmen, absolutely unable to find employment. This fact is eloquent for the proposition that our increase in domestic production and consequent employment does not keep pace with our increase in population; and it points to the probability that our enormous increase in competitive imports is accounted for by our tariffs being already far too low and the consequent fact that a certain proportion only of our increased population, especially the native increase, finds employment in domestic production, and that the consuming power of the country, and therefore its business-producing power, is far below its potentiality with protective tariffs adequate to compel the country largely to pay its own way by internal revenues. If it is losing from \$20,000,-000,000 to \$40,000,000,000 a year now in business exchanges by the admission of foreign goods on which to levy tariffs for revenue, it surely could better afford to pay all the expenses of government by direct taxation instead.

(2) The "consumer" feels himself aggrieved because the producer is protected by a tariff which compels the "consumer" to buy goods of the producer, but does not compel the producer to sell his goods to the "consumer." If the "consumer" does not like the price at which the producer offers his goods, nevertheless the import tariff on foreign goods compels the "consumer" to take the producer's goods; even while there is no export tariff to compel the producer to sell his goods to the "consumer." The "consumer" therefore says, as did your Mr. Samuel W. McCall in his article in the October Century, 1907, entitled "Outlook for Tariff Revision:" "The man whose pockets the law has just helped monopoly to pick cares little whether the tariff is called the mother or the grandmother of trusts.

\* \* It matters little to him whether the law creates the implements of plunder or whether it seizes the victim and delivers him

over bound for the operation."

Of course, as a matter of broad fact, the entire country is benefited impartially by every effective protective tariff; and while it is a fact that the country is helped by protection directly in proportion to the number of industries protected, nevertheless it would be positively helped if there were but a single industry in the country protected, for that industry would at least furnish one means of employment to which labor could go to relieve the congestion of labor and so the wrecking of wages among unprotected industries. Now, to disarm this argument that protective tariffs "rob" consumers, and above all to disarm the importing trust, which puts a free-trade tongue in all our metropolitan newspaper offices and all the boards of trade and chambers of commerce in our great importing cities on the low-tariff side of the fence, ought there not to be also a protective tariff for the "consumer"—a protective export tariff as an offset to the protective import tariff in each case?

As an equitable proposition, should not an export tariff compel the producer, to a certain extent, to sell to the "consumer," if an import tariff, to a certain extent, compels the "consumer" to buy of

the producer?

Would not a comprehensive plan for the promotion of American civilization, which depends entirely on the promotion of American employment and its wage scale, secure an exclusive American price

and compel its payment by everybody living within American national boundaries? And would not this be equally just to everybody if, while we compelled one party to buy entirely of American production, we also compelled the other party to sell entirely to American consumption? Adequate import tariffs offset by adequate export tariffs would establish a purely American price by which no Ameri-

can could possibly be prejudiced. (3) Would not adequate export tariffs on all materials, provisions, and cereals, put us in a better condition industrially and financially? Foreign countries only buy of us because they can not buy at all elsewhere; for if they could buy at all they could buy at lower prices, inasmuch as our labor cost is the highest in the world. Export tariffs would not at once greatly hinder exports, but they would at once raise the prices of the exported goods abroad and so increase the cost of our materials for manufacture in foreign hands and of our foods to foreign mouths, which two facts would increase foreign cost of production, and act as an added protection to our industries from foreign competition.

Isn't it bad national strategy to feed foreign workmen to underbid our workmen in our own market here, and furnish foreign manufacturers with cheaper materials than they can get elsewhere, also

to underbid our manufacturers?

For example, we raise and export cotton to English and German mills to be made up by foreign labor and returned here to rob our own people of employment and business, which we are now suffering to

nearly \$100,000,000 worth a year.

(4) If the purpose of tariff legislation at this time is to prevent American monopoly, as our President-elect recently intimated, would not this end be reached more quickly, decisively, and conclusively by increasing tariffs so that foreign mills would have to move into the United States to get our domestic market at all; and so furnish offhand an indefinite number of competitors right on the spot to dispute the domestic market with our "monopolists?"

There is no tariff on capital entering the United States to build factories or do other things. Would not, therefore, the following be true, as a proposition in naked economics, viz, that as long as there was an industry in this country making a larger profit than industries elsewhere, foreign capital would flow in here and set up its plants and contest the domestic market with our "monopolists" and trusts?" Would not this be a multiplication of employers on the one hand and a multiplication of products on the other? And would not employers bid against employers for labor, and so raise wages? And would not products bid against products for the domestic market—if we had a good export tariff—and so lower prices? And would not thus what are called "trusts" and "monopolies" be forced to divide more and more of their "exorbitant" profits with the public on the one hand, through lower prices, and with laborers on the other hand, through higher wages; and would not this process keep on until it was stopped by the fact that the profits of the "trusts" and "monopolies" had fallen so low that they would make more money by going abroad with their plants than by lowering their prices further or increasing wages? Would not prices now remain practically stationary by the balancing of production with consumption? And

would not wages always remain high enough so the country's aggregate wage volume would be able to buy the entire product? For, with an import tariff keeping out foreign competitors with their goods, and an export tariff keeping in American competitors with their goods, there would be no recourse by which labor on the one hand could buy goods of others than the employers of labor here, or capital on the other hand could sell its goods to others than their laborers; and if wages fell, they would not be sufficient in the aggregate to buy all the goods until the price fell to where the aggregate value of all the goods again was equal to no more than the aggregate volume of wages; and if prices fell, it would cut into the interest return for capital to where it would pay it better to go abroad than to remain at home, and it would go abroad until goods had been so diminished in quantity here that the price would return to the old paying level.

Therefore, would not an adequate protective import tariff, balanced by a like protective export tariff, just balance the interests of the producers and consumers, so that prices could never be so high that the entire product could not be purchased by the consumers, and never so low that an adequate product could not be furnished by the

producers?

Where could a "monopoly" or a "trust" possibly exist under such circumstances of equally balanced production and consumption

where all industries had reached an equilibrium?

(5) Is it not evident from the foregoing proposition that monopolies are rooted out by limiting as much as possible the fields from which, on the one hand, they draw their labor, and, on the other, in which they sell their goods?

Is it not, therefore, an earmark of a monopoly proposition that it seeks to increase both the field from which it can draw its labor and

that in which it can sell its product?

Is not the proposition to admit the Philippine Islands to free trade with us the proposition of monopolists, for the reason that it proposes to add to the number of American laborers here all the laborers of the Philippine Islands and as many more as can be imported into the Philippines by interested capital seeking to profit by the difference between American and foreign, Temperate Zone and tropical wage rates, and at the same time increases the field in which it may market its goods by adding to the Filipino market where the goods are produced the whole American domestic market on the mainland of the United States?

It is thus likely that this proposition for free trade with the Philippine Islands does not necessarily mean a low price for sugar or any other product, since if these Philippine Island exploiters are not satisfied with the price this market offers them, they can travel all over the rest of the world looking for a higher one; but it is very certain that the proposition does mean lower wages here; for, as said before, to all the American sugar producers and laborers here it adds all the producers and laborers that are already in or can be crowded

into the Philippine Islands.

(6) In view of the foregoing considerations, is it not true that every man, without exception, who appears before your committee asking for lower tariffs, asks for a condition in which commercial speculators may profit by trading off American employment, either

potential or actual, for foreign cheapness in production; that is, may gamble on the difference between the American and foreign levels of subsistence costs, American and foreign levels of morality, refinement, and civilization?

Does not each such pleader for lower tariffs stand for a private

monopoly at the expense of American citizenship?

And is it not just as true that every person who appears before you, asking for an increase of the tariffs, is asking for an opportunity at least to destroy one of the conditions upon which monopoly is built, by the fact that he is asking for an opportunity to employ only American labor and swell only American wages, American business, and American aggregate prosperity?

Can we morally encourage a man of the first class, or discourage

a man of the second?

Very respectfully submitted.

R. A. BENEDICT.

### FIRE INSURANCE TARIFF.

PORTLAND, OREG., November 21, 1908.

Chairman Payne, Washington, D. C.

DEAR SIR: I note that you are in favor of removing the tariff on lumber, which I think is very wise. We must have a revenue. Why not place some kind of a national tax on fire insurance companies? They collect annually a net premium from the American people of about \$70,000,000. You can easily verify these figures. It is over \$70,000,000 net.

Respectfully, yours,

A. M. GRAY.

### FOREIGN-BUILT YACHTS.

GEORGE B. CARPENTER & CO., CHICAGO, ILL., ASK FOR LEGISLA-TION RELATIVE TO YACHTS BUILT ABROAD.

Chicago, December 9, 1908.

Hon. HENRY SHERMAN BOUTELL, Washington, D. C.

DEAR SIR: Inasmuch as we are vitally interested in the ship and boat building industry in this country, as manufacturers and jobbers of supplies used in this industry, we respectfully call your attention to the discrepancy and injustice existing at the present time in our tariff regulations as between protection afforded to our so-called "merchant marine" and the lack of protection afforded to American builders of yachts and pleasure craft in general—craft which fly the American yacht ensign and not the American flag.
Under the present regulations no American can have a ship built

in a foreign country for use in our coastwise trade, whereas any American citizen may go abroad—and many of them are constantly doing so—for the purpose of having expensive yachts built there at less prices than they can be bought for in the United States and such yachts are brought over here and used along our coast and on the inland waters. The result is evidently an unjust and probably unintended discrepancy against American builders of pleasure yachts. During the past year there were built abroad yachts the value of which aggregated approximately \$2,000,000. These yachts are now being used in this country. It is obvious that if distributed in this country this work would have tended to build up and strengthen our American yacht-building industry, and this is not only true of the yacht itself, but also its general equipment, which would otherwise have been purchased in this country.

We respectfully call this unjust discrimination to your attention

We respectfully call this unjust discrimination to your attention at the present time, and hope that tariff regulations may be enacted which will give adequate protection to the American yacht-building industry to at least the same extent as is afforded our merchant shipbuilding industry, and thereby not only encourage the yacht-building industry at home, but also open greater avenues of employment for

labor.

Yours, very truly,

GEO. B. CARPENTER & Co., Ship Chandlers and Sailmakers.

# GOBLET-DOLAN CO., NEW YORK, ASKS PROTECTION FOR AMERICAN YACHT BUILDERS AND VESSEL BUILDERS ALIKE.

NEW YORK, December 9, 1908.

Hon. Sereno E. Payne, Washington, D. C.

Dear Sir: In view of the fact that a revision of the present tariff is soon to take place and receive the serious consideration of Congress we feel it is of great importance that your attention should be called to certain provisions under the present law which affect the shipbuilding industry of our country. At present our citizens are not allowed to have their vessels built in foreign countries and use them in our coastwise trade, thereby giving great protection to that part of our merchant marine. The law, however, does not apply to yachts, particularly those used for pleasure, and yachts or pleasure crafts merely flying our American yachts' ensign (not the American flag), and gives our citizens the privilege of going abroad, as they constantly do, to have their expensive yachts built for less than it can be done in the United States, and such yachts are brought over here and used along our coast and other places within the country.

By permitting our citizens to go abroad to have their yachts built this line of industry is being discouraged here, and many shipyards which would meet with great success if the business was retained here meet with failure and become bankrupt. A large number of foreign-built yachts are enrolled in the yacht clubs of this country, and the owners reside here. During the past year there were built abroad several large yachts, the value of which is approximately \$2,000,000, and they are now being used in this country. Many idle shipyards would be in flourishing condition if the yachts had been built in this country, and not only is this true in reference to the yacht itself, but also to its equipment, such as lighting plants, furniture, upholstery,

bedding, china, silver, glassware, nautical instruments, power tenders,

boats, and even the uniforms of the crew.

It is respectfully submitted that there should be no discrimination between the aforesaid class of vessels and outfits and that the same protection should be given to capital invested here in the building of yachts and pleasure crafts and to the marine-hardware and marinesupplies trades as in the case of merchant vessels, and thereby not only encourage such industries at home, but also open greater avenues of employment for labor.

Hoping that you will use your best efforts for the encouragement and protection of the aforesaid industries and that the new tariff will secure for our citizens the fair and just protection which they seek,

we are, Very respectfully, yours,

GOBLET-DOLAN CO., D. J. Dolan, Treasurer.

HON. S. W. McCALL, M. C., SUBMITS LETTER OF ADRIAN WILSON, BOSTON, RELATIVE TO FOREIGN-BUILT YACHTS.

Boston, Mass., December 12, 1908.

Hon. SAMUEL W. McCall, M. C.,

Washington, D. C.

Dear Sir: I have been requested by members of several concerns who, with myself, are interested in the shipbuilding industry, to join them in writing to you personally as our Congressman from New England to ask your assistance in a matter of vital importance to the shipbuilding industry of this country, and especially in our own section. The question of protection and tariff to-day is one of the largest questions before the country, and, while I am not coming to you for any special privilege relating to our especial industry, I wish to call your attention to a matter that is vitally affecting our line of business and every shipbuilding plant in this country. Four of our rich men of this country during this year—1908—have spent \$2,000,000 in building new steam yachts, all four being built in English shipyards. The yachts are brought to this country and by some special privilege allowed to fly the American yacht ensign, which enables them to cruise from port to port same as an Americanbuilt vessel. The yachts are all under English register and manned by English officers and crew. Do you consider that this is just to our mechanics and our shipbuilding industry here? It seems to me if these men can make this money in this country, thereby enabled to enjoy luxuries to the extent of millions spent for palatial steam yachts, and, considering the fact that their money comes to them here in this country, why not have them spend it here? It would be impossible to do this with a freighting vessel. We would not be permitted to go abroad and buy a tramp steamer built in a foreign port, or go down to Nova Scotia and build a cheap wooden vessel and put it under the American ensign for commercial purposes. Of course the business of building ships in this country to-day is at a very low ebb. We can see in our own line of business—that is, sailmaking—the great decrease in the industry. Of course, in our special line a great deal is

accounted for by the fact that sailing ships are about extinct and have been replaced by steam. But in the line of yachts we have excelled and been able to surpass all other nations, and we have turned out a corps of workmen whereby we have made them the most expert in the world. In our own special line, as I say, of sailmaking, by our skill and care, which we have taken in improving of our work, we have contributed many times to the winning of the highest prizes in the racing of yachts, and especially that of the American yacht cup.

If these men who build these palatial steam yachts can save a few thousand dollars in building them, they certainly could not have done so if they had to pay duty on the yacht. I am not asking to put duty on yachts, but ask why the privilege is granted to them to put these yachts under the American flag, as to us it most certainly savors of a

special privilege.

The falling off of the shipbuilding industry, of course, has been great, and it is a serious question with us if the American merchant marine can ever be brought back to a prominent place in the world's business again. Foreign ships are sailed much cheaper and more economical than ours, and it is a question if we could man our ships with Americans and compete with foreign ships without we have government assistance.

But, in the special line of yacht work, this industry was left to us and, as I say, by our skill we were enabled to compete with and beat the world in sailing yachts. When it comes to building of steam yachts we already have yards and plants in this country capable of taking care of this line of work; and I do not consider there is any question but what right here, in the city of Boston, there can be produced to-day as fine a piece of work in the shape of a steam yacht as in any place in the world. Some of our builders here, in this country, make claim that the difference in wages accounts to a great extent for the difference in the cost of steam-yacht building in this country and on the other side of the water. Personally, I do not believe this to be entirely the whole trouble. I think, without question, that, man for man, we produce more work on this side than on the other side. I believe this to be the fact in regard to our own personal business of sailmaking.

The difference in the cost of material must enter to a great extent in the transaction. According to all information, material costs us more in this country, even that which is produced here, than the

same material costs when exported for use in foreign yards.

Our experience in sailmaking has been this: We are in competition in a small way with English sailmakers inasmuch as we export every year from 15 to 25 suits of yacht sails. The business has gradually grown, that is, in a small way, and we were much surprised to find that we were able to deliver yacht sails for racing yachts in Norway, Sweden, Denmark, and Russia in competition with English sailmakers, while we were paying very much more in the way of wages. This we accounted for by the fact of our "push" and ability to rush the work through. My own personal experience has been this: Of all the steam yachts built on the other side of the water and brought over here, from close personal inspection I do not hesitate to say that the boats produced here in this country are vastly superior in workmanship and finish to those produced abroad; and if we in this country were to turn out exactly the same class of work that they turn out over there, we could come nearer to competing in price

on the building of boats than we do at the present time, but would the owners accept from us here the same quality of work that they do from builders on the other side of the water? You are well aware of the fact that we have on this side of the water some people who can not accept for as good anything that is made in this country as that produced abroad. Hope you understand what I mean in

this statement. I note, for instance, in one boat built on the other side in 1907 and brought out to this country that season that there was expended many thousand dollars last fall, 1907, on her engines and on her hull to put her in first-class condition. This work was improperly done in the builder's yard in England, and I should judge that almost, if not quite, the whole sum of the difference between building the yacht in this country and on the other side has been expended since she has been in use by the owner here. The whole point of my question in writing this letter is the fact that I do not believe they do any better work or give any more value, money for money, on the other side of the water than what we can give here. It is certainly unjust to this country that, after years of industry and toil we have succeeded in turning out a corps of workmen and made them the most skilled in the world in their lines, we are compelled to compete with people who are turning out work which is not as good as our own, and that our customers here are enabled, as we have said in the very beginning of this letter to you, to go across the water, build a boat, bring her over here and use her the same as if a product of this country and of our own workmen, and receive the benefits of being able to use her here under the American flag. Any further information that I can give you I will be only too glad to do so. Nevertheless, the principle of the thing that I am writing to you about is the fact that they do go over and build these boats and use them under the American flag, which we do not consider fair and just to our own yards and our own workmen.

Our own personal business of sailmaking has reached a point when it is almost a question of making even a bare living out of it. Eight or ten years ago we were making about \$100,000 of yacht sails every year. The last three or four years our business has been less than half of this. While we have established a plant second to none in the world for the business we are doing, we are not doing business

enough to keep it going at a profit.

If the industry of shipbuilding in this country is to be encouraged and built up by the Government, we think they are doing us the greatest injury possible in allowing this thing to continue—that is, flying of the American yacht ensign over foreign-built boats. These yachts will be built by these rich men, and, if they can not build them abroad, they will build them here in this country, if they are not allowed these special privileges. Also, in addition to the steam yachts, there are a number of sailing yachts of English build that are owned in this country and sailed under the American yacht ensign.

Very truly, yours,

WILSON & SILSBY, Sailmakers, ADRIAN WILSON.

(Communications similar to the above, and asking for relief from the conditions referred to, were received from the following: The Thomas Laughlin Company, Portland, Me., submitted by Hon. Amos Allen, M. C.; George Lawley & Son Corporation, South Boston, Mass., submitted by Hon. John W. Weeks, M. C.; Wilcox, Crittenden & Co., Middleton, Conn., submitted by Hon. N. D. Sperry, M. C.; Boston and Lockport Lock Company, 100 Condor street, East Boston, Mass.; The Jennison Hardware Company, Bay City, Mich.; Geo. B. Carpenter & Co., 212 South Water street, Chicago, Ill.; The Marine Hardware and Equipment Company, South Portland, Me.; Lackawanna Manufacturing Company, Newburgh, N. Y., submitted by Hon. Peter Porter, M. C.; Dean-Allen Manufacturing Company, South Portland, Me., submitted by Hon. Amos Allen, M. C.; The Thomas Laughlin Company, Portland, Me.; A. S. Morss Company, 210 Commercial street, Boston, Mass.; The Porter Company, 194 Water street, New York City; Columbian Rope Company, 62 South street, New York City; Marine Supplies Association, 149 Broadway, New York City; W. and J. Tiebout, 118 Chambers street, New York City; Topping Brothers, 122 Chambers street, New York City.)

## STATEMENT MADE BY HON. L. E. PAYSON, OF WASHINGTON, D. C., RELATIVE TO FOREIGN-BUILT YACHTS.

Wednesday, December 16, 1908.

Mr. Payson. My object in asking to be heard here for a few moments to-day is more for the purpose of arresting the attention of the committee than going into any particular details which will require much thought on the part of the committee. I am counsel for the Newport News Shipbuilding and Dry Dock Company, having its works in Newport News, in Virginia.

The Newport News Shipbuilding and Dry Dock Company is one of the largest and best plants in the United States, if not in the world, and therefore is deeply interested in everything that pertains

to the merchant marine of the country.

It. in common with other shipbuilding industries of the country, has been met by this condition, which to us, and, I take it, to practically every member of the committee, will be almost absolutely new.

It is not generally known that foreign-built yachts, with their machinery equipment, fixtures, and furnishings, are not, as most all other imported manufactures, subject to duty. Yachts can be built abroad for less money than in this country, and being exempt from duty explains why each year several millions of dollars are sent abroad for such purchases, while the builders in this country can only look on and see their yards lying idle. A conservative estimate during the year 1908 would be, from this cause, a loss of employment in the American yards of from five to ten thousand men.

Not only the component parts of the yacht, such as hull, spars, ironwork, joiner work, and machinery is duty free, but also its accessories, lighting plant, furniture, upholstery, bedding, china, silver, and glass ware, nautical instruments, power tenders, and other small craft, and even the uniforms of the crew. If an owner of an American-built yacht desires to purchase any of these fittings of foreign manufacture he must pay freight and duty, whereas when

assembled on a foreign-built yacht they come in duty free.

Furthermore, these foreign yachts, flying as they generally do the American yacht ensign, which is the flag generally in use by American yachts, have thereby equal courtesy and protection, but are not subject to the United States pilot laws or regulations, neither do the United States authorities have any power to require licensed officers aboard such yachts, as are necessary in the case of American-built

The merchant marine is amply protected by existing laws, as foreign-built merchant vessels can not be brought to this country even by paying a duty, whereas a foreign-built pleasure vessel, essentially a luxury, can be purchased and entered into this country without

paying a penny in duty.

This condition affects not only the yacht builder but every accessory that goes to make up in its entirety a complete pleasure yacht. Foreign-built yachts owned by American citizens are now subject

to the following special taxes only:

1. Fifty cents per net ton on arriving from a foreign port on each arrival. This tax is imposed under so much of section 4219, Revised Statutes, as reads: "On other vessels not of the United States, at the rate of 50 cents."

2. Fifty cents per net ton on the first arrival from a foreign port. This tax is imposed as "light money" under section 4225, Revised Statutes. Under section 4226, however, after its first arrival a yacht can obtain a commission as an "unregistered" vessel owned by citizens of the United States, and thereafter it is not required to pay this second 50 cents.

I have here an illustration:

J. P. Morgan's yacht Corsair, built at Newburgh, N. Y., is 1,136

gross, 772 net, tons, and does not pay any tonnage taxes.
F. W. Vanderbilt's yacht Warrior, built at Leith, Scotland, is 1,097 gross, 396 net, tons. The first time the yacht came to the United States she would have paid \$396 (two taxes of 50 cents each) on her net tonnage, plus \$23.76 (6 cents per net ton from Europe), or \$419.76 in all.

Thereupon a certificate of American ownership was filed in the New York custom-house, and thereafter she was exempt from the 50 cents "light money." Her special tax on entering from a foreign port thereafter became 50 cents per net ton, or \$198, plus \$23.76 (6

cents per net ton from Europe), or \$221.76.

Such a foreign-built yacht might make two cruises a year. Her disabilities would amount to less than \$450 a year. That sum is insignificant to a man of large wealth. It is inappreciable in computing the cost of building such a yacht in the United States com-

pared with the lesser cost of building abroad.

A foreign yacht chartered by an American retains her foreign ownership and foreign flag. Under the act of February 5, 1897, she merely has to pay the regular 6 cents per net ton tonnage tax, on each entry from Europe (3 cents from West Indies), as in the case of the Warrior, \$23.76, or on two entries a year less than \$50.

Americans buy foreign-built yachts because:

1. There is usually a considerable number of English steam yachts which British owners are willing to sell for various reasons. There is thus a market from which ready-built yachts may be selected by an American who wants one at once.

2. The cost of building a yacht in England is, of course, much less

than in the United States, and so is the cost of furnishing.

The CHAIRMAN. The point that I am interested in is this: The difficulty is that these yachts do not come in; they are not imported.

Mr. Payson. The answer to that is that they are imported.

Mr. Dalzell. Have they American registry?
Mr. Payson. They have not registry as such, but the Treasury authorities issue what they call a certificate and give it to an unregistered vessel which does not carry either freight or passengers, and

that certificate protects them in this country.

Now, coming to the question of these ships not being an importation, I insist that they are an importation, and nothing but an importation. The difficulty with the situation grew out of this. There was an attempt made in 1896, and under the tariff act of 1890, to impose a duty on a yacht, the Conqueror, which was built abroad for one of the Vanderbilts. She cost about \$700,000, and everything about her was put on abroad.

An attempt was made to collect the duty, and the Supreme Court decided at the October term, 1896, that as the act of October 1, 1890, required duties to be levied on all "articles," "imported from foreign countries;" and, as none of the schedules mentioned ships or vessels, eo nomine, a pleasure yacht, under the legislation then in force could

not be held to be a dutiable manufactured "article."

But there is nothing to prevent Congress from so declaring now, and we urge that it be done in the coming bill at an ad valorem of

75 per cent.

An importation, Mr. Chairman, is simply this: Something that is made, grown, or produced in one country and carried to another. Whether it is on the dutiable list or not by law is another proposition. But simply because, in these days, and under the policy which obtained then, the Supreme Court decided it was not dutiable, that does not prevent Congress, nor is there anything illogical in it, from providing by law, as I shall submit later, from declaring that these ships should be treated as manufactured articles. Why should they not be? It is purely and simply a matter of luxury, indulged in by the wealthy citizens of the country. Millions and millions of dollars are invested.

I have a partial list of these yachts, which I will furnish.

The CHAIRMAN. I do not think we need to argue that. The only question is a legal one. Of course if you will file a brief, we will read it.

Mr. Payson. I will be glad to.

Mr. Dalzell. Did we ever impose a tax on yachts under any tariff

Mr. Payson. No, we never have.

As I said in my opening, Mr. Chairman, all I care for now is to secure the attention of this committee with reference to the importance of this proposition, and that it shall not be said that a Republican Congress, or indeed a Congress composed of Republicans and Democrats, shall allow the shipyards of this country to remain idle while millions and millions of dollars are expended abroad for the purposes of pleasure, simply and solely, when everything that can be secured by going abroad in this way can be better supplied by American workmen.

I have here the list of foreign-built yachts owned by Americans:

### Foreign-built yachts owned by Americans.

Name.	Gross tons.	Net tons.	Owner.
WandererYncong	362 527	184 169	H. A. C. Taylor. Henry C. Pierce.
Ancmone	417	88 149 534	John M. Mitchell. Lamon V. Harkness. Frederick G. Bourne.
North StarApacheEnchantress	818 451	328 307 128	Cornelius Vanderbilt. Edmund Randolph. Nathaniel L. McCready.
Narada Areturus. Tarantula	490 360	272 166 .	Henry Walters. Rutherford Stuyvesant. W. K. Vanderbiit, jr.
RiveraVenetiaAlcedo	407 588	174 229 573	Frederick Gallatin. Morton F. Plant. George W. Childs Drexel.
Christabel Warrior Atalanta	248 1,097	102 396 379	Walton Ferguson. Frederick Wm. Vanderbilt.
Atalanta	1,505	319	George J. Gould.

## THE MARINE SUPPLIES ASSOCIATION OF AMERICA FILES LIST OF FOREIGN-BUILT PLEASURE YACHTS.

149 Broadway, New York, December 22, 1908.

Hon. HENRY S. BOUTELL, M. C.,

House of Representatives,

Washington, D. C.

Dear Sir: Referring to your letter of December 12, 1908, to Messrs. Geo. B. Carpenter & Co., Chicago, Ill., in regard to their letter to you of the 9th instant, I herewith beg to inclose a list showing some of the foreign-built pleasure yachts owned by American citizens and sailed on these waters, together with the estimated value and tonnage. As to the difference in cost of having these yachts built at home and abroad, would say that it is about 25 per cent cheaper abroad, not on account of the cost of steel, but owing mostly to the better wages paid here for skilled labor and partly for cost of fittings.

Thanking you for the interest you are taking in this matter and assuring you that it is greatly appreciated by this association, we are,

Respectfully, yours,

MARINE SUPPLIES ASSOCIATION OF AMERICA, By ARTHUR FALK, Secretary.

#### LIST OF FOREIGN-BUILT YACHTS OWNED BY AMERICAN CITIZENS.

Name.	Tonnage.	Estimated value.	Name.	Tonnage.	Estimated value.
Agawa Alcedo Apache Arcturus Asteria Atalanta Barracouta Calanthe Carmen Cassandra Christabel Conqueror Corona Diana Emblanche Enchantress Enterprise Fiona Gundreda Gunilda Iolanda Ituna Liberty Margarita	983 451 360 425 1,303 167 350 900 248 386 304 785 244 189 252 240 294 385 1,700	\$300,000 400,000 200,000 100,000 250,000 600,000 55,000 350,000 350,000 125,000 125,000 125,000 100,000 100,000 100,000 125,000 175,000 175,000 175,000 175,000 175,000 175,000 175,000 175,000 175,000 175,000 175,000 175,000 175,000 175,000	May Mohican Nahma Narada North Star O-we-ra Ophelle Remlik Riviera Safa-el Bahr Surf Tarantula Vallant Vanadus Varuna Venetia Wakiva Wakiva Wakiva Warior Waturus Yacona	490 818 426 378 432 407 487	\$300,000 75,000 700,000 250,000 400,000 175,000 175,000 200,000 175,000 200,000 125,000 600,000 300,000 175,000 200,000

## HENRY B. JOY, DETROIT, MICH., WRITES RELATIVE TO FOREIGNBUILT YACHTS AND RECOMMENDS AMENDMENT TO LAW.

DETROIT, MICH., December 29, 1908.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: I am a small yacht owner, and if I build a yacht of moderate dimensions, I pay American wages and American prices for material. If I was a "rich guy," and could afford to go to Europe and have my yacht built, I could get foreign cheap material and cheap labor.

As a yacht owner, I most cordially favor an amendment to the existing laws which permit a foreign-built yacht to sail under an American flag free of duty.

Yours, very truly,

HENRY B. JOY, Packard Motor Car Co.

## L. E. PAYSON, WASHINGTON, D. C., SUBMITS SUPPLEMENTAL BRIEF RELATIVE TO YACHTS BUILT ABROAD.

Washington, D. C., January 6, 1909.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: Protectionists and free-traders alike in this and in other countries, though differing sharply and irreconcilably on every other fiscal question, are in perfect accord on this one fact—that costly articles of luxury and voluntary use are proper objects of taxation and most legitimate sources of public revenue. This sig-

nificant agreement of the two contrasting schools of economic thought has long been exemplified in the tariff law of the United States, whether that law was based on the principle of revenue and protection, as now, or, as sixty years ago, on the principle of revenue only. Thus in the fiscal year 1907 our imports of spirits, wines, and liquors were made to yield an income of \$15,797,000; tobacco and cigars, \$26,125,000; diamonds and other precious stones, \$3,170,000; automobiles, \$2,100,000; perfumery, cosmetics, etc., \$801,000; jewelry, \$653,000. These luxuries, these articles of voluntary use, in our tariff, as in all tariffs, are made to bear particularly high rates of duty, with the cordial assent of legislators of all political faiths and with the unanimous sanction of the people.

But in the present practice of the United States there is one

strange, glaring, almost incredible exception to this sound principle of taxation—the most costly and extravagant of all articles of voluntary use, the consummate luxury of luxuries, is absolutely exempt not only from customs duties, but from almost every other contribution to the cost of government. This is the pleasure vacht of

the millionaire.

A wealthy American who purchases and imports a foreign automobile for use both in this country and in summer tours of Europe is compelled to pay a customs duty of 45 per cent upon the value of a machine costing perhaps from \$5,000 to \$8,000, on the first arrival here. But this same wealthy man, purchasing a foreign steam yacht at a cost of from \$500,000 to \$1,000,000 for use on our harbors, bays, and coasts and occasional tours abroad, is required to pay not one cent of customs duty and only a trivial tonnage tax of perhaps from \$200 to \$400 on the first arrival from a foreign port, and a little more than half of that thereafter.

#### A SUBSTANTIAL DUTY RECOMMENDED.

Last year six very rich men built in Europe each a large, elegantly appointed steam yacht, adapted for around-the-world cruising. The total cost of these floating palaces probably exceeded \$3,000,000. Yet their total contribution to the national revenue on first arrival here could not have been, in tonnage taxes, as much as \$3,000, or onetenth of 1 per cent of their valuation. Not only were the hulls, machinery, and full nautical equipment admitted at this insignificant tonnage tax, but all their beautiful and costly furnishings, their elaborate cabinetwork, upholstery, china, glassware, and silverware, even the uniforms of their officers and men, were brought in entirely free of customs duty, though the rates upon these articles if imported separately would have been from 35 per cent to upward of 100 per cent ad valorem. Under these circumstances it is not unreasonable to ask that foreign-built yachts hereafter purchased by American citizens shall be made subject to a duty of 75 per cent ad valorem in the revised tariff now being prepared by the Committee on Ways and Means. To this end the following draft of a definite proposal is submitted:

Section —. Upon any foreign-built yacht purchased after the passage of this act by a citizen of the United States there shall be levied and collected a duty of 75 per cent ad valorem, to be payable at the time of the first arrival of said yacht within the jurisdiction of the United States after said purchase if said yacht was purchased outside the jurisdiction of the United States, or at the time of the purchase if said

yacht was purchased within the jurisdiction of the United States, but this duty shall

not be levied more than once on the same yacht.

Any yacht upon which the duty has been paid as above prescribed shall be entitled to all the privileges and shall be subject to all the requirements prescribed by sections 4214, 4215, 4217, and 4218 of the Revised Statutes and acts amendatory thereto in the same manner as if said yacht had been built in the United States, and shall be subject to tonnage duty and light money only in the same manner as if said yacht had been built in the United States.

#### A LUXURY OF MILLIONAIRES.

It has been said that these foreign-built yachts are a luxury of millionaires. Looking at the list of 74 foreign-built yachts drawn from Lloyd's American Yacht Register for 1908 and appended, it might be added that many if not most of them are the luxuries of multimillionaires. Such great and stately vessels as the Atalanta, 1,303 tons gross, of George J. Gould; the Alcedo, 983 tons, of George W. C. Drexel; the *Iolanda*, 1,647 tons, of Mortan F. Plant; the *Lysis*trata, 1,942 tons, of James Gordon Bennett; the Margarita, 1,780 tons, of A. J. Drexel; the North Star, 1,818 tons, of Cornelius Vanderbilt; the *Valiant*, 1,823 tons, of W. K. Vanderbilt; the *Varuna*, 1,573 tons, of Eugene Higgins; the *Warrior*, 1,097 tons, of F. W. Vanderbilt; and the *Liberty*, 1,607 tons, of Joseph Pulitzer—these powerful ocean-going steamships, as large as the average United States cruisers of thirty years ago, not only require each a considerable part or all of one million dollars for their building and equipment, but the total income of from two to five million dollars for their annual maintenance.

A substantial revenue duty upon these luxurious foreign-built craft will be more effective than any other expedient which your honorable committee can devise to equalize the burdens of taxation. It is a frequent and often well-founded complaint that those who can afford to contribute most to the public revenues actually do contribute least in proportion to their resources. It is this thought which inspires efforts to establish a graduated income tax or a similar tax on the distribution of great fortunes. A tax like this advocated on foreign-built yachts would reach with certainty and precision the very men who ought to and are able to bear a liberal share of the cost of the Government which has made possible their great prosperity.

#### TAXING THOSE ABLE TO BEAR IT.

Such a tax as is proposed upon foreign-built yachts would not be in any way an exaction upon men of small or moderate means, because as a rule only large and costly pleasure vessels are imported of recent years only those large enough to cross the Atlantic under The smallest yacht of European construction on their own power. the accompanying list is of 17 tons net, or such a vessel as only a distinctively wealthy man would buy or own, and there are only six of less than 100 tons gross. There are besides a few small craft built on the lakes in Canada. The thousands of small yachts in American waters, owned and run by men of small or moderate means, are practically all of American construction. Such small yachts are built here almost as cheaply and, most yachtsmen believe, more skilfully and thoroughly than in foreign countries, because of the native aptitude of the American race for the shipbuilding and sailing trade, and because the great and increasing ardor with which the sport of yachting is pursued in America, not by the wealthy and fashionable classes, but by the average professional and business men, has developed small-yacht building to the point of a great and

important manufacturing industry.

A revenue duty would not affect the importation of small yachts in any way, because virtually none are now imported. The cost of loading, transporting, and unloading such small vessels, if conveyed by the ocean carriers, is in itself as a rule a prohibitive barrier to their purchase from Europe. The only foreign-built yachts which can now or at any future time be imported to advantage are the large ocean-going vessels which can cross the Atlantic under their own steam or sail—that is, the great and costly vessels which can be acquired and maintained only by the wealthiest Americans. These yachts are rightfully to be regarded as in the same economic class as diamonds or precious wines or the most expensive laces or embroideries or bric-a-brac. They are articles of voluntary use, the very luxury of luxuries, and it is not only right and just but imperative that they should be made to produce a proportion of that increase of the national revenue which must in some way be secured to meet the increase of national expenditure and to extinguish the present deficit in the financial operations of the Government.

### FOR REVENUE AND INCIDENTAL PROTECTION.

A substantial duty upon costly foreign-built yachts is absolutely justified by considerations of revenue alone, and so may be accepted by the free trader equally with the protectionist. But he must be an extreme, rigid, and uncompromising free trader indeed who could object to such a duty as this because of the indirect and incidental protection which it would undoubtedly afford to the American industry of ocean-yacht building and the allied industries concerned in the equipment and furnishing of the luxurious pleasure vessel of the millionaire. Since the Supreme Court of the United States decided, in the case of Mr. F. W. Vanderbilt's Conqueror several years ago, that a foreign-built yacht under the tariff legislation then in force could not be considered a manufactured article, though composed of hundreds of manufactured articles, nearly all of the large ocean-going steam yachts acquired by American millionaires have been bought or built abroad, though previous to that time nearly all of these large pleasure vessels owned by American citizens had been of American construction. This decision of the Supreme Court established absolute free trade in the most elaborate and ambitious article of human handiwork, a complete and furnished ocean ship, provided

that the ship was used for purposes of pleasure and not of commerce.

Because the wages of skilled workmen engaged in ship and engine building, in painting and decorating, in catinet work, upholstery, china, glass, and silver making, and in other trades in Europe are about one-half of the wages of American workmen, a foreign-built steam yacht of ocean-going size can be produced at a somewhat lower price in Europe than in America. It should be understood that there is practically no difference, however, in the original cost of the raw materials, like steel and wood. Some of our millionaires with their business acumen discovered that if they bought or built their yachts

abroad, they could save the exact amount of money by which the labor cost of the American-built vessel exceeded the labor cost of the foreign-built vessel, and these thrifty gentlemen have been quick to take advantage of the circumstance—with the result that the industry of ocean steam-yacht building, once strong and prosperous here, has virtually gone out of existence in America. It is estimated that if the foreign-built yachts bought abroad and imported free of duty by Mr. Vanderbilt, Mr. Pulitzer, and other very rich Americans last year had been constructed and equipped in this country they would have provided employment for five or ten thousand skilled American mechanics, who were compelled to pass a part of the year in idleness.

#### FAIR PLAY FOR OUR MECHANICS AND SAILORS.

Workmen of the type of those required in such yacht building must be first-class men—masters of their trade, efficient, sober, and reliable. They are just the men who would be valuable to the nation in the building and repair of ships of war, and mail steamers, and other naval auxiliaries. They are being denied a chance to follow their calling in this country and denied a chance to earn a livelihood by that strange loophole in our tariff legislation through which the pleasure vessels of our millionaires are being imported without paying any customs duty or any adequate share of the urgently needed revenue of the National Government.

Nor does the injustice to skilled American labor cease here with the free importation of the foreign-built yacht. That same thriftiness which impels a millionaire to escape paying the American wage scale by constructing or purchasing his pleasure vessel abroad moves him also to save more money still by officering and manning his foreign-built craft throughout with foreign seamen, though the ves-

sel flies the American ensign.

An American-built yacht properly registered is subject to our pilotage and inspection laws, from which the foreign-built craft is exempt. The American-built yacht must have duly examined and certified American officers, and these officers would naturally prefer a crew of their own race and allegiance. That American sailors can be had under proper conditions of wages and treatment is being signally demonstrated by the fact that 90 per cent of the enlisted men of the United States Navy are American citizens, nearly all of them native born, while the servants of the ships make up most of the small proportion of foreigners. Large and swift ocean-going steam yachts are useful naval auxiliaries in an ocean war, as we realized in the conflict with Spain when 28 of these vessels, all but five of them American-built, were purchased and armed for naval service. The officers and men of these ocean-going yachts are especially valuable recruits in an emergency—or they are if they are American citizens, loyal to the United States.

The alien crews of the present foreign-built yachts of our millionaires would doubtless be found to be as worthless a reliance as we discovered alien sailors as a rule to be in our war with Spain. Most of the European steamships then purchased by our Government because of our lack of merchant ships of our own were hastily deserted by their officers and men, who refused to risk their lives for a flag they did not love, in a war in which they had no interest.

So far as the foreign-built yachts of our wealthy families are now manned by subjects of foreign powers, these yachts, though flying the American yacht ensign, are in effect training ships for the naval reserves of European governments.

#### A DUTY NOT PROHIBITIVE.

A sufficient customs duty, even a duty of 75 per cent, would not put an end to the importation of costly yachts from Europe. It would not prove to be prohibitive, and thus fail to produce a revenue. A certain proportion of the very rich men of America are apparently determined to possess foreign-built yachts at any price, without regard to circumstances. Thus, even before the decision in the case of the *Conqueror*, several of the most conspicuous millionaires of New York had acquired foreign-built pleasure vessels-some of them the discarded craft of royalty or nobility—and had used them in American waters, though they were then denied the privilege of flying the American yacht flag. So now if the proposed duty of 75 per cent is adopted, it is highly probable that men of this type will continue to go abroad for ocean yachts, to build them there after the pattern affected by royal highnesses, or to pick up at a "bargain" craft worn out and set aside by shining lights of the peerage or celebrities of the But very few everyday Americans will be disposed to object to a requirement in our tariff law that these millionaires who persist in indulging in such transatlantic luxuries shall at least pay something for the privilege by a contribution to the revenue of the Government. On the other hand, some, and probably many, of the wealthy yachtsmen who have built or bought their yachts abroad simply to save money by so doing, will, if met by a sufficient duty, prefer hereafter to construct their yachts at home.

Every consideration, therefore, not only of the needs of the national revenue, but of regard for the interests of American industry and the national defense, demands the immediate closing up of this loophole in our tariff legislation by the placing of a substantial duty upon foreign-built yachts and the enforcement upon them of the same laws and regulations to which American-built vessels are subject. In seeking this we are asking fair play and nothing more.

## Foreign-built yachts owned by American citizens.

#### [From Lloyd's American Yacht List for 1908.]

Name.	Net.	Gross.	Where built.	Year built.	Owner.	Port.	
Agawa	388	602 983	Scotlanddo		C. W. Harkness. Geo. W. C. Drexel. John H. Flagler. Chas. L. Tutt	New York. Philadelphia. New York. Denver.	
Apache	307 166	451 360 421	Scotlanddo	1890 1895 1903	Edmund Randolph R. Stuyvesapt G. F. McComb Col. Alex. Gordon		
Atalanta	379 267 113	1,303 447 167	do France	1903 1887 1869	George J. Gould	Perth Amboy. Boston. New York.	
Calanthe Cassandra		350	Scotlanddo		J. A. Hinckley Roy A. Rainey	Do. Do.	

### Foreign-built yachts owned by American citizens—Continued.

				1			
Name.	Net.	Gross.	Where built.	Year built.	Owner.	Port.	
Christabel	102	248	Scotland	1893	W. Ferguson, sr	Stamford, Conn.	
Columblne	144	240	do	1885	Geo. W. Wood	Denver.	
Conqueror	174	386	do	1889	F. W. Vanderbilt	New York.	
Corona	133 31	304 55	Englanddo	1905 1899	H. A. Laughlln E B. Morton	Do. Do.	
Cysne Dlana	534	785	Scotland	1896	C. Ledyard	Do.	
Eelin	44	73	England	1899	Gordon Dexter	Beverly, Mass.	
Enchantress	128	189	do	1875	N. L. McCready	New York.	
Enterprise	132 187	252 443	Scotlanddo		Frank L. Perin	Baltimore. Poughkeepsie.	
Erl King Gundreda	102	294	do		W. S. Pierce	New York.	
Gunilda	158	385	do.	1897	W. L. Harkness	Do.	
Hester	48	110	England	1895	C. H. Dodge	Do.	
Hurricane			Canada		Randolph Hurry	Do.	
Tooldo	37	1,647	Scotlanddo		Morton F. Plant Frederick M. Hoyt	Do. Stamford, Conn.	
Isolde Ituna	98	171	do		F. H. Stevens.	Buffalo.	
Jesslca	17		do		M. R. Schuyler	Nyack, N. Y.	
Lysistrata:	626	1,942	do	1900	J. G. Bennett	New York.	
Magia		1 700	Canada		William Eilert	Do.	
Margarita May	781 369	1,780 653	Scotlanddo	1900	A. J. Drexel A. Van Rensselaer	Philiadelphia.	
Miranda	84	139	England		C. N. Nelson	New York.	
Mohawk	31	46	do	1892	Capt. R. D. Bucknam-Bey	Baltimore.	
Mohican	157	231	do		O. Harriman	New York.	
Nahma	969		Scotland		Mrs. Robert Goelet	Do.	
Naniw Narada	272	490	Canada Scotland	1905	J. G. Giaver	Chicago. Baltimore.	
Natalie	212	200	Canada		Henry Walters	Erie, Pa.	
Neola			Canada	1898	Hary A. Scott	Sodus Point, N. Y.	
North Star	328	818	England	1893	Cornelius Vanderbilt	New York.	
O-we-ra	187	426	Scotland	1907	F. H. Stevens Lucius H. Smith	Buffalo.	
Queen Mab Remlik	40 90	432	England	1892 1903	W. S. Kllmer	New York. Do.	
Riviera	174	407	Scotland		Frederic Gallatin	Do.	
Safa-el Barr	205	487	do	1894	Col. F. L. Leland	Do.	
Salva	9	14	Canada	1903	H. F. Wolcott	Do.	
Satanella Senta.	114	169 72	England		M. J. Lawrence	Cleveland Ohio. Port Jefferson.	
Shona		12	Scotlanddo		C. H. Tweed	Beverly, Mass.	
Surf	154	390	do		C. K. G. Billings	New York.	
Sybarita	114	214	do	1900	W. C. Brokaw	Do.	
Taormina		100	England	1871	R. I. Bosman	Norfolk. New York.	
Tarantula Tuscarora	83 303	123 540	Scotland	1902	W. K. Vanderbllt, jr Mrs. O. B. Jennings	Do.	
Valiant	886	1,823	England	1893	W. K. Vanderbilt	Do.	
Vanadis		1,091	Scotland	1907	C. K. G. Billings	Do.	
Varuna	595	1,573	do	1896	Eugene Higgins	Do.	
Venetia	229	588 417	do		John L. Llvermore Lamon V. Harkness	Do. Do.	
Wakiva	149 337	853	do	1903	do	Do. Do.	
Wanderer	184	362	do	1897	H. A. C. Taylor.	Newport, R. I.	
Warrior	397	1,097	do	1904	F. W. Vanderbilt	New York.	
Waturus	388	571	do	1900	Randal Morgan	Philadelphia.	
YaconaZara	169 80	527 195	do	1898	H. C. Pierce. Mrs. J. M. Haynes	New York.	
Zinita	18	190			Hyman Cohen	Bath, Me. New York.	
Zulu			Canada	1898	E. G. Dorchester	Geneva, N. Y.	
Larita II			do	1906	Geo. R. Pease	Chicago.	
Trio	975	1 007	Gootland		F. de P. Townsend	Buffalo. New York.	
Liberty	8/0	1,007	Scotland	1908	Joseph Pulitzer	New Tork.	

Respectfully,

L. E. PAYSON.

### FREIGHT RATES.

COL. ALBERT CLARK, BOSTON, MASS., FILES STATEMENT SHOW-ING CERTAIN ALLEGED DISCRIMINATIONS IN FREIGHT RATES IN FAVOR OF IMPORTS.

Boston, November 25, 1908.

Hon. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

House of Representatives, Washington, D. C.

MY DEAR MR. PAYNE: When I was in attendance upon the hearings I noticed that several witnesses called attention to the discrimination in freight rates in favor of imports.

Inclosed is an article from the Protectionist of August, 1904, con-

taining a table of export rates in France over a state-owned railroad.

Inclosed also is copy of an Associated Press dispatch showing the discriminations in favor of imports made by our trunk lines and Gulf lines into the Mississippi Valley.

It occurs to me that these are important statements which should

go into the hearings and be considered by the committee.

I send them in this way as I may not have an opportunity after my return to Washington to present them to the committee.

Very truly, yours,

ALBERT CLARKE.

#### EXHIBIT A.

[The Protectionist, August, 1904.]

RAILROAD EXPORT RATES-HOW OUR TARIFF IS PARTIALLY OVERCOME BY SPECIAL FREIGHT RATES ON GOVERNMENT RAILROADS ABROAD.

Many people who think that our customs duties are higher than they need to be have no idea how foreign exportation to this country is aided by special rates of freight on through bills of lading.

The Protectionist has received from a government official the following table taken from a British document on export bounties, showing the export rates on cotton tissues granted by the Northern Railway of France, which is a state railway:

Table of export rates on cotton tissues a granted by the Northern Railway of France.

Distance.	Consignments of 30 kilograms and upwards.			Consignments of 5,000 kilograms.			Linen tissues. b		
		Exportation.			Exportation.			Exportation.	
	Inland régime.	European countries.	Countries beyond Europe.	Inland régime.	European countries.		Inland régime.	European countries.	Countries beyond Europe.
Kilometers. 50	Francs. 6.00 12.00 17.50	Francs. 4.00 7.00 9.50	Francs. 4.00 7.00 9.50	Francs. 5.00 10.00 14.00	Francs. 3.50 5.75 7.75	Francs. 3. 50 5. 75 7. 75	Francs. 8.00 16.00 23.50	Francs. 4.50 8.50 11.75	Francs. 4.50 8.50 11.75
200 250 300	23. 00 28. 00 33. 00	11. 50 13. 00 14. 00	11. 50 13. 00 14. 00	18. 00 21. 00 24. 00	9. 25 10. 50 11. 40	9. 25 10. 50 11. 40	31. 00 38. 50 46. 00	14. 75 17. 00 18. 50	14.75 17.00 18.50

a The rates specified above apply only to unbleached goods. Bleached or dyed cotton tissues, and cotton tissues mixed with jute or wool, and woolen tissues, come under a higher tariff with preferential rates for exportation, especially to countries beyond Europe.

b Linen tissues dispatched by wagonloads of 5,000 kilograms for export to countries beyond Europe have a preferential treatment. Pure silk tissues are charged at the general rates.

It will be seen that the differences between the inland rates and the export rates sometimes exceed 100 per cent; for example, on a consignment of 5,000 kilograms the inland rate is 24 francs and the export rate 11.4 francs. This difference will serve to explain in part how foreign goods can, even with the duties to pay, compete successfully in our domestic markets with our own products.

With this advantage added to undervaluations of the goods, which in some lines are common, it is not surprising that foreigners often overcome our duties, even when

they are as high as 60 per cent, and enjoy increasing sales in this country.

The Industrial Commission gave a little attention to this subject, having learned that Welsh tin plates were delivered in St. Paul at a lower cost for freight than was charged on tin plates from Pittsburg. Of course our Government has no control over foreign railroads, except what it may exert indirectly, over roads in this country uniting with them in making low through rates. But the commission thought the evil a sufficient menace to home industries so that they made this recommendation to Congress:

"4. That railroad companies be prohibited by law from making lower freight rates upon imports billed to the interior of this country, in connection with ocean transportation or otherwise, than are made on similar articles from the seaboard to the interior, or than are made from one inland point to another when the distance is not

greater."

Congress has not yet acted upon the recommendation. Doubtless the subject will be found full of difficulty, but something ought to be done to prevent neutralizing

tariff rates by freight rates.

It is known that our railroads are making lower rates on export business than on domestic business. It is this, to a great extent, which enables some of our merchants and manufacturers to sell lower abroad than at home. The Democratic platform attributes the evil to the tariff, but there is no tariff on exports and the duties on imports are hardly sufficient to offset the lower foreign labor cost, therefore low prices abroad are not made because unduly high prices are charged at home, for there is

enough foreign competition here to keep prices down.

Every man who is incurred to accept the Democratic idea should ask himself how we can protect our industries against foreign dumping, aided by special export rates on government railroads, and by low wages and in some countries long days of labor, except by a tariff. Shall we allow the productive industries which give employment to our people to be crushed by foreign industries aided by state railroads and subsidized ships? Individuals, or companies, or even combinations of companies, can not compete with governments. Our Government would be supine if it did not shield its resolutions. its people and their industries from foreign aggression.

#### EXHIBIT B.

(Dispatch from Chicago, dated March 18, 1905.)

During the remainder of this year all the import traffic which moves through the Atlantic and Gulf ports will be carried on cut rates. This fact developed at the joint import conference which was held here yesterday with representatives present from all of the trunk lines, the Central Freight Association lines, and lines between Chicago and the Missouri River and between the Gulf and the river.

When an attempt was made to secure a restoration of import rates it quickly developed that practically all of the import traffic for the current year had been contracted for on reduced rates averaging not more than 50 per cent of the normal tariffs. All

effort, therefore, to obtain a restoration of the rates was abandoned.

## GERMAN TARIFF AGREEMENT.

HON. J. HAMPTON MOORE, M. C., SUBMITS RESOLUTIONS ADOPTED BY THE NATIONAL ASSOCIATION OF HOSIERY AND UNDER-WEAR MANUFACTURERS.

Washington, D. C., December 4, 1908.

Hon. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

Washington, D. C.

DEAR MR. CHAIRMAN: I inclose herewith resolutions on behalf of the National Association of Hosiery and Underwear Manufac-

turers, protesting against the German tariff agreement, all of which is in line with many communications I have received from hosiery manufacturers in the Third Pennsylvania District.

Very truly, yours,

J. HAMPTON MOORE, M. C.

To the President and Members of Congress:

Pursuant to instructions in annual convention assembled at Philadelphia, Pa., May 12, 1908, I have the honor to hand you the accompanying preamble and resolutions adopted by the National Association of Hosiery and Underwear Manufacturers.

C. B. CARTER. Secretary and Treasurer.

Whereas the United States Government has entered into a tariff trade agreement with the German Empire which embodies important customs administrative concessions and important amendments to

the customs administrative act:

Resolved, That the National Association of Hosiery and Underwear Manufacturers in annual convention assembled earnestly protests against the provisions of the German tariff agreement, now extended to other countries of the Continent, as contrary to law, contrary to policy of protection, injurious to American labor, unfair to the honest importer, demoralizing to the customs service, and in effect a material and indiscriminate reduction in the tariff which should be made only after hearings granted, and then by the legislative branch of the Government: and

Resolved, That the National Association of Hosiery and Underwear Manufacturers thanks the Congress of the United States for not adopting the recommendations of the administration as to amendments to

our customs laws; and

Resolved, That copies of these resolutions be forwarded to the President and to each Member of Congress.

## GRADUAL CHANGES.

THE SPENCER IMPORTING AND TRADING COMPANY, NEW YORK CITY, SUGGESTS A GRADUAL INCREASE OR DECREASE IN THE TARIFF RATES WHICH MAY BE ADOPTED.

> No. 163 Greenwich Street, New York, December 30, 1908.

COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

DEAR SIRS: It is easier to swindle the Government under a specific duty than it is when rates are ad valorem, as there is only one man to handle, viz, the weigher on the dock, and it is almost impossible to swindle the Government under an ad valorem tariff, as all articles of import have their market values day by day at their place of production, just the same as wheat, corn, and oats have their values on the exchanges and in the markets of this country. Besides this, the

collector's office, the surveyor's office, the appraiser's department, the United States consuls and consular agents, and all the merchants at home and abroad in any special line of merchandise of any importance constitute a great detective body of men to protect the Government and the trade interests of all the people in that line.

Now, as to changing the tariff, you very well know that tariff agitation not so many years ago between protection and revenue kept the commercial affairs of this country almost constantly stirred up; then came the settlement of the dimension of the financial yard stick, then

labor settlement, then prosperity, and then the deluge.

Now the country does not want any more upsets or agitation. Consequently the first duty of the tariff commission is to recommend any changes up or down in the tariff, which should be at the rate of 1 per cent per month the first year, this difference to be settled arbitrarily by the Treasury Department, and at the rate of 10 per cent per month after the first year. This would enable every one to go on with their business, and it would reduce changes to almost an interest basis, and with a year to arrange matters differences would easily stand 10 per cent per month until a minimum or maximum ad

valorem rate is reached.

Another feature of importance is for the Treasury or appraiser's department to have authority to fix rates of duty on articles not enumerated, and no article to be free which is the by-product or a constituent part of an article on which a duty is assessed, viz: Why should I pay 6 cents on shelled almonds, and the oil extracted from the almonds come in free, and the almond cake or meal, after expressing the oil, come in at a nominal rate? A clause should be inserted in the tariff with an arbitrary power on the part of the appraisers to equalize tariff in such cases, whether the article is provided for or not in the tariff. All of my propositions would take some figuring, but better to employ a corps of men at figures in the steady development of trade and commerce than to employ a body of experts to figure on naval construction and coast defences, because commerce is a greater peacemaker than either.

Another thing in conclusion, and this is, I advocate the importation of ships by paying a duty, and the same freedom to manage same as the individual manages his fishing boat and his horse and wagon. Why not right the wrong of the past forty years, reclaim the boys of our Atlantic coast, and save that part of our great country from drifting

into barbarism?

Very truly, yours,

Spencer Importing and Trading Co. Jas. H. Spencer, *President*.

HON. WILLIAM S. BENNET, M. C., FILES LETTER OF WILLIAM M. CHADBOURNE, OF NEW YORK CITY, RELATIVE TO MAKING GRADUAL CHANGES IN TARIFF.

DECEMBER 15, 1908.

Hon. SERENO E. PAYNE,

House of Representatives, Washington, D. C.

MY DEAR MR. PAYNE: Inclosed please find a letter from a very active Republican lawyer in New York City, which bears evidence of thought and consideration.

Will you please return the letter with any reply you may do me the honor of making?

Very truly, yours,

WILLIAM S. BENNET.

49 WALL STREET, New York, December 14, 1908.

Hon. WILLIAM S. BENNET, M. C.,

Washington, D. C.

My DEAR CONGRESSMAN: Will you permit me to put in a little more formal shape my suggestion to you over the telephone yesterday?

I have been in the last few weeks strongly impressed with the effect which the uncertainties of tariff revision have upon the business interests of this country. I feel, therefore, that the return to normal business activity would be facilitated if an assurance could be given that any change in the tariff would be so gradual that business would

have a chance to adjust itself to the change.

Such a gradual change could be accomplished by extending the reduction to be made by the new tariff act over a series of years. Thus, if a reduction of 50 per cent is made in the tariff on steel plates, the reduction could be spread over a series of five years, the tariff being reduced 10 per cent each year. A reduction of 10 per cent in the amount of the tariff would be, in most instances, I think, so slight that the merchants' and manufacturers' allowance for fluctuations from ordinary causes would take care of it.

I have always felt that the reductions in the tariff effected by the Wilson bill were so brutal that, wholly apart from the question of protection and free trade, their effect could be little short of disastrous, and I think these reductions contributed in considerable measure to the depression of 1892 to 1896. Surely we should profit by the example of our political opponents and arrange that any

changes which we make should be gradual.

It seems to me that it would be well if some one high in the councils of the party should, if the plan above outlined commends itself, give out a statement to this effect. It is the uncertainty of what changes are to be made which, even more than the actual changes themselves, tends to paralyze business until the worst is known. Such a statement would, I am sure, set many anxious minds at

Such a gradual reduction in the tariff finds precedent in the compromise tariff act of 1833. Of this act Taussig, in his authoritative Tariff History of the United States, speaks as follows:

In 1833 the compromise tariff act was passed, and remained in force until 1842. That act, there can be little doubt, was the result of an agreement between Clay and Calhoun, the leaders of the protectionists and free traders, while it secured also the support of the Jackson administration. Clay had been hitherto the most uncompromising of the protectionists; Calhoun had represented the extreme southern demand that duties should be reduced to a horizontal level of 15 or 20 per cent. The compromise provided for the retention of a considerable degree of protection for nearly nine years, and thereafter for a rapid reduction to a uniform 20 per cent rate. The tariff of 1832 was the starting point. All duties which in that tariff exceeded 20 per cent were to have one-tenth of the excess over 20 per cent taken off on January 1, 1834; one-tenth more on January 1, 1836; again one-tenth in 1838; and another in 1840 That is, by 1840, four-tenths of the excess over 20 per cent would be gone. on January 1, 1842, one half the remaining excess was to be taken off; and on July 1, 1842, the other half of the remaining excess was to go. After July 1, 1842, therefore, there would be a uniform rate of 20 per cent on all articles. Obviously, the reduction was very gradual from 1833 till 1842, while in the first six months of 1842 a sharp and sudden reduction was to take place.

Hoping that you will give me the pleasure of your company at dinner when you are next in New York, I am,

Yours, very truly,

WILLIAM M. CHADBOURNE.

# GRADUATED REDUCTION OF TARIFF.

# SELDEN BACON, NEW YORK CITY, SUGGESTS THAT REDUCTIONS IN PROPOSED BILL BE MADE GRADUALLY.

NEW YORK, November 9, 1908.

Hon. Sereno E. Payne, Auburn, N. Y.

DEAR SIR: I inclose you copy of a letter I recently sent to Senator

J. C. Burrows and of his note in answer to it.

I may add that I have submitted the proposal to a number of business and financial men, who seem all disposed to regard the suggestion as a wise one. I believe something like it was suggested several years ago, but I am not sure that the matter of inserting the clause in the bill, as suggested, with a corresponding relief of tension while the bill is under consideration, was ever distinctly brought forward.

Yours, very respectfully,

SELDEN BACON.

NOVEMBER 7, 1908.

Mr. Selden Bacon, New York, N. Y.

My Dear Mr. Bacon: I am in receipt of yours of the 4th instant containing suggestions in relation to the proposed revision of the tariff, and I note all you say in relation to the method of procedure. Of course you are aware that the House takes the initiative in the matter of revision, and I would suggest that you communicate with Mr. Payne, of New York, who is chairman of the Committee on Ways and Means, giving him your views in the matter, which I think are worthy of consideration.

Very cordially, yours,

J. C. Burrows.

NEW YORK CITY, November 4, 1908.

Hon. J. C. Burrows, U. S. Senate.

My Dear Senator Burrows: The election of Judge Taft has obviously cleared away a great deal of anxiety in the business world. But our great merchants and manufacturers are still disturbed over impending probable changes in the tariff. And their continued uncertainties necessarily deeply affect all the rest of the community.

Is it not possible to relieve their anxieties by the adoption of a simple general principle in making any changes? Marked changes in the tariff are especially troublesome, because they come more or less suddenly,

and this difficulty expresses itself chiefly in two ways.

The merchant or manufacturer needs to accommodate his business arrangements to the change. This can be relieved in some measure

by advertising the change many months in advance. But if this is done, the revenue is apt to be affected either by a great rush of imports before an increase or a withholding of imports before a reduction, and such rushes frequently bring about bad commercial conditions in addition.

Could not each of these difficulties be greatly mitigated without disadvantage to the Government and with great advantage to the merchant and manufacturer by adopting as a policy in making any changes in the tariff the system of making any increase or decreases gradually? As an example of what I mean, suppose the tariff on an article is 50 per cent ad valorem and it is decided that it should be reduced to 30 per cent ad valorem. Why could not this change, instead of being made in one change of 20 per cent eight or ten months hence, be made gradually through a period of twenty months, reducing itself by one-twentieth of the change to be made on the first of each month, beginning a month after the passage of the law?

Under such a policy the change at any one month would be so slight that arrangements of merchants and manufacturers would not be seriously disturbed thereby. Time would be given them to adjust themselves gradually to the changed conditions. Nor would there be the piling up or withholding of imports in serious amounts to get the advantage of a change of but 1 or 2 per cent on a given day. To phrase my suggestion briefly, it is that no change in any duty,

To phrase my suggestion briefly, it is that no change in any duty, either up or down, in any one month shall exceed a fixed small percentage of the present tariff, say 1 or 2 per cent, but where a larger change is determined on it shall be scattered through as many months as are necessary to accomplish the change determined on without

exceeding this rate of change.

It would seem that a policy of this character could be assented to by all parties in Congress irrespective of their attitude toward any particular change of tariff. It has seemed to me that a great deal of anxiety could be allayed, while any bill is under discussion, if an attitude favorable to a general provision of this character were known to exist on the part of leaders on both sides of each of the Houses of Congress. A clause providing that any changes made should be governed by such a rule could easily be inserted in any bill, were it deemed desirable. And the mere fact that such a clause was contained in the bill with the approval of committees might help greatly the business recovery, which can only be retarded if merchants, importers, and manufacturers are left in uncertainty as to sudden and great changes all the time the bill is pending.

You are, I know, in a position to get the views of many men representing important interests likely to be affected by changes in the tariff. If the suggestion commends itself to you as one of possible merit, might it not be worth while to ascertain, from the widely diverse sources open to you, how such a policy would affect the Government, the merchant, the manufacturer, the importer, and the community in

general

Yours, very respectfully,

SELDEN BACON.

#### INTERSTATE COMMERCE TAX.

ALFRED O. CROZIER, WILMINGTON, DEL., SUGGESTS A POSSIBLE NEW AND PRODUCTIVE SOURCE OF REVENUE.

WILMINGTON, DEL., November 24, 1908.

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: Andrew Carnegie's declaration in favor of complete abolition of the protective policy, so far as iron and steel are concerned, substituting a mere revenue tariff, is a thrust at the heart of the entire protection system. For, if his position is true as to iron and steel, it is true respecting many other great industries. It raises the most dangerous and difficult situation in the history of tariff legislation. It seems to put Mr. Carnegie on the side of the people and against the trusts, while those who oppose his proposition may be accused of favoring trusts at the expense of the people. But this is a superficial view. Whether so intended by Mr. Carnegie or not, no more clever plan could be devised to permanently intrench the steel trust in absolute mastery and monopoly of the entire iron and steel business of the United States. Incidentally every one of its nearly 200,000 employees and the 1,000,000 wives and children dependent upon them would forever and constantly be at the mercy of the Wall street managers of that trust. They would be obliged to submit to any terms as to wages and hours imposed by the corporation, with no possible way of escape.

Trusts are all overcapitalized. They must charge high prices to pay dividends on such excessive capitalization. The one menace to a trust's supremacy is establishment of new competitive industries. It is well known that, other things being equal, a corporation with actual capital equal to one-third the total of the stocks and bonds of the United States Steel Corporation could easily handle the same volume of business done by that trust. When the trust maintains high prices that will yield a profit on its enormous total of securities, capital is constantly tempted to start independent plants. This can be done over and over, forcing the trust to buy them out, and at high prices, except when, as with the Tennessee Coal and Iron Company, Providence or certain Wall-street-controlled agencies sends a panic to aid the trusts in their process of benevolent assimilation of competitors. For it is wholly impracticable for a big trust to cut prices on its entire output to crush an independent plant with a compara-

tively small output.

The rigid enforcement of stringent laws against rebates and special transportation advantages and combinations in restraint of trade ultimately will largely settle the trust problem, chiefly because trusts are so excessively capitalized. It may be necessary also to so regulate banking as to insure that small producers can borrow money at the same rates paid by trusts, and to limit the monopoly of raw materials.

The trust problem will be worked out gradually and satisfactorily to the people and to such trusts as are satisfied with reasonable profits, unless Mr. Carnegie's plan to abolish the protective tariff is adopted. If his plan is put in force the trusts, in their most offensive and oppres-

sive form will be fastened upon the people forever, for they no longer would be endangered by the starting of independent plants. The constant menace of competition of products made abroad by cheap foreign labor would scare independent capital from embarking in an enterprise that would be threatened on one side by an aggressive trust and on the other by unrestricted foreign importations. The danger of new competing plants being thus removed by act of Congress, the trust would be left free to both lower wages and increase prices of its products with impunity, for there is no means known to the law to force them to maintain wages or reduce prices. In case of a strike the international trust would produce in its mills abroad and ship here, closing its American plants until labor is starved into submission. To protect itself against foreign importations, the trust has only to internationalize itself. This could be done easily by offering foreign producers the temptation of greater gains, aided by the spur of threatened retaliation and competition abroad by the American trust, and by reenactment here of the high tariff. In the long run it is safe to assume that producers the world over will unite for greater profits. In fact wages here could then be reduced so goods can be produced much cheaper and used abroad to whip foreign producers into a general combination to plunder, with excessive prices, the consumers of the world. It is a dazzling scheme, such as the genius of modern finance is capable of conceiving and executing, and it is wholly practicable. There is some inducement to them in the fact that the international trust would largely be beyond the reach of our antitrust and other laws.

Four years ago in an address, and recently in The Magnet, I pointed out the probability and danger of international trusts and abolition of the protection policy as a means of further trust aggrandizement and for tightening upon the people the screw of trust monopoly and attendant financial and political domination. Since then, the iron and steel men of the United States and those of Europe have held meetings abroad which seem clearly to foreshadow the ultimate creation of a gigantic international trust to control the iron and steel business of the entire world. Whether Mr. Carnegie was chosen to inaugurate as a beneficent philanthropy the one thing needed to make the international trust practicable or possible, or whether Providence moved him to so speak on his own account in all innocence as to the ultimate ruinous effect upon American workingmen and producers generally, I do not know. Doubtless it was the latter, for Mr. Carnegie is an excellent gentleman, who has done many patriotic acts. But it is time for the American people to "Look, stop, listen!" before taking a step of such possible danger to their welfare.

Tariff reduction and readjustment is due and right. It should be thorough, honest, unselfish. How to do it and avoid these perils is a problem that will tax the wisdom and patriotism of Congress to the utmost. Whether it would be practicable and legal to maintain the high tariff to guard against these dangers, and then, in lieu of tariff reduction and in return for this protection, impose upon products of American manufacturers engaged in interstate commerce a special internal tax equal to a fair proportion of the general tariff, I am not yet prepared to say. It may be worth considering. It is made merely as a suggestion. In this way all the people would share in such excessive profits as might be realized because of the high tariff

maintained by the people's laws for the common good. Consumers would not so object to high prices if a fair proportion of the excessive

profits were contributed to the general welfare.

A billion dollars is needed by the Government for the improvement or construction of natural and artificial waterways. And other billions will be needed as time goes on. Such a tax on interstate commerce would yield it without appreciable harm either to producers or consumers. And the public improvements it would enable, and the general progress and prosperity such improvements would cause, certainly would offset any such burden. If this plan should be considered wiser than to let down the bars to all the evils mentioned, and to the uncertain menace of the products of 15 cents a day Asiatic labor, some practicable and legal plan doubtless can be devised by Congress for putting it into effect. For the people have not by their Constitution permanently tied their own hands in a way to prevent what may be for the general welfare. Surely American workmen and producers that are not such trusts as are seeking by international action to rid themselves of all responsibility and accountability to the people's laws while they enjoy the country's rich markets, will prefer such interstate-commerce tax to the uncertainty and dangers incident to a destruction of the protective-tariff policy. And our home markets would be saved to our industries. The American manufacturers and workmen have come to look upon the protective doctrine the same as the people of South America revere the Monroe doctrine. Congress surely will not enforce the latter, even at the risk of war, for the benefit of alien peoples, and then expose our own citizens to unrestricted commercial and industrial exploitation by foreign nations.

Very respectfully, yours,

ALFRED O. CROZIER.

# LABOR COST.

GEORGE STABER, NEW YORK CITY, SUGGESTS A METHOD FOR EQUALIZING DIFFERENCE IN LABOR COST.

127 DUANE STREET, New York, December 21, 1908.

Hon. SERENO E. PAYNE,

Chairman of Committee on Ways and Means,

House of Representatives, Washington, D. C.

SIR: The undersigned respectfully begs to submit to your committee the following suggestions, which he believes may assist in solving the problem of fixing rates of duty on an equitable and scientific basis, and in accordance with the principles laid down in the Republican platform, viz, that the tariff should protect American industries to the extent of equalizing the difference in cost of labor between the United States and other manufacturing countries, and assuring to the American manufacturers a reasonable profit.

The undersigned suggests that to determine rates of duty which will accomplish these objects is a simple problem in arithmetic,

requiring for its premises only two data:

1. The cost of labor in proportion to the value of the finished goods. 2. The comparative rate of wages in the same industry in the United States and in competing foreign countries.

And if these two data are known, a reference to the inclosed tables will show at a glance the rate of duty needed to equalize any difference in cost of labor between the United States and foreign countries, and also to assure a reasonable profit to the American manufacturer.

As the people understand the Republican platform the object of a protective tariff is to protect American labor, but not to equalize any difference in cost of materials, if there should be any, except when an industry uses imported materials on which already a United States duty has been levied, and in that case a compensatory duty should be added to the protective duty to equal the increase in cost. Another object of a protective tariff is to assure a "reasonable"

Another object of a protective tariff is to assure a "reasonable" profit to American manufacturers. The people understand this to mean reasonable profits on actually invested capital coupled with brains and good management, but they do not understand that the tariff should, at the expense of the consumer, guarantee extravagant profits to enterprises with a fictitious capitalization and perhaps poor management.

The American manufacturer enjoys, without the enactment of any tariff, a natural protection of 8 to 15 per cent through the increase in cost of foreign goods caused by the inevitable expenses of bringing them here, viz, foreign forwarding charges, freight, insurance, landing charges here, banking and exchange, commissions, and import-

er's profits.

Furthermore, import duties are levied on market prices in foreign countries, and these prices naturally include a profit for the foreign manufacturer. Consequently the American manufacturer is assured, as far as a tariff can do it, the same profit at which the foreign manufacturer sells his goods, plus the rate of duty levied thereon. For instance, a foreign manufacturer makes 10 per cent profit on his sales to American importers, and the United States duty is 40 per cent, assuring thus to the American manufacturer a profit of 10 per cent, plus 40 per cent duty, equal to 14 per cent, provided the materials here cost no more, and any difference in the cost of labor is

equalized by the duty.

That the prices at which European manufacturers sell and on which the United States duties are levied include fair profits to the foreign manufacturers is proved by the fact that for a number of years past the leading factories in Europe have paid to their owners or stockholders not only "fair" but large profits after writing off ample percentages for deterioration of plant and reserve, as shown by the detailed annual statements published according to law, by the foreign manufacturing corporations. In a great many, in fact, in most instances, such foreign corporations have paid and are paying to their stockholders larger dividends on "actually invested capital" than manufacturing companies in the same lines of business here pay to their stockholders.

As to cost of labor I beg to observe that official statistics establish the fact that during the last ten years wages in the principal industrial countries of the world, outside of the United States, notably in Germany and Japan, have risen in a greater ratio than in the United States, and that consequently there is not as much need to-day for high tariff rates as there was when the Dingley tariff was framed.

In presenting to you the inclosed tables showing the rates of duty needed to equalize the cost of labor between the United States and foreign countries I beg to state that-

1. They are based on wages in the United States ranging from \$1.25 to \$3 as against \$1 in foreign countries.

2. They are based on cost of labor here varying from 10 per cent to

90 per cent of the total value of a finished article.

3. They are based on the assumption that American labor employed in manufacturing is on an average 20 per cent more efficient than labor in foreign countries.

In other words, that an American factory employing 100 men will turn out as large a quantity of goods as a foreign factory in the same

line of business employing 120 men.

It will be admitted that this is a strictly conservative estimate. considering that superior machinery is generally employed here requiring less help and run at a greater average speed than elsewhere; considering further the improved labor-saving methods generally used by American manufacturers, and last, but not least, the higher

intelligence of the American workman.

In respectfully submitting for your thoughtful attention these suggestions, the undersigned begs to add that they are the result not of mere theoretical study, but of the long and practical business experience of an American citizen, who believes in reasonable and fair protection to American industries as long as they need such protection and who has implicit faith in the pledges of both great political parties to revise honestly and thoroughly present tariff rates.

Yours, very respectfully,

GEO. STABER, Pres. Germania Importing Co., 127 Duane Street.

TABLE 1.

Wag	ges.	Equivalent cost of labor.a		
\$1. 25 1. 50 1. 75 2. 00 2. 25 2. 50 2. 75 3. 00	\$1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00	\$1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00	\$0.96 .80 .686 .60 .533 .48 .436	

a Estimated that five American workmen produce as much as six foreign workmen.

TABLE 2.

Cost in U	nited States.	. Wages per day.								
	Material,	American	\$1.25	\$1.50	\$1.75	\$2.00	\$2, 25	\$2.50	\$2.75	. \$3.00
Labor.	expenses, and man- ufacturer's	Foreign	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	profit.		Rate of duty needed to equalize wages.							
Per cent.	Per cent.		Per ct. 0. 4	Per ct.	Per ct.	Per ct.	Per et. 4. 9	Per ct.	Per ct. 5. 9	Per ct. 6. 4
20 30 40	80 70 60		1. 2 1. 6	4.2 6.4 8.7	6. 7 10. 4 14. 4	8.7 13.6 19.0	10.3 16.3 23.0	. 11.6 18.5 26.3	12. 7 20. 3 29. 0	13. 6 22. 0 31. 6
50 60 70	50 40 30		2.0 2.5 2.9	11. 1 13. 7 16. 3	18. 6 23. 3 28. 2	25. 0 31. 6 38. 9	30. 4 38. 9 48. 6	35. 1 45. 4 57. 2	39.3 51.1 65.3	42. 8 56. 3 72. 4
80 90	20 10		3. 3 3. 7	19. 1 22. 0	33. 5 39. 5	47. 1 56. 3	59. 5 72. 4	71.2 88.0	82.1 102.8	92.3 117.4

American labor estimated 20 per cent more efficient than foreign.

#### EXAMPLE I.

An article made in United States costs 20 per cent for labor. Wages in United States are \$1.50, against \$1 in a foreign country.

Five American workmen produce as much as six foreign workmen. What should be the protective duty to equalize cost of labor?

#### Answer.

	1	
United States.		Foreign.
Per cent. 20 80	Cost of foreign labor 80 per cent of American (see Table I)	Per cent. 16 80
100	Foreign selling price	96 4
	Per cent.	States.  Per cent. 20 Cost of foreign labor 80 per cent of American (see Table I) 80 Same as in United States.  Foreign selling price Duty, 4.2 per cent (see Table II)

#### EXAMPLE II.

An article made in United States costs 40 per cent for labor. Wages in United States are \$2.25, against \$1 in a foreign country.

Five American workmen produce as much as six foreign workmen. What should be the protective duty to equalize cost of labor?

#### Answer.

	United States.		Foreign.
Cost of labor	Per cent. 40 60	Cost of foreign labor 53.3 per cent of American (see Table I)	Per cent. 21.3 60 81.3 18.7

#### EXAMPLE III.

An article made in United States costs 60 per cent for labor. Wages in United States are \$3, against \$1 in a foreign country. Five American workmen produce as much as six foreign workmen. What should be the protective duty to equalize cost of labor?

#### Answer.

	United States.		Foreign.
Cost of labor.  Material, expenses, and manufacturer's profit.	Per cent. 60 40	Cost of foreign labor 40 per cent of American (see Table I). Same as in United States	Per cent.  24 40 64 36
	100		100

#### LAND VALUES.

# HENRY GEORGE, JR., THINKS THAT THE VALUE OF LAND IS NOT A PROPER BASIS FOR TARIFF ARGUMENT.

Washington, D. C., January 6, 1909.

Hon. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

House of Representatives, Washington, D. C.

Sir: In reading the reports of testimony before your committee in regard to proposed changes in the tariff, I have noticed numerous statements by advocates of higher tariff rates on certain articles to the effect that their demand for excessively high duties was justified by the comparatively high cost of the land on which their products are grown or produced. California fruit growers, Florida tobacco raisers, Missouri barytes miners, Michigan lumbermen, all unite in giving the high price of land as a reason why the present tariff should be retained or higher rates of duty imposed.

Permit me to suggest to your honorable committee that you should give no consideration to pleas for high tariff rates based on the alleged high price of land in this country. If the price of land is high, this fact would seem to show conclusively that the industry using such land must be prosperous, else men would not be willing to pay such

high prices for the privilege of engaging in it.

It is, of course, possible that many persons may have paid more for land than it is really worth, but this is not a reason why Congress

should legislate for the benefit of unwise speculators in land.

If the necessity for making a profit out of land for which excessive prices have been paid is to govern the enactment of our revenue laws, it would be an easy matter for the owners of land to estimate its value from \$500 to \$5,000 per acre, thus justifying prohibitive tariffs, under which the Government would receive no revenue.

A careful examination of the testimony in favor of higher duties will show, as demonstrated in my father's work, "Protection, or Free Trade?" that the real beneficiaries of the protective tariff are those persons who have secured possession of such natural resources as our coal lands, timber areas, iron-ore deposits, oil-yielding lands, etc., and that monopoly of these resources is the chief obstacle to the full and fair competition in manufacturing which the founders of the protective system sought to promote.

Yours, respectfully,

HENRY GEORGE, Jr.

#### LOWER LEVEL OF DUTIES.

THE FORBES LITHOGRAPH COMPANY, BOSTON, MASS., WRITES RELATIVE TO ACTION OF BOSTON MERCHANTS' ASSOCIATION.

> 185 SUMMER STREET, Boston, December 30, 1908.

Hon, SAMUEL W. McCALL,

House of Representatives, Washington, D. C.

DEAR SIR: In connection with the revision of the tariff the vote which was passed by the Boston Merchants' Association at their meeting held in this city on December 16, in our belief, as members of that organization, may be misinterpreted, and we therefore take

the liberty of stating the following facts:
Bulletin No. 71, issued by the Boston Merchants' Association and dated December 14, was received by us on the morning of December 16, and this contained, as far as we know, the first intimation the general membership of the association had that the tariff was under consideration by the Boston Merchants' Association. The preamble and vote adopted are as follows:

Preamble.—In the eleven years during which the present tariff law has been in force many changes have occurred in the conduct of business and the methods and con-

ditions of production and manufacture.

Some of the duties in this law have been found to be prohibitive rather than protective, and others have been found to be protective beyond the reasonable requirements of a tariff designed to safeguard our enterprise, industry, and labor against undue

Vote.—Be it therefore voted that the Boston Merchants' Association advocates a thorough revision of our tariff by a readjustment of the schedules, with the purpose of

establishing a lower level of duties than that which now exists.

A substitute motion was offered, containing the same preamble, but proposing that the vote read as follows:

Vote.—Be it therefore voted that the Boston Merchants' Association advocates a thorough revision of our tariff by a readjustment of the schedules, with the purpose of correcting any inequalities in the present tariff, and for the purpose of establishing a lower level of duties than that which now exists, where such reduction is warranted.

In revising the tariff, we recommend and indorse the principle of giving protection to American products and industries equal to the difference between wages paid in this country and wages paid abroad, plus a reasonable profit to the American producer.

Mr. John C. Cobb, the chairman of the committee presenting the motion as recommended by the directors, was asked to accept the substitute in place of the one prepared by the committee, but he declined to do so on the ground that he believed there was no material difference between the vote as offered by him and the substitute, and stated that in his opinion the preamble covered the matter in substantially the same form as the substitute vote proposed. We fear this influenced members present to pass the vote as proposed by Mr. Cobb. There was also, of course, the natural reluctance on the part of the members, when they had not sufficient time to consider the matter, to oppose a measure approved by the board of directors. The Boston Post of December 17, 1908, states:

This was the first serious opposition to any measure approved by the board of directors of the Boston Merchants Association.

The membership of the Boston Merchants Association consists of 849 members. You will note from the vote that but 131 voted on

the question, less than one-sixth of the membership.

We do not feel that this question should have been taken up in the form that it was by the merchants association and such a vote passed when the committees considering same had not given the interests affected an opportunity to be heard, and we also believe that had a proper time been given after the publication of the proposed vote, so that the members of the association could have considered the matter, the result of the vote would have been different.

You will note that the substitute motion merely qualified the recommendation for establishing a lower level of duties by the words,

"where such reduction is warranted," and the addition:

In revising the tariff, we recommend and indorse the principle of giving protection to American products and industries equal to the difference between wages paid in this country and wages paid abroad, plus a reasonable profit to the American producer.

This we believe to be good doctrine, having been adopted by the Republican national convention in Chicago and indorsed by Judge

Taft in his speech of acceptance.

I am interested in the matter not only as a manufacturer, but I feel a personal responsibility in the subject, as many of our employees asked me before election what ticket I believed it would be for their best interests to support, and I unhesitatingly advised them to vote the Republican ticket because it was pledged to protect their interests; that the tariff was not for the manufacturer any more than it was for the workman, because the tariff is really a tariff for the workman, to protect him from foreign labor, and in our own business we are direct competitors with German lithographers, where the wages paid average only one-quarter of the wages paid in the lithographic trade in the United States.

I have no controversy with the Boston Merchants' Association, realizing the important work they are doing in behalf of our city and State, but think the impression as gathered from the Boston papers of December 17 gives a mistaken idea of the sentiment of the business interests in this city, and I believe they do not wish to establish a lower level of duties than that which now exists, except in those schedules where it has been proven by the facts submitted to the Ways and Means Committee that such reduction is warranted.

Very truly, yours,

THE FORBES LITH. MFG. Co., W. H. FORBES, Treasurer.

#### MAXIMUM AND MINIMUM TARIFF.

# S. B. PACKARD, MARSHALLTOWN, IOWA, MAKES SUGGESTIONS RELATIVE TO MAXIMUM AND MINIMUM TARIFF.

Marshalltown, Iowa, December 24, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: Being greatly interested as a farmer in the outcome of the present proposed tariff revision, and desirous of having my views considered by your committee in the connection with your conclusions, I submit that no cut in the tariff should be made save in the manner pointed out by the late President McKinley, when "no longer needed for revenue or to encourage and protect our industries at home why should they not be employed to extend and promote our markets abroad." Without intruding any discussion on the subject as to what commodities will, in the judgment of your committee, come under the head of those not being needed for revenue or protection, I claim that such, if any, that are to be so considered should of right be added to the list named in section 3 of the Dingley law, with the less rate of duty named by you to become new minimum rate with which the President will be authorized to use in the manner named by President McKinley. This presupposes that the present rate shall remain as the maximum to all countries without such trade relations toward us as Great Britain until trade relations shall be established of a reciprocal character with others. Leading up to a suggestion which I conceive to be essential to properly conserve the industrial conditions the tariff should tend in every way "to promote our markets abroad," and a study of the imports of such countries as are not giving us the minimum rates for our farm and manufactured products, for the whole world save Great Britain are living under highly protected tariffs, it may occur to your committee that you owe something to the power of our tariff to make the countries incline to meet us half way in gaining the markets we need.

To emphasize this point, it should be remembered that in every line

of industry we are or would be if every wheel in every closed mill was turning and every farm product is and every manufactured product would be produced beyond the home market consumption; markets abroad for this surplus is growing year by year more essential to our wel-Germany and France are the countries perhaps where most can be immediately gained by reciprocal trade. These countries are among the largest exporters to us of the goods which must have an outlet here, or they will be hurt as badly as these countries have hurt western farmers by their sanitary and tariff war on our meat products. may you not take into consideration the need of making them play fair and eat our meats and let the flesh of horses and dogs alone as a diet? If you agree, as I suppose you will, that a tariff a little higher or lower on such articles as are not produced in this country in full of the demand, say sugar, the effect of a raise in the tariff would hurt the foreign producer and a reduction would add that amount to his price and in neither case would the article be changed in value here because the prices are established abroad. Articles like sugar, if raised a trifle over the present rate as the maximum and if then placed on the list of

section 3 at a trifle less than the present rate for trade purposes, would be a hard proposition for the big beet-root sugar-producing countries abroad to stand against coming our way. Articles of the character highly taxed as luxuries and not competitive with us could be included in section 3 at a less rate of duty, and the origin of this class of goods is mainly in the same countries, and this might add to the revenue. In concluding this part of my remaks it will be understood that, as a tariff, the minimum rates of duty should be those laid down by Congress under section 3, having been conceded in consequence of trade agreement established and proclaimed by the Executive.

Ad valorem duties are pernicious, tending to excite the cupidity of men, loss of honest revenue, and unjust to honest merchants who have to compete with their less scrupulous neighbors. During my observation two periods have disclosed the colossal size of the revenue frauds—the first, in 1874, when the repeal of the moiety law disclosed the facts, and again in the Forty-eighth Congress, first session, by executive documents 101 and 128, growing out of the efforts I made during my consulate at Liverpool, from 1878 to 1885, to make the importers pay honest revenue. Document 128, pages 152 to 188, will disclose my claim to the truth that but for my inaugurating a method of compelling appraisers to be advised by my reports of dutiable values, and in having a treasury agent sent abroad to stir the other consuls to do likewise, the old, and likely the present, perfunctory way of passing invoices would have continued. The amount of money saved to the Government is, for the year 1883, given on page 247, same document, for the port of New York. I wish to call attention to the bill recommended by Secretary Folger, on page 3, same document, and invite your attention to the need of such a proposed law now. There were some jokers in the tariff law, and I find one which is worked now—the value of all merchandise at the export or place of production to be considered as the dutiable value. The Alberta havfed steers brought to the Chicago market last spring were declared at \$45 per head; they went over the scales weighing and at a price paying about \$85; dutiable at 27½ per cent, though on a fictitious value in one sense, yet hard to prove the value of a fat steer in Alberta with no local market. I submit these views, which may not be found entirely amiss.

Sincerely,

S. B. Packard, Superintendent Cattle Department, State of Iowa, Department of Agriculture.

THE STANDARD TOOL COMPANY, CLEVELAND, OHIO, URGES THE ENACTMENT OF A MAXIMUM AND MINIMUM TARIFF.

CLEVELAND, December 29, 1908.

Hon. Sereno E. Payne,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: We are advised that the French Government contemplates another increase in the import duty on machinery and small tools. Our French representative in Paris assures us that this act will seriously affect the importation, especially small tools, and in

all probability cut the American manufacturers out of that market. The contemplated act of the French Government should have some bearing upon, or be given some consideration in connection with,

the proposed revision of our tariff.

We strongly favor a maximum and minimum tariff on both machinery and small tools. We believe the present rate is sufficient for the maximum and that a rate as low as 25 per cent would be about right as a minimum. With a tariff established on approximately this basis, our State Department would be in a position to prevent retaliatory action on the part of foreign governments and at the same time protect home manufacturers.

We think this is extremely important, especially as affecting the machinery and small-tool industry, which represents a large business, both in capital invested and labor employed. Therefore, we strongly recommend and urge that you use your best endeavors to bring about a maximum and minimum feature in connection with the revision

of the present tariff laws.

We might also add that if a permanent tariff commission could be established, with authority to handle all tariff matters both affecting imports and exports, to meet the conditions as they might arise from time to time, that it would prove very beneficial to the manufacturing and labor interests in this country. By this plan the tariff affecting any particular industry could be adjusted at any time without disturbing the whole tariff proposition.

If you think that such a plan would be feasible and consistent with your views, we should like exceedingly well to see it become estab-

lished.

Yours, very truly,

H. A. HIGGINS, General Manager.

# THE NATIONAL MACHINE TOOL BUILDERS' ASSOCIATION URGES ADOPTION OF MAXIMUM AND MINIMUM TARIFF.

Springfield, Ohio, January 1, 1909.

Ways and Means Committee, Hon. Sereno Payne, Chairman, Washington, D. C.

SIRS: Supplementary to the brief submitted to your committee under date of November 30, 1908, which was signed by twelve representative machine tool builders, which expressed their individual sentiments on the contemplated revision of the tariff, I respectfully wish to state that a copy of this brief was sent to all the members of the National Tool Builders' Association, asking for their opinion and indorsement of same, and I take pleasure in inclosing a copy of this brief, and have added thereto the names of the firms who have responded.

Each of the firms or names appended indorsed the brief in its entirety as to the proposed reduction of the tariff, and quite a number even favor a further reduction of the tariff to 25 per cent. We, therefore, respectfully pray that you will consider the brief as coming from an association vitally interested in foreign tariff on machine

tools, and that the signers represent a large majority of those

engaged in this particular industry in the United States.

Our association is also vitally interested in another related subject. viz: That our particular branch of the metal industry should have a classification of machine tools and that the classification as it is now, namely—metals and metal-working machinery—is too broad and sweeping. Should such a classification be embodied, or redesigned, it would greatly simplify your work of revising the tariff in this branch because of the uniformity of opinion expressed by our members in the brief attached.

Other industries now coming under the head of metals and metalworking machinery may have other views or recommendations to make to your honorable committee, and if so, you could perhaps arrange the tariff on machine tools, independent of other industries now coming under the standard classification of metals and metal-

working machinery.

The new suggested classification, to create a new classification or distinction of our particular branch of the iron industry, that would be known as a machine tool classification, would be most satisfactory, and very practical also. Respectfully submitted.

NATIONAL MACHINE TOOL BUILDERS' ASSOCIATION, FRED L. EBERHARDT, President. P. E. Montanus, Secretary.

Washington, November 30, 1908.

WAYS AND' MEANS COMMITTEE,

Hon. Sereno Payne, Chairman.

Gentlemen: We, the undersigned, representatives of the machine tool industry of the United States, voicing what we believe to be the opinion of machine tool manufacturers generally, respectfully petition your committee that in the contemplated revision of the tariff, that full consideration be given to the protection of our foreign trade.

And inasmuch as an average of 30 per cent of our output is sold to foreign countries, some of which have been continually raising their tariff against us-and to-day threaten such a further advance as will be practically prohibitive (as for instance in the proposed French tariff advance)—therefore we desire to place ourselves on record as favoring a reduction in the present domestic tariff on our product (machine tools) wherever such reduction will secure for us a corresponding consideration in the tariff levied against American machine tools by foreign countries.

And to this end we suggest that the present tariff of 45 per cent be maintained as a maximum tariff, and that a minimum tariff of 30 per cent be established with which we may favor such foreign countries as in return may favor us with their tariff schedules.

Respectfully submitted.

Fred L. Eberhardt, of Gould & Eberhardt, Newark, N. J.; W. P. Davis, of the W. P. Davis Machine Co., Rochester, N. Y.; E. M. Woodward, of the Woodward & Powell Planer Co., Worcester, Mass.; H. L. Flather, of the Flather & Co. (Inc.), Nashua, N. H.; P. E. Monta-

nus, of the Springfield Machine Tool Co., Springfield, Ohio; Murray Shipley, of the Lodge & Shipley Machine Tool Co., Cincinnati, Ohio; C. Wood Walter, of the Cincinnati Milling Machine Co., Cincinnati, Ohio; J. B. Doan, of the American Tool Works Co., Cincinnati, Ohio; A. T. Barnes, of the W. F. & John Barnes Co., Rockford, Ill.; C. A. Johnson, of the Gisholt Machine Co., Madison, Wis.; C. H. Alvord, of the Hendey Machine Co., Torrington, Conn.; W. R. Warner, of the Warner & Swasey Co., Cleveland, Ohio; The Heald Machine Co., Worcester, Mass.; The Binsse Machine Co., Newark, N. J.; The Seneca Falls Mfg. Co., Seneca Falls, N. Y.; The R. K. Le Blond Machine Tool Co., The Cincinnati Planer Co., Cincinnati, Ohio; National Acme Mfg. Co., Cleveland, Ohio; The Queen City Machine Tool Co., Cincinnati, Ohio; Rockford Drilling Machine Co., Rockford, Ill.; The Bullard Machine Tool Co., Bridgeport, Conn.; Brown & Sharpe Mfg. Co., Providence, R. I.; The Grant-Lee Machine Co., Cleveland, Ohio; The Garvin Machine Co., New York, N. Y.; Stockbridge Machine Co., Worcester, Mass.; Fox Machine Co., Grand Rapids, Mich.; The Owen Machine Tool Co., Springfield, Ohio; Prentice Brothers Co., Worcester, Mass.; I. H. Johnson, jr., Co. (Inc.), Philadelphia, Pa.; The Mark Flather Planer Co., Nashua, N. H.; The Detrick & Harvey Machine Co. Machine Co., Baltimore, Md.; Putnam Machine Co., Fitchburg, Mass.; J. E. Snyder & Son, Worcester, Mass.; Jones & Lamson Machine Co., Springfield, Vt.; New Haven Manufacturing Co., New Haven, Conn.; Norton Grinding Co., Worcester, Mass.; T. C. Dill Machine Co., Philadelphia, Pa.; The W. A. Wilson Machine Co., Rochester, N. Y.; The J. Morton Poole Co., Wilmington, Del.; Newark Gear Cutting Machine Co., Newark, N. J.; Barnes Drill Co., Rockford, Ill.; Hoefer Manufacturing Co., Freeport, Ill.; Greaves, Klushman & Co., Cincinnati, Ohio; Walcott & Wood Machine Tool Co., Jackson, Mich.; Bickford Drill and Tool Co., The William E. Gang Co., Cincinnati, Ohio; International Machine Tool Co., Indianapolis, Ind.; The Fairbanks Co., Springfield, Ohio; Cincinnati Machine Tool Co., The John Steptoe Shaper Co., John B. Morris Foundry Co., Cincinnati, Ohio; Builders Iron Foundry Co., Providence, R. I.; Francis Reed, W. C. Young Co., Whitcomb-Blaisdell Machine Tool Co., H. G. Barr, O. S. Walker & Co., B. G. Luther & Co., Worcester, Mass.; Bath Grinder Co., Cowdrey Machine Works, Fitchburg, Mass.

#### NO FREE LIST.

# THE SPENCER IMPORTING AND TRADING CO., NEW YORK CITY, THINKS EVERY IMPORTATION SHOULD PAY DUTY.

163 Greenwich Street, New York, February 3, 1909.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: We beg to state that we do not believe in any imported goods coming in free. It is not a question in our mind as to whether merchandise and things are produced in this country or not. The question before the House, as we understand it, is protection or revenue sufficient to cover the running expense of the Government, and as goods are not imported unless there is a demand for them, why should not all goods pay a duty? The idea that certain merchandise should not pay a duty because the article is not produced in this country, and goods similar to home production but radically different from anything produced here should pay a duty, is all "moonshine."

Our ideas are that all imports should pay duty and that the revenue sufficient to pay the running expenses of the Government, based upon value, are sufficient protection for both capital and labor.

Under a specific duty the foreigner transports his factory or his business to this country or stays at home and does the work in his own establishment, according to his convenience or profit, but under an ad valorem duty he has no choice; he must do the work here or it has to be done by someone established on this side. But, in conclusion, don't forget that the country can progress under any reasonable tariff, but that a graduated change would have a less depressing effect on the business of the country than a change to take effect immediately or one to become operative in three or six months.

Very truly, yours,

SPENCER IMPORTING AND TRADING Co., Jas. H. Spencer, *President*.

# PHILIPPINE TARIFF.

STATEMENT OF W. C. GREGG, OF NEWBURGH, N. Y., RELATIVE TO EQUIPMENT FOR SUGAR PLANTATIONS.

Saturday, December 19, 1908.

(The witness was sworn by the chairman.)

Mr. Gregg. Mr. Chairman, I represent a manufacturing company on the Hudson River in New York State making narrow-gauge railroad equipment, especially for sugar plantations. Our business is in Porto Rico, Hawaii, Mexico, Cuba, and other cane countries. I want to talk for a minute on the question of the free importation of 300,000 tons of sugar from the Philippines, which the newspapers say has been proposed, and I want to ask if any of you gentlemen know where the equipment is coming from that is going to manufacture that sugar over in the Philippine Islands? I can tell you how

much capital is required in a plant in machinery and equipment to make a ton of sugar on a plantation. It is about \$33.33\frac{1}{3}\$. I can give you the figures that go to make that up if you desire them. The equipment, on that basis, for producing this tonnage in the Philippine Islands would be about \$10,000,000. According to the way in which the Filipinos have been buying their equipment and all of the other imports, according to the government reports for the last six or seven years, they have been buying 15 per cent in the United States and 85 per cent elsewhere. On that basis, of this \$10,000,000 of equipment that is necessary there they would be buying \$1,500,000 in the United States and \$8,500,000 in Europe, principally Germany and England.

Mr. BOUTELL. Just what is it you want?

Mr. Gregg. I want to adjust the tariff there so that they can be induced to increase their trade with the United States.

Mr. Fordney. Would free trade on your goods going into the

Philippine Islands do that?

Mr. Gregg. Just a minute, and I will explain this whole situation. They are not under the United States tariff; they are under their own Philippine tariff, made by Congress here, your own committee. Under that they import, under section 245 of that tariff bill, apparatus and machinery for sugar making, as well as other things, at 5 per cent ad valorem. Now, it is proposed to give us free trade with them and still make that 5 per cent against Europe, but that does not any more than offset the difference of freight rates, so that it does not give us any advantage. I would suggest, for instance, that we are not opposed to general reductions in the United States on the tariff. For instance, we are willing, along with the rest, to take a reduction on our products from 45 per cent, say, to 25 per cent. That is our general attitude, and we are willing to trust to the committee to fix up a general average bill that will probably suit us all right. How would it be to extend that same 25 per cent to the Philippines-let them if they buy machinery in Europe pay 25 per cent duty on it; if they buy machinery in the United States, no duty on it? Then we can go out there and do business.

I can say this, that we export to countries where we have no protection, under some circumstances. Our business is almost altogether export; 95 per cent of our business goes out of New York Harbor.

Mr. Underwood. I just want to make this observation, that the treaty with Spain is not out yet.

Mr. GREGG. It is practically out.

Mr. Underwood. If this bill is finished before that is out, your proposition can not be included in the bill.

Mr. Gregg. It will soon be out.

Mr. Underwood. That is the question which comes up after this bill is enacted into law.

Mr. Gregg. Perhaps the bill can be so formed as to take off that.
Mr. Underwood. It might be after the treaty has expired. The
treaty does not expire until ten years from the date of ratification.

The CHAIRMAN. The ten years will expire a year from December.

Mr. Gregg. I have a suggestion on that. We do business with

Americans in Mexico and Americans in Cuba, but it is very difficult
to do business with Spaniards in Cuba, and we have not been able to
do business with Spaniards in Mexico at all under the same tariff

condition. We go out to the Philippines; we have been out there and sent men out there, we go there right along, but they are foreigners, and they have been used to doing business in Europe, and we can not upset that. They rather prefer to do business that way, and as individuals they will follow their individual inclinations.

Mr. Fordney. They do do business there?

Mr. Gregg. They do do business there, but only 15 per cent of their business comes to the United States, while we take 40 per cent of their products. That is the average from 1901 to 1906, according to the Government reports.

Mr. Boutell. What do you make, cars?

Mr. Gregg. Cars, portable tracks for cane fields, switches, and

things of that kind.

Mr. Boutell. You do not make the narrow-guage rolling stock, locomotives and things of that kind?

Mr. Gregg. No; we do not make locomotives; we make cars.

Mr. Boutell. Passenger cars?

Mr. GREGG. No; for hauling the cane.

Mr. Boutell. I understand that you do not make any commercial cars—passenger cars of narrow gauge?

Mr. Gregg. No; we make nothing for the United States except as

it goes into Louisiana. We have a small business down there.

Mr. Boutell. The reason I ask is, I was on a narrow-gauge road up in Maine last year and wondered where the equipment came from—a little railroad 2½ feet broad.

Mr. Gregg. A good many concerns are making that kind of road in this country for domestic use, but our business is with the cane

producers.

Mr. Boutell. I understand.

Mr. Gregg. I want to ask you gentlemen what sort of business proposition it is for this country to open the Treasury to the Filipinos and let those men out there—now, mind you, those men out there who are owning this land and will go into this business are not the Filipinos only; they are other foreigners interested,

The CHAIRMAN. What do you want in reference to the Philippine

Islands?

Mr. Greec. We want the thing let alone, just as it is now; that would suit everybody, as far as we are concerned, but if changes are going to be made——

The CHAIRMAN. Do you want free entry of your goods into the

Philippine Islands?

Mr. Greeg. Well there is nothing in that; we are only taxed 5 per cent; there is nothing there for us.

The CHAIRMAN. What do you want?

Mr. Gregg. We do not want much for ourselves.

The CHAIRMAN. If we do anything with the tariff in the Philippine Islands the committee will undoubtedly take off that 5 per cent

and give you free entry to the islands.

Mr. Greeg. I understand that. Now, if you put 25 per cent duty on equipment, machinery, and so forth, for mill and plantation, then we will have a chance to do some business, because they will have to come to us.

Mr. Fordney. You mean duty on those goods coming from any

other country?

Mr. Greeg. Yes. Then there is one more suggestion I have to make, and that is, that unless we are sure we want to keep the Philippines, that we should make the 300,000 tons, or whatever it is, a measure terminating at the end of, say, eleven years; give them two years of free trade with us; next year withdraw 10 per cent of it; the next withdraw another 10 per cent of it, and so on, giving them until the end of eleven years—putting them out of touch with us on that business.

Mr. Fordney. What duty is there on your products now? Mr. Gregg. Forty-five per cent in the United States. Mr. Fordney. You only want 25 per cent in the islands?

Mr. FORDNEY. You only want 25 per cent in the islands?
Mr. Gregg. I should say we are willing to stand a general reduc-

tion in the United States.

The Chairman. You do not want over 25 per cent anywhere?
Mr. Gregg. No; and if Americans were going into this country
we would not want a red cent.

Mr. Randell. Twenty-five per cent you consider just as good for

you as 45 per cent in the United States?

Mr. GREGG. Yes.

Mr. RANDELL. Of course 25 per cent is prohibitive anyhow?

Mr. Gregg. We have no competition here; our competition is in Germany.

Mr. RANDELL. Then why have any per cent at all? Is it a revenue

producer, or just simply a keeping out of the trade?

Mr. Greeg. The question is whether we shall admit the sugar from the Philippines free, and allow the Philippines to buy their machinery in Europe at 5 per cent, when you compel the sugar producers of Michigan and Louisiana to pay 45 per cent?

Mr. RANDELL: I am asking about this. You have a tariff of 45 per cent on the articles you manufacture in this country. Is there any

importation of any articles in competition with you?

Mr. Gregg. There is in Porto Rico and Hawaii.

Mr. RANDELL. In the United States, though, proper; on the mainland?

Mr. Gregg. No; none to speak of, but we do not have any business in the United States.

Mr. Randell. Then those articles are not important at all.

Mr. Gregg. We do not do any business in the United States; 95 per cent of our business goes out of the port of New York.

Mr. RANDELL. You do business with the people who raise sugar in

the United States?

Mr. Gregg. Two per cent of it is in the United States and 98 per cent ont. Our business is largely with Cuba, Mexico, Porto Rico, and Hawaii.

Mr. RANDELL. But those people in Louisiana in the sugar business have to pay you without any competition whatever in this country; have to buy your product, if they buy it at all, at an advanced price of 45 per cent.

Mr. Gregg. I will say that, as far as Louisiana is concerned, as long

as they only purchase 2 per cent of our product it is immaterial.

Mr. RANDELL. Why not just take it off, then?

Mr. GREGG. All right.

Mr. Randell. It brings in no revenue, and if this 45 per cent tariff was taken off your goods the people in the United States who buy, or

might want to buy, could buy in the markets of the world.

Mr. Gregg. Yes; but as to Porto Rico, gentlemen, even now there are a few Spaniards down there who will buy their goods in Europe and pay more money for them, tariff and everything, in preference to buying from us or from other people in the United States.

Mr. FORDNEY. Yes; because they are Spaniards.

Mr. Gregg. Yes. We have to consider that, and what is the use in turning away eight million and a half of business from our shores and turning it over to the European manufacturers?

The CHAIRMAN. The committee will consider all those facts.

Mr. Gregg. All right, sir. I would be very glad to have another opportunity when you come to that part.

The CHAIRMAN. Another opportunity for what?

Mr. Gregg. If you take up the Philippine bill as a separate item. The Chairman. If you have anything more to say on that subject, say it now. You will never have another opportunity.

Mr. Gregg. I will ask you if you expect to frame a separate Philip-

pine bill?

The CHAIRMAN. We may do it. But if you have anything to say, you may go on with it and say it now.

Mr. Gregg. I covered all the ground.

The CHAIRMAN. We can not do things piecemeal, jumping around here from day to day. If you have anything to say, say it now.

Mr. Gregg. I think I have said all I want to.

Mr. Randell. I understood you to say that your purpose was to have the tariff around the Philippines so that by having a 25 per cent duty they would be compelled to purchase from you or from the United States.

Mr. Gregg. Not from us; from anybody in the United States.

Mr. RANDELL. You said from us. You meant from the United States?

Mr. Gregg. Yes.

Mr. RANDELL. And they would be compelled to do that.

Mr. Gregg. Yes.

## BRIEF SUBMITTED BY W. C. GREGG, NEWBURGH, N. Y., RELA-TIVE TO THE PHILIPPINE TARIFF.

Washington, December 19, 1908.

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

Gentlemen: If 300,000 tons of sugar are made in the Philippines it will require for mill and equipment investment \$33.33 per ton capacity, or total about \$10,000,000, based on their trade with the United States for six years (1901 to 1906). They bought 15 per cent of their imports from the United States. Applying this percentage to this equipment, it would divide as follows: \$1,500,000 bought in United States, \$8,500,000 bought in Europe. Germany and England are the principal European manufacturers of sugar mills and plantation equipment. Up to the present time practically all the plantation

narrow-gauge railroad equipment (our line) has been bought by the

Philippines in Germany and England.

Philippines buy their equipment in Europe on an import duty of 5 per cent. (See section 245, present Philippine tariff law, approved March 3, 1905, "Machinery and apparatus \* \* \* for making sugar \* \* \* 5 per cent ad valorem."

Unless the Philippines are forced to give a little preference to American-made sugar machinery this big business will go to Europe, where they have been in the habit of trading; yes, prefer to trade! We sell quite freely to American planters in tropical countries whether we have protection or not. This is true of Mexico and Cuba. It is exceedingly difficult to do business with the Spanish in Cuba, and impossible so far in Mexico. They naturally lean toward Europe. I believe they can be counted on doing the same thing in Philippines. I believe a 25 per cent duty on imports from Europe to the Philippines on sugar machinery and apparatus, including railroad material, the same to enter free from the United States, would cause the bulk of such business to be deflected to the United States. lieve a 25 per cent duty is sufficient for American manufacturers generally instead of the present rate of 45 per cent. Some exceptions might be found. Our cheerful submission to this reduction would depend on general reductions on the raw material entering into our manufacture, such as steel, pig iron, rails, lumber, etc. How soon will these ten millions be contracted for? Within one year. I base this on the fact that all the equipment which has been (doubling) expanding the Hawaiian sugar product since annexation in 1898 was contracted for within one year. I lived there at the time. took some of the contracts.

#### PHILIPPINE DATA.

[Louisiana Planter, June 6, 1908.]

The exact tariff situation in the Philippine Islands is understood by only a small percentage of the manufacturers of the United States, and it is understood by a still smaller percentage of the American people at large. Briefly, the United States tariff is not in force in the Philippine Islands, but Congress has enacted a special tariff for the Philippine Islands, which is levied against the imports from the United States on the same basis as imports from other countries.

This Philippine tariff is enacted for the purpose of raising revenue to run the Philippine government, and is drawn up with little or no regard to any interests, except those in the Philippine Islands. can be very easily understood that the Filipinos desiring to expand their hemp, sugar, rice, and other agricultural business, and depending entirely upon foreign manufacturers for machinery to develop the same, should be interested in very low import duties on such manufactured appliances. I am very sure I will surprise my hearers by stating that the Filipinos are buying agricultural machinery in Europe, and importing it into their islands under a duty of only 5 per cent ad valorem. The people in the United States, Hawaii, or Porto Rico, who wish to import similar machinery from Europe, have to pay 45 per cent ad valorem duty. Let me quote from the Philippine tariff, the paragraph covering the machinery in question, that I may be thoroughly understood.

"An Act to revise and amend the tariff laws of the Philippine Islands, and for other purposes, approved March 3, 1905, admits the following manufactured goods under a tariff tax of 5 per cent ad valorem. Sec. 245.

Agricultural machinery and apparatus, machinery and apparatus for pile driving, dredging, hoisting, and for making or repairing roads, for refrigerating and ice making, sawmill machinery, machinery and apparatus for extracting vegetable oils, and for converting the same into other products, for making sugar, for preparing rice, hemp, and other vegetable products of the islands for the markets, and detached parts therefor, also traction and portable engines and their boilers, adapted to and imported for and with rice-threshing machines, and steam plows, 5 per cent ad valorem.

Before further discussing this paragraph, I wish to say I do not propose to touch on the great American tariff question at all. The arguments for high and low tariff are entirely foreign to the point I wish to bring before the American people at this time. I am only concerned in the fact that American manufacturers, buying their raw materials under high tariff conditions, and hiring their labor under high tariff conditions, are not fairly dealt with by Congress, when they are compelled to sell to the Filipinos against European competi-

tion without any protection.

I would not state that the American manufacturers were not dealt fairly with by Congress if the Filipinos were treated in all respects as any other foreign country, but some of their products are given preferential tariffs when coming into the United States, and it has been the object of many interests to admit free of duty all of the products of the Philippine Islands. I am not taking a position antagonisticate the free admission of Philippine products into the United States, except as such acts, coupled with the present Philippine tariff, would work hardships on the American manufacturers.

Take the sugar industry for example: You will note in paragraph 245, the three words, "for making sugar," and if you will look back in the paragraph, you will see that this refers to "machinery and apparatus." If we should open our sugar markets, and allow Philippine sugar free entry to the United States, there is no reason why it should not cause as big a boom to the sugar business as was caused by similar tariff treatment to Hawaii and Porto Rico. The machinery (for making sugar) bought by Hawaii and Porto Rico made a large amount of business and is still making it, scattered all over the

United States from San Francisco to Philadelphia.

There is no reason why this paragraph No. 245 might not be made to cover an entire sugar mill, costing, including structural material, corrugated iron, glass, foundation, building hardware, and all equipment from \$200,000 to \$1,000,000. Now, it is the most natural thing in the world for the sugar industries in the Philippines to be immensely stimulated by free access to the United States market. The first requisite in making sugar is a mill, and mills are made in Germany and England, as well as the United States, and shipped to various tropical countries encircling the globe. They make their machinery based on European costs of raw material and labor. The promoters of Philippine plantations would buy their machinery in the cheap markets of Europe, because they would have to pay a duty of only 5 per cent to enter the same in the Philippine Islands. If I owned a plantation in the Philippines, I would certainly do the same thing under such conditions.

15-40 per cent.—The trade reports of the Department of Washington show that for the six years (1901 to 1906) we bought 40 per cent of their products, while they gave us 15 per cent of their trade. It has seemed advisable to the legislators at Washington in the past to protect the American manufacturers of machinery by a general duty of 45 per cent. It is not necessary for me to discuss the question of whether they can compete with European manufacturers in foreign markets or not. I have traveled considerably in tropical sugar producing countries, where American manufacturers of goods coming under paragraph 245 are not well protected, and they do not sell their goods, and if the sugar business is boomed in the Philippines the sugar machinery will be brought from European manufacturers.

You understand in admitting Philippine sugar free of duty we take so much revenue out of the treasury of the United States. It

is interesting to think where this money will go.

First. The moment such a bill passes the United States Congress and is approved, the value of all good sugar land in the Philippines will double at once. Much of this land is held by foreigners; I mean by others besides native Filipinos, and they, on account of their business acumen, will be the principal ones to organize and get the money from the United States Treasury.

Second. The Chinese merchants or middlemen, who both in Manila and in China are the ones who buy and handle the Philippine sugar.

Third. The European manufacturers of sugar machinery.

Incidentally, of course, all Philippine business will be somewhat accelerated.

It seems strange to me that such an unfair course to American manufacturers should be persistently advocated by a number of very intelligent Americans. It is because they have become so unselfishly interested in the Philippine Islands, and have become so much imbued with the missionary spirit of giving freely to those whom we wish to help, that they have lost sight of the United States breadand-butter side of the question, and I think they have quite lost sight of the large proportion of the profits which would go, not to their protegés, the native Filipino, but to the sharp business men of the

Orient and Europe, to whom I have just referred.

It has been urged by Secretary Taft and others that the development of the Philippine sugar business would be very slow, and it would be years before it would reach volume enough to affect any interests. Well, let us see. The Hawaiian production of sugar is now almost double what it was at the time of annexation, just ten years ago. As I was in business there at that time, I happened to know that practically all the mills and machinery to produce this increase were contracted during the first twelve months of annexation; by the same process millions of dollars' worth of machinery would be hurried into the Philippines from Europe if they were given "free sugar" into the United States.

There is now pending before Congress a bill to admit sugar and tobacco and all other agricultural products of the Philippines into the United States free of duty, and in return the goods from the United States are to be admitted into the Philippines free of duty, with the Philippine tariff against the rest of the world remaining as it is now. It makes us smile when we consider the gene-

rosity of the proposition, which relieves us from paying 5 per cent duty imposed on our foreign competitors by paragraph 245. I have not time to discuss the unfairness to those who manufacture sugar in the United States, Hawaii, or Porto Rico. It seems to me that they have just as much right to buy their machinery, covered by paragraph 245, in Europe under a 5 per cent duty as the Filipinos would have were they allowed to ship sugar free to the United States. The apparent 5 per cent advantage would be lost to the American manufacturers because of the higher freights from the United States than from Europe.

Perhaps I would not be discussing the Philippine situation with full candor if I did not lay down some plan for its future. Those in power seem dissatisfied with the present condition of things. One of two courses is open: The first is to give them free trade with the United States and extend the United States tariffs to the island, making them in all respects like Hawaii and Porto Rico in their relations to us. The second is to use the ability of the Americans in pointing out to the Filipinos the way by which they can best develop their own resources without regard to the tariff advantages with the

United States.

It is conceded by all that they have wonderful natural resources; it is also conceded that they have population sufficient for labor needs. They are located to market their products as advantageously as any country in the Orient. If they are ever to establish independence, if they are ever to prove themselves worthy in the competition of the world, they must push forward in their own development while they have the political protection of the Stars and Stripes. They can never be a credit to themselves until they can stand on their own feet, and they will never learn to stand by being encouraged to look to the United States for support.

The resolution offered by Mr. Gregg was adopted May 19, and reads

as follows:

Resolved, That the National Association of Manufacturers is opposed to opening the United States markets to free importation of the products of the Philippine Islands as long as the American manufacturers are not given the same tariff protection in the Philippine Islands that they have in the other tropical possessions of the United States.

#### PHILIPPINE TRADE.

HON. D. S. ALEXANDER, M. C., FILES LETTER OF THE CONTRAC-TORS' PLANT MANUFACTURING CO., BUFFALO, N. Y.

Washington, D. C., January 8, 1909.

Hon. S. E. PAYNE,

Chairman Committee on Ways and Means.

My Dear Congressman: In the inclosed letter the Contractors' Plant Manufacturing Company of Buffalo favors the admission of American goods to the Philippine Islands duty free. I beg to request that the matter receive such attention as may be proper.

Very truly, yours,

D. S. ALEXANDER.

129 ERIE STREET, 1-13 HENRY STREET, Buffalo, N. Y., January 6, 1909.

Hon. D. S. ALEXANDER, M. C.,

Washington, D. C.

DEAR SIR: We are just in receipt of a letter from our representative in San Francisco, who has sales offices in the Philippines, which relates to duties on shipments of American goods to the Philippine Islands. Our representative and ourselves feel that we do not receive the percentage of business from that country to which we are entitled, and think it is entirely due to the high tariff. The American manufacturer pays the same duties as the European manufacturers, and possesses no trade advantages which are not possessed by the other countries. In fact, the American producer finds himself at a disadvantage on account of lower freight rates and cheaper labor which Europe is able to command.

If free trade with the islands for our products is established, they will have a large preference over those of foreign manufacture, and the volume of trade will be immensely increased. This, we think, we are entitled to, inasmuch as we have done so much good for these

The question of admitting sugar, hemp, and tobacco into the United States free of duty will naturally come up at the same time, particularly in reference to sugar. We would urge that whatever action is taken with respect to these commodities, that American products should enter the Philippines duty free. If this is done, we are sure that we will find not only a development of trade in that market, but an opening for a portion of the tremendous trade of China and other countries of the Orient.

We trust that you will be able to give our views in relation to this matter your hearty support, which would be appreciated by ourselves

as well as all American manufacturers.

Yours, very truly,

CONTRACTORS' PLANT MFG. Co., GEO. M. MISNER. President.

# POSTPONEMENT OF TARIFF CHANGES.

THE MANUFACTURING CHEMISTS' ASSOCIATION, BOSTON, MASS., MAKES SUGGESTION RELATIVE TO DEFERRING OPERATION OF NEW REVENUE LAW.

Boston, November 24, 1908.

Hon. SERENO E. PAYNE, M. C.,

Chairman Committee on Ways and Means,

House of Representatives, Washington, D. C.

DEAR SIR: I inclose herewith copy of the petition to the Committee on Ways and Means from the Manufacturing Chemists' Association of the United States. This petition does not deal with any matter of interest exclusively to the manufacturing chemists, but is a broad proposition which we believe will be of great advantage to all interests in this country if adopted by Congress.

Hoping that we can have your cooperation in this matter, I am,

Yours, respectfully,

HENRY HOWARD, Chairman Executive Committee. Boston, Mass., November 24, 1908.

To the WAYS AND MEANS COMMITTEE:

The Manufacturing Chemists' Association of the United States, which is, as its name indicates, an association of the manufacturing chemists of the country, unanimously passed, at a meeting held in Philadelphia on the 16th of November, 1908, the following resolution:

Resolved, That the Manufacturing Chemists' Association of the United States urge that Congress at the earliest possible date shall pass a vote that the revised tariff shall take effect one year after the passage of the act, or, at the earliest, January 1, 1910, and that the executive committee be authorized to communicate this vote to the Ways and Means Committee, together with an argument in favor of the proposition, and that all members of the association be provided with copies, with the request that they give them to their respective Representatives.

A list of the members of the association is annexed to this letter. The object of the Manufacturing Chemists' Association in advocating the course stated in the resolution set out above is to do away, so far as possible, with the business disturbance which has in

the past been an incident of much of our tariff legislation.

The Manufacturing Chemists' Association know how tariff legislation or proposed tariff legislation affects their business. They believe that the causes which affect their business are general and affect all other business, and they believe that the disturbance can be and will be to a large extent eliminated by the adoption of the course they advocate. They also want it distinctly understood that they take this position entirely irrespective of the question of what is to be done to the tariff.

The chief disturbing factor in all tariff legislation is the uncertainty which every man feels as to what is going to be done. There is much discussion. There are meetings of committees of Congress. People study the questions which concern their particular industry, and no man knows until the bill is finally passed how he is to be affected. One man believes that the tariff on the particular commodity in which he is interested is going to be increased. He is tempted to buy largely. If he does so and the duty is lowered instead of raised, he loses. Another man believes that the duty on his commodity is going to be lowered. He naturally abstains from buying as far as he possibly can. In other words, the uncertainty as to what is going to happen disorganizes business. This has been the experience in the past, and, as the reasons are clear, it is safe to predict the result will be the same in the future.

To avoid this disturbance is the desire of every one really interested

in the welfare of the country.

There seem to be only two possible ways:

One is to adopt the plan which has been adopted in certain countries in the case of increases of duties, and have the duties as proposed take effect from the date of the introduction of the proposed legislation, adjustment being made later in accordance with the actual enactment.

The other is to fix a time at which the changes are to go into effect

as far ahead as practicable.

There is much to be said in favor of the first method in the case of a simple act imposing a new or increased duty upon a limited number of commodities where, from the beginning, the articles to be affected

are known. But in the case of a revision of our tariff this method would not do away with the uncertainty, because, until the actual passage of the act, it would be impossible to tell what commodities were to be affected or to what extent, and the bill as introduced might have no relation to the act as finally passed. The uncertainty, which is perhaps the greatest evil, would therefore still be present, and the work of adjusting rates after the final passage of the act would be so complicated as to be prohibitory.

In the case of a reduction of duty there is much less to be said for the first method, for it would not only not do away with the uncertainty but it would actually create hardship in that every man with

goods on hand would have no chance to work off his stock.

The other method—that is to say, the method advocated by the Manufacturing Chemists' Association-would, in the case of all reductions of duty, not only do away with uncertainty but also give the man with goods on hand an opportunity to dispose of his stock. That this is true has been recognized by Congress time and again. Congress comes forward at once and says to the business men of this country, "No matter what we may do in the way of tariff legislation, nothing shall be changed until one year after the final passage of the act," uncertainty is done away with. Every business man can make his contracts for a year ahead. Of course, he may overbuy or underbuy slightly, but that is no more than the ordinary uncertainty as to It is true that in the case of an increase of duty there will be an opportunity for speculative buying, but buying upon a certainty as to what is to be the duty is not so speculative as the buying which will take place if no one knows what is going to happen, and with a year in which to adjust itself business will pretty well discount all speculative elements to about the normal. In the case of a decrease of duty, which is understood to be the present plan, the uncertainty is done away with and normal conditions given as nearly free swing as possible.

The Manufacturing Chemists' Association of the United States know that the position they take is sound as to their own business; they believe it is sound as to all business; and they urge, as emphatically as in their power lies, that the course outlined in the resolution quoted at the beginning of this letter be adopted by Congress. And the Manufacturing Chemists' Association urge that the weight due to the importance of the industry they represent be given to their request.

Yours, respectfully,

HENRY HOWARD, Chairman Executive Committee Manufacturing Chemists' Association of the United States.

#### LIST OF MEMBERS OF THE ASSOCIATION.

Avery Chemical Company, 178 Devonshire street, Boston, Mass. Barrett Manufacturing Company, 17 Battery place, New York, N. Y. Baugh & Sons Company, 20 South Delaware avenue, Philadelphia.

Binns Chemical Company, Naugatuck, Conn. Henry Bower Chemical Manufacturing Company, 2815 Gray's Ferry road, Philadelphia.

B. P. Clapp Ammonia Company; 257 Broadway, New York, N. Y. Charles Cooper & Co., 194 Worth street, New York, N. Y. Cochrane Chemical Company, 55 Kilby street, Boston, Mass. Columbia Chemical Company, 1618 Frick Building, Pittsburg, Pa.

Columbia Chemical Works, 43 Sedgwick street, Brooklyn, N. Y.

Columbia Chemical Works, 43 Sedgwick street, Brooklyn, N. Y. Consolidated Color and Chemical Company, 122 Hudson street, New York, N. Y. Contact Process Company, Buffalo, N. Y. Davison Chemical Company, 606 Fidelity Building, Baltimore, Md. Detroit Chemical Company, 190 Junction avenue, Detroit, Mich. General Chemical Company, 25 Broad street, New York, N. Y. Grasselli Chemical Company, Cleveland, Ohio.

Harrison Bros. & Co. (Incorporated), Thirty-fifth street and Gray's Ferry road, billedelphic

Philadelphia.

Heller & Merz Company, Newark, N. J.

Hudson River Aniline Color Works, Albany, N. Y.

Martin Kalbfleisch Chemical Company, 25 Broad street, New York, N. Y. Charles Lennig & Co. (Incorporated), 112 South Front street, Philadelphia.

James L. Morgan & Co., 25 Broad street, New York, N. Y. Mallinckrodt Chemical Works, 3600 North Second street, St. Louis, Mo. Wm. J. Matheson & Co. (Limited), 206 Water street, New York, N. Y.

Merrimac Chemical Company, Boston, Mass. Mutual Chemical Company of Jersey City, West Side and Fulton avenues, Jersey City. National Ammonia Company, St. Louis, Mo.

Naugatuck Chemical Company, 164 Front street, New York, N. Y. New England Gas and Coke Company, Boston, Mass.

New York Quinine and Chemical Company, 114 William street, New York, N. Y. Nichols Copper Company, 25 Broad street, New York, N. Y.

Pennsylvania Salt Manufacturing Company, 115 Chestnut street, Philadelphia. Charles Pfizer & Co. (Limited), 81 Maiden lane, New York, N. Y. Powers-Weightman-Rosengarten Company, Seventeenth and Fitzwater streets,

Philadelphia.

Mindelphia.

Roessler & Hasslachrer Chemical Company, 100 William street, New York, N. Y. Rumford Chemical Works, Providence, R. I.

Schoellkopf, Hartford & Hanna Company, Buffalo, N. Y.

Solvay Process Company, Syracuse, N. Y.

T. P. Shepard & Co., Providence, R. I.

Tartar Chemical Company, 92 William street, New York, N. Y.

United Zinc and Chemical Company, 318 Dwight Building, Kansas City, Mo.

## EDWIN D. METCALF, AUBURN, N. Y., FAVORS POSTPONEMENT OF OPERATION OF PROPOSED REVISION OF TARIFF.

Augusta, Ga., December 21, 1908.

Hon. SERENO E. PAYNE,

House of Representatives,

Washington, D. C.

My Dear Mr. Payne: I inclose herewith a letter received from Mr. Edwin D. Metcalf, of New York, on the subject of the time when the tariff ought to go into effect. I really have not thought the matter over, and have no opinion to express, but merely transmit this for your information.

Very sincerely, yours,

WM. H. TAFT.

NEW YORK, N. Y., December 10, 1908.

Hon. WILLIAM H. TAFT,

Washington, D. C.

MY DEAR MR. TAFT: While you, Mr. H. E. Miles, and I started out with the same ideas of reciprocity and a tariff revision, Mr. Miles got so radical and so far in advance that I had to let him go ahead without me, as a conservative course, which I believe you entertain, will accomplish much more for the country.

Manufacturers, importers, and merchants are now fearing the effect of a long drawn out discussion on the tariff, and business is affected in consequence, but if the Republican members of the Committee on Ways and Means would announce that any new tariff bill will not be operative until January, 1910, thus giving them at least six months to prepare themselves for a change of conditions under a probable lower tariff, they would go ahead and buy material and manufacture with some confidence, so that the wheels of industry would not be stopped pending the result of a tariff discussion.

Think this matter over and see if there are any objections to it, and if you see none I believe it will be productive of the greatest possible good feelings between the manufacturers, importers, and merchants and yourself, and decidedly the best for the country as a

You are now considered somewhat radical, but a movement of this kind will command the respect, confidence, and admiration of all, in my opinion.

With kind regards, I am, yours, truly,

EDWIN D. METCALF, Auburn. N. Y.

### PROTECTION CRITICISED.

GEORGE S. BROWN, BIRMINGHAM, ALA., STIGMATIZES THE PRO-TECTIVE PRINCIPLE AS UNSCIENTIFIC AND RUINOUS.

BIRMINGHAM, ALA., December 14, 1908.

Hon. OSCAR UNDERWOOD, M. C.,

Washington, D. C.

Dear Sir: You say we tariff reformers should speak up in answer

to the poor petitioners who are besieging your committee.

As I have never troubled you for garden seed, perhaps, for "auld lang syne," you will allow me to bore you again with my views on

this question of always growing importance.

I am firm in the belief that the protective principle, a vicious error, unscientific, ruinous, pronounced so by the educated political economists of all ages, proven so in three notable historical instances, viz, in the times of Augustus, Leo the Tenth, and Louis the Fourteenth, will again be so demonstrated in this our age by the ignorance and selfishness of lawmakers and manufacturers.

Unscientific in every phase, from the elementary fact that all help to all infants (infant industries included) is harmful, up to the present attitude of the standpatter, that the prosperity of this most resourceful of all countries and these most energetic of all peoples depends upon this absurd and selfish tax; ruinous because the protected in all forms of life and in every line of human endeavor must ever become more dependent and more and more in need of help, while they who are taxed to supply this help must become year by year less able to support it.

The passing of these protective laws created no wealth, therefore in bringing riches to some it had to take it away from others. The good coming to the beneficiaries of such a tax is very apparent, as may be seen in the activity and prosperity of a manufacturing town, for instance, while the tax that pays for it, thinly spread out over

the whole country, is indirect, insidious, and not apparent.

Without this artificial help an industry has but one source of profit, that which flows from the natural resources and advantages it may possess developed by the wisdom and energy of the managing mind. Under such circumstances all energy will be applied toward improving machinery that will tend to save waste, lessen expenses, and improve the quality of the goods produced, to the end of legitimately meeting and overcoming competition. Such conditions, it should be necessary to explain to school children only, tend to develop independence and initiative, and constitute the only basis upon which any man, industry, or country may hope to survive indefinitely. Under the protective principle there are two profits accruing—one, the natural or legitimate, as above described, and a second, artificial, which as a rule is far larger and more important. The second profit depending on the favor of the lawmakers and hence unstable, is likely to absorb energies, in being looked after, that should rightly go to the legitimate upbuilding of business.

A third condition, illustrative of which the tin industry may perhaps be an example, is a condition where the profit is all artificial, an industry that is carried on at a constant loss to the whole people. Such a product, that can be bought cheaper outright than it can be made, should be bought where it can be bought cheapest, and the taxes remitted to the ten million kitchens of the land that have been paying this margin of loss and enough over to make millionaires of the gen-

tlemen who fathered this infant.

Politicians and many business men believe that when a thing is wrong scientifically (theoretically) it is almost sure to be right practically. There is no greater fallacy, and the protective principle will again, as surely as fate, for the fourth time in history, prove itself rotten to the core by the widespread ruin which must inevitably follow this wholesale robbing of the many for the benefit of the few. The many, in this richest of all countries, could stand almost any definite amount of robbery, but it must be definite, a period must be put to it when it will cease. Under the present system temporary favors granted the few forty years ago, intended to assist infant industries until they could get on their feet, instead of being stopped when there was no longer any need for them, have steadily increased. Where it was contemplated to help a few hundred small manufactories for a short time with a small tax, we are now giving huge benefits to thousands of begging millionaires for still an indefinite period.

These lawmakers have been consistent; it was intended to remove this tax as soon as these infant industries could do without it; it has not been removed, because they can not yet do without it; but the trouble is that time will never come, because, as visionary scientists know, the protective principle works the other way, and instead of helping infant industries get on their feet, it always, without exception in the history of the world, weakens them to the extent of making

them forever dependent on charity.

In the words of Buckle, the historian, "That vicious system which weakens whatever it touches," fastened upon this country forty years ago under the plausible but specious argument that the manufacturing interests must be built up so that they could give work to those

who were taxed to do this building up, is a survival of the paternal spirit that was first exercised by the church. Toward the end of the so-called "dark ages" the growing intellect of the world broke away from the hold of the church, and this headship of paternalism and protection was continued by the feudal system. Buckle, writing of the effort of Louis XIV to build up the literary and scientific output of France by a system of rewards and pensions, says: "Kings (United States Government) are not omniscient, and in the bestowal of rewards must be guided either by personal caprice or by the testimony of competent judges and, since no one is competent to judge of literature or science (or manufacture) unless he is himself literary or scientific, we are driven to the monstrous alternative that the rewards must be conferred injudiciously or else that they must be given according to the verdict of the very class by which they are received." (Your hearings committee is much like this, is it not?)

received." (Your hearings committee is much like this, is it not?)
Again, "if a fund were set aside by the state for rewarding butchers and tailors, it is certain that the numbers of these useful men would be needlessly augmented" (tin mines?). If another fund is appropriated for rewarding literary men, it is certain that men of letters will increase more rapidly than the exigencies of the country require—"in both cases the artificial stimulus will produce an unhealthy reaction, and when we give to one class we take from another," etc. A still worse effect, he says in another place, is that "it teaches the people to look up to a protector and fountain head of prosperity and kills their independence and initiative," etc. Members of the Republican party even now show these signs of looking up to their party for everything; it is difficult to get one of them to discuss issues; they seem to fear they will hear argument they can not answer and yet know weakly they must vote against; the result of a generation of teaching that they can not make a living in this most prosperous of all countries without artificial help.

It took years of political and civic turbulence, riot, and the fighting bulldog tenacity of several remarkably honest and fearless leaders to effect the abolition of the tax on bread in England. This result was bound to be achieved in time, but it was hastened by two advantages which they were fortunate indeed in possessing—first, unselfish, devoted leaders, and, second, their most effective slogan, "Down with the tax on bread." If the fight was long under such a banner as "Down with the tax on bread," which appealed to every one at his most sensitive point, how much slower must the campaign of education be under our banners, "Hurrah for tariff reform" and "Down with the tax on hides, glycerin, lumber, and railroad iron."

Particularly difficult is it to impress the average voter with our arguments about which he must think in order to understand them, when he sees us met by an army from the opposing camp with banners that appeal to the eye, but stir not the mind from its comfortable lethargy. That army, the Republican party, the most fertile inventors of misleading and vote-getting war cries the world of politics has ever known.

The civilization and education of the world is still so far behind that far more votes are cast in response to a resounding slogan than are influenced by the wisest argument. The Republican party have for thirty years depended upon little else beside, and the historical literature of their campaigns during this period differs not at all in style and value from the vapid and demagogic ranting with which Bryan rallied his Populistic hosts around his cross of gold and crown of free silver. A shade of difference in bearing only may be imagined in passing—Bryan making the nervous noise of the misused loser; the Republican oratory, redolent of victory past and to come, is quieter and has an air of charitable toleration toward those who yet do not quite grasp the wonderful scientific basis of the protective principle-and then the torrent of words, words, words, empty of meaning and unworthy of anyone's attention; no reference to what has been done, said, or written on like subjects in the histories of other countries nor even of our own past; no opinions of political economists who have spent their lives studying, sifting, and comparing to work out the underlying truths of government in its varied relations to trade and the other pursuits of the people; nothing but unworthy, dishonest harping on meaningless catch words designed to delude the voter in his quest for truth and her abiding place. "Protection to infant industries;" "Home market;" "Pauper labor of Europe;" "A cheap coat makes a cheap man;" "Prosperity," and "I am its prophet and advance agent, William McDingley;" "The full dinner pail;" and now, when the sleeve is empty, every trick played, the country can no longer be fooled, they come out with the impudent defiance, "Stand pat"—all shallow sophistries to support the great error of protection. The great error fostered by self-interest has now fixed upon our country a tax greater than the French people were paying when the revolution came on, and it must now occupy our minds for many years and cause much trouble and suffering before we can throw it off.

We have now bred up a generation that believes we must look up to and depend upon a fountain head for our prosperity; our artificial profits are causing us more and more to watch the doings of Congress just as the beneficiaries of Louis XIV's bounties hung around his court, bootlicking for their rewards to the neglect of their work in laboratory and study. This state of things lessens our initiative and weakens our independence, and continued long enough would utterly destroy us. No matter how slight a tendency is, if it is given time enough it will work changes that the unimaginative (i. e., the practical and opposed to all things theoretical and scientific) can not believe possible. This tendency in time would utterly kill that spirit that has made this country look different under our rule from that of the red Indian. There are two other tendencies which we must also reckon with. One is that these infant industries will in time reach the point where the increasing help that we are called upon to favor them with will not suffice, because their existence becomes more and more artificial all the time. The other is that the consumer is getting less able and less willing to pay. When the point is reached when the consumer can no longer pay and the mushroom industries that have been encouraged to go into business can no longer live with-

out help, what will happen?

All protected industries will very naturally combine against any reduction, and their wealth is so great and those profits they stand to lose are so large it will be no mean fight they put up. Mr. Carnegie in this morning's paper says many of these huge industries no longer need this help, but that is no sign that they will give them up. I said several years ago that I would take more stock in his libraries

if he would turn into the United States Treasury all the unnecessary millions the people have been forced to pay to him during the last forty years, or for whatever time they have been unnecessary. The big fellows who no longer need protection will fight harder than will the little mushrooms, to whom a reduction means annihilation, because they have more money to fight with. Andy has formed something of a giving habit—if building monuments to himself with a small part of the money he has taken from the people can by a goodnatured stretch of the imagination be called giving—but it has not

spread much in the shape of an epidemic. The free trade in labor that the manufacturer has always enjoyed has been a good thing for him, and the free trade in everything the farmer raises has been a good thing for him and for the people, because if farm products had been protected one or two men would now be in control of all the products, if not all the farms, and the farmers would be only hirelings of a trust. Although the farmer has been taxed unmercifully in the things he has to buy every fall for his family, and now pays about 40 per cent over the price of imported goods (though he never sees any imported goods) for everything he has to have, there is a great deal in that expression you may hear on the street any day; that is, that the farmer is our most independent Free trade in his own products, and persecution in being forced to pay outrageous taxes for the benefit of others, has made him that. Persecution has made the Jews the best financiers of the world. It would seem to be too elementary to sit down, waste paper and ink, and bore one's best friend with the argument that adversity stimulates initiative and independence, and that protection is exactly the opposite of all that makes a man, but the greed and idiocy of those who believe in protection make it necessary for us to go back to the very A, B, C of political economy and argue from that up, and even then self-interest will probably block all progress, hope we for ever so little.

Although the average farmer probably pays a tax of 20 per cent of his gross earnings on the things he has to buy, and although he pays the imported price and much over, yet never sees a piece of imported goods, the beneficiaries of the injustice put upon him are still so ignorant that after forty years of help from the pockets of the consumers, he is not ashamed to confess that the imported article is,

as a rule, far superior in quality to the home product.

There should be no compromise about this fight. We should not even admit that protection has even been of the slightest benefit to the country as a whole. It is absolutely impossible that it could have been, and all this talk that protection has made this country great, but that it is a dear old worn-out coat that we now no longer need, is the most sickening, harmful, and costly rot. Protection has never done anything but harm in all the history of the world, from raising babies, up. We have prospered in spite of it, but would have been many moral and commercial leagues ahead of where we are now if we had never had it to carry all these forty years.

This and these tendencies are of the gravest interest, but unlike "Old Doctor Bryan and his remedies" I have no cure-all to offer for their eradication. When the well-fed and well-protected Pittsburger comes to-day to ask you to put another layer of fat on his ribs or to ask it for a neighbor who is too busy making money to

come and get it for himself, understanding, very properly, that your committee is really a sort of a pay car, etc., if you should be even so irreverent as to joke him about cutting down his schedule, he would tell you that he could not possibly live without it, and nine

times out of ten he would be right about it.

Now, if we were four years hence and had a very honest and determined tariff reformer (like, say, Yon Yonson) in the White House, as I hope to see, and a very wise, honest, and equally determined chairman of the Ways and Means, a pair that would want to stop the taxing of the 30,000,000 unprotected farmers for the benefit of the 6,000,000 who are engaged in the protected industries, your task would still be a huge one. Two bad crop years about that time might put these farmers in a bad way of meeting the wants of these pudgy infants. It is no joke that if the nourishment of these infants were cut off many of them would lie down and die. Now, before men will die they will make a struggle, and your committee's effort to frame a tariff bill that would give relief would be met by resistance from a few friends in your legislative halls that would leave it look-

ing like the Wilson bill.

I feel as sure of it as I ever could of anything in the future that the protected interests will continue to feed on the unprotected until the latter can pay no longer. No matter how emphatic an election majority might make it that Congress must give relief, I believe the "interests" would never have to look far to find one or two Senators who would sell out and block the game. In any case, I believe our fight from now on should take a high plane, and we should fight always on the ground that the whole principle of protection is wrong from the ground up; that not one word can be said in its favor; that it has cost this country billions of dollars, and has actually hindered progress in every line. It has caused the abandonment of thousands of farms in the East, and but for it the seas of all the world would be traveled by American-made ships; that we would not still be confessing that nearly everything we buy is better if it is imported. we had had free trade as near as possible, our "home market" would now be staying at home from preference not from force. Why do I make all these wild statements? Because they must be so if it is true that ours is the most richly endowed in natural resources of all the countries of the world.

If that is so, and that our people are the most energetic, from

which there is no dissenting voice, how could it be otherwise?

These tariff laws cost us so much, in so many thousand ways that none know about except they who are concerned, that there is no way of estimating it. For one instance, 250,000 farmers last year moved from the great Northwest into Canada. Why? Because the land is the same and the price of their corn and wheat are the same, but the cost of clothing and many other necessaries are about one-half. We invite the uneducated and speechless foreigner to come to us; we educate his children, and when they grow up and are first-class citizens they move to Canada because we tax them out of the country.

I didn't intend to write a book, and I haven't said anything new. I intended only to emphasize the fact that I believe the fight should be on high ground, and that we are sure to have a revolution before we get relief. They won't let go; they can always stop any movement against them, and how long can the farmers stand the racket?

Ten years, twenty? Well, it is bound to come, and you may live to see it.

I may be a calamity howler, but the French would have been better off about a hundred and twenty years ago if they had had a few; not that they could have stopped the trouble, but it would have given a few of them valuable warning. I wish you would read Buckle's History of Civilization in England, Volume I, along about page 490.

It is the old proposition of what will happen when an irresistible force meets an immovable body. One must admit that no people can stand an ever-increasing tax nor can they even stand an excessive tax indefinitely, and no one will contend that the protected industries will ever give up this graft willingly. The resistance will not be merely a matter of an election or two, neither. It will be a struggle for life with them. No matter how foolish and unjust it was in the beginning, this artificial support we have given them so long has become vitally necessary to them.

It is not a matter entirely between the two great political parties, either; the Republican farmers of the great West and all over the country must in the end fight for free trade, and the manufacturing interests of the South and elsewhere will oppose it with all their

might.

This abuse has grown because not many can realize what a very rich country we have, and it is natural that all have been infected with the bug that protection has been the cause of our prosperity up to this point. We should stop and think how many other useless taxes the great wealth of this country enables us to support with so little apparent harm. We thought the bicycle habit was a frightful expense. We had got used to the hundred and fifty millions a year spent on patent medicines, not to mention the billion or so spent on other useless medicines, doctors, and lawyers; we did not remember the hundreds of thousands who live by their wits in a thousand ways whom the honest toiler has to support. The millions spent on automobiles is mere pin money.

There is a wide difference between the sparrow and the turkey cock, but an infinitesimal variation and a tendency operated upon by plenty of time has caused it all. The gay boys who owned France during the time of Louis XIV never had any such bad dreams that would reveal to them how their good times would culminate in 1793.

Nothing but hunger will cause a revolution in a civilized country, but hunger will do it, and do it every time, and in spite of every way I can look at it we are on the way. If we are on the way anywhere we are sure to arrive unless something arises to stop us, and

nothing of that kind is in sight now.

Protection is either right or it is wrong in principle, and whichever it is it has been that all the time. Those of us who believe it is wrong ought to come out and say so. When we crowd a protectionist into a corner he will always say, "Well, we must have a revenue." When he says that he ought to be followed up and made to see that he has given up the fight, because we can have a tariff for revenue without one grain of protection in it.

The leader—I hope it is Yon Yonson—who is destined to come out and fight protection to its extermination, as the Abolitionists did slavery, will immortalize himself; but there will be a lot of trouble

before the end is accomplished.

Yours, Geo. S. Brown.

#### PROTECTION NEEDED.

GEORGE W. RUSSELL, ATKINSON, N. H., ASKS CONTINUED PROTECTION FOR THE PRODUCTS OF AMERICAN LABOR.

ATKINSON, N. H., December 11, 1908.

CHAIRMAN AND GENTLEMEN OF THE COMMITTEE,

Washington, D. C.

GENTLEMEN: You desire facts. I shall try to give them from the

view of a wage-earner.

In 1898, the first year of the Dingley tariff, our production of wool was 266,720,684 pounds. In 1907 our production of wool was 316,032,099. There is talk among people inclined to freer trade about a tariff in the interest of the consumer as well as in the interest of the producer. An adequately protective tariff is always in the interest of the consumer and also in the interest of the producer. In 1892, under the McKinley tariff, with the people generally at work at good wages, our annual consumption of wheat per capita was 5.91 bushels; of corn, 30.33 bushels; of cotton, 24.3 pounds. In 1894, under the threat and fact of the Wilson tariff, our annual consumption of wheat per capita was 3.41 bushels, a loss to the farmers' market of 42 per cent; of corn, 22.76 bushels, a loss to the farmers' market of 25 per cent; of cotton, 15.91 pounds, a loss to the farmers' market of 33 per cent. Dun's Review of February 22, 1896, said: "Prices of commodities are now at the lowest average ever known." Breadstuffs have declined 25 per cent since February, 1893; meats, 28 per cent; and dairy and garden products, 45 per cent.

The above figures show that the producers were hurt by lower prices and smaller consumption. Neither were consumers benefited by lower prices. Exports of farm products also largely decreased. We are all in the same country and our interests can not be divided. To be prosperous every person must be adequately protected, whether he produces hides, coal, shoes, wool, wheat, or any other product. Labor and capital must be alike defended. It is not an exaggeration to say that we, as a people, are on an average twice as well fed, clothed, and housed as any other like number of people on the globe. This means that what we want to consume costs, relatively, one-half as much as it costs any other like number of people. The average year's work will buy twice as much of what we want to consume as the year's work of any other people. These conditions can only be maintained by adequate defense. We must keep our people employed or support an army of unemployed. Wages can never be kept up to the standard of the first half of 1907 without all are employed. Our free traders tell us about competing with the world. We can compete with the world, but to do it we must accept the world's conditions. This is inevitable.

Our imports of competing products are constantly increasing under present duties, which shows that lower duties or free competition are impossible. Asia is beginning to manufacture competing products, with American and European machinery, run on a wage scale possibly one-twelfth of ours. German competition under the Roosevelt amendments of the Dingley tariff is driving

our producers and working people out of our home market, and we have no redress but to reduce wages and dividends. The Boston Advertiser of August 11, 1908, said:

Christmas from a child's point of view was vividiy recalled, where the German steamship Belgravia, from Hamburg, docked yesterday and began discharging her immense cargo, consisting chiefly of toys. This shipment of the product of Teutonic kill is only the forerunner of similar shipments which will arrive from Germany from now on to meet the Christmas holiday demand.

A knit-goods manufacturer writes the President that only onefourth of his machinery is running and that unless he has relief soon it will all be idle. There is a demand for lower duties on iron and its products by people who want to deprive us working people of doing our own work. Under present duties our imports of iron and its products have increased from \$19,549,848 in 1904 to \$33,633,075 in 1907. These figures show conclusively that present duties need

to be increased and not decreased.

The average price of steel rails in Great Britain from 1895 to 1905, inclusive, was \$26.05 per ton. The average price in the United States for the same years was \$26.22 per ton—British prices given by the secretary of British Iron Trade Association; American prices by American Iron and Steel Association. Under protective duties of \$35 per ton on iron and its products if imported in foreign ships, and \$30 per ton if imported in British ships, Great Britain produced nearly all of the world's consumption of iron and its products. Under free trade she stands third in the production of iron and its products. Under the Dingley tariff in 1905 the United States produced 22,-992,380 gross tons of iron. The same year the world outside of the United States produced 31,005,585 gross tons. An adequately defensive tariff is in no one's way except that of the foreign exporter or the American importer. Neither does it add to the cost of home production, but generally decreases such cost. There is not an important schedule in the Dingley tariff that can be lowered without increasing imports, and imports are now far too large and are fast increasing. Germany has increased her duties on imports to increase her home market. France is about to do so.

Shall we reduce our tariff, which is now so low that competing imports are constantly increasing and last year caused an emigration of thousands of skilled working people and an army of unemployed estimated at 2,000,000? We must do our own work or pay other countries for doing it at the expense of our own working people.

Now, Mr. Chairman and gentlemen, again we entreat you to stand by the American working people. Do not intrust your work to the other House to be amended. If you reduce present duties, we shall be worse off than we now are.

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· Very respectfully,

GEORGE W. RUSSELL.

# RECIPROCITY WITH CANADA.

# HON, J. C. NEEDHAM, M. C., FILES VARIOUS TELEGRAMS URGING RECIPROCAL AGREEMENTS WITH CANADA.

STOCKTON, CAL., November 28, 1908.

Hon. J. C. NEEDHAM, M. C.,

Washington, D. C .:

We urge tariff measure authorizing President to make trade agreements with Canada mutually modifying tariffs on lumber and fruits. Submit this to committee.

> SOUTH SAN JOAQUIN CHAMBER OF COMMERCE, By GEO. W. TATTERSON, L. M. LARSON, J. R. Koch, Federal Committee.

> > STOCKTON, CAL., November 28, 1908.

Hon. J. C. NEEDHAM, M. C.,

Washington, D. C .:

Insist on tariff measure authorizing President to make trade agreements with Canada mutually modifying tariffs on lumber and fruits. Submit this to committee.

R. G. WILLIAMS, E. G. YOUNG, E. H. WAKEFIELD, HENRY, M. COOK, E. B. WILLIAMS, Committee of Growers.

STOCKTON, CAL., December 1, 1908.

Hon. J. C. NEEDHAM, M. C.,

House of Representatives, Washington, D. C .:

This chamber and our people favor any arrangement, reciprocal or otherwise, to secure the free entry of grapes and other California fruits into Canada.

JOHN M. PERRY, President. J. M. Eddy, Secretary.

THE CHAMBER OF COMMERCE OF THE STATE OF NEW YORK UNANIMOUSLY ADOPTS REPORT DECLARING IN FAVOR OF CANADIAN RECIPROCITY.

NEW YORK CITY, December 30, 1908.

To the Chamber of Commerce:

This chamber has repeatedly recorded its opinion in favor of closer trade relations with the Dominion of Canada since the year 1852, when it first memorialized Congress in favor of a reciprocity treaty with our northern neighbors. The reciprocity treaty negotiated in

1854 remained in force until 1866, when it was denounced by the United States and has not been renewed. The growth of Canada in wealth and commerce will be realized when the progress made in that country during the last forty years is contemplated. At the last annual banquet of the chamber the Hon. Clifford Sifton, P. C., of Ottawa, formerly minister of the interior, illustrated this progress by the following figures:

In 1868 the foreign trade of Canada was	\$131,027,532
In 1908 the foreign trade of Canada was	650, 793, 131
In 1868 exports of home produce were	
In 1908 exports of home produce were	
In 1868 exports of manufactures were	
In 1908 exports of manufactures were	
In 1868 bank deposits were	
In 1908 bank deposits were	650, 126, 232

The United States has contributed a large share toward Canada's rapidly growing foreign trade. Our exports to Canada in the fiscal year ending June 30, 1906, were more than double our exports to the whole of South America, and Canada as our customer now occupies the third rank in importance, Great Britain appearing first and Germany second. It is clearly to our advantage, under these circumstances, to cultivate trade relations with our neighbor; but the question is frequently asked: Why should we grant tariff concessions to a country whose purchases from us have continually increased with every year? Mr. B. E. Walker, president of the Canadian Bank of Commerce, Toronto, has given us the answer. In his interesting address at the last annual banquet of the chamber Mr. Walker spoke as follows:

You sell us 60 per cent of our imports, but buy only 35 per cent of our exports and rarely buy our securities. It is true that we are improving our purchases from England, and that you are improving your purchases from us and even occasionally taking an interest in our securities, but I invite your deepest, most broad minded and wisest consideration of these most striking figures, and I ask you whether you think it is likely that trading relations so one sided can continue forever. Beyond a peradventure if you do not open your doors a little more liberally to us, so that we can more nearly pay you in goods instead of always drawing on London for the purchase price of what she has bought from us in order to pay you, you will leave us no alternative but to keep up our tariff walls until we can create at home almost every manufactured thing you sell us on the one hand, while on the other we seek trade preferably with any nation which takes pay in goods so as to lessen our payment of actual money to you.

We are not asked to make any one-sided arrangement for the sole benefit of Canada. In fact, there is no urging on the part of the Canadians. The Hon. John Charlton, member of the Canadian parliament, in an address before this chamber on November 7, 1901, said:

At the expiration of the reciprocity treaty, Canada felt herself largely dependent upon the American market for the sale of farm products. Unfavorable tariff regulations then adopted have since largely excluded her from that market, and she has been obliged to seek other outlets. The result of her efforts has been to attain success above her most sanguine expectation, and the Canadian producer can not now be made to realize that the American market is a matter of very great importance to him. The removal of trade barriers would develop a largely increased trade between the two countries, but neither the Canadian nor the American has had object lessons in the last thirty years to give demonstration of this fact; and so far as the Canadian is concerned, while freer trade relations would be welcomed, the anxiety to attain them which characterized public sentiment thirty years ago has ceased to manifest itself. Under the operations of the old reciprocity treaty, commercial, social, and business relations between the two countries tended to grow more and more intimate year by year. Since the abrogation of that treaty and the adjustment of the present tariff policy of the United States, repellant influences have driven the two people further and further assunder in sympathy and sentiment. \* \* \*

Mr Sifton, in his recent able address, has told us:

You are perfectly able to get along without making trade arrangements with Canada, and Canada has shown itself perfectly able to get along without making trade arrangements with the United States. We sought reciprocity with you for many years. We are not seeking it now. Like you, in your large way, we, in our smaller way, are doing well. We are perfectly satisfied with matters as they stand. If, and when, it becomes in your judgment to your interest to make any changes which will be beneficial to Canada, and to make any proposals for similar changes on our part, there is no reason why these proposals should not be debated with perfect calmness and with the clear understanding that no proposals will be accepted upon either side which are not considered to be of advantage to the country which is asked to adopt them. \* \*

The Canadians are perfectly able to take care of themselves; and that they have done so and propose hereafter to trade with those nations that express a desire to trade with them is proven by their new tariff policy. In 1907 the Canadian parliament adopted a triple tariff which consists of a "general" tariff containing the highest rates of duty; a "preferential" tariff which applies to Great Britain and British colonies and contains the lowest rates, and an "intermediate" tariff with rates between those of the general and the preferential tariff, the intermediate tariff to be applied to countries entering into reciprocal trade relations with Canada. So far only one reciprocity treaty has been concluded on the basis of the "intermediate" tariff, namely, with the Republic of France. This reciprocity treaty has been ratified by the Canadian parliament and by the Chamber of Deputies of the French Parliament, but is still pending in the French Senate where it is expected that it will shortly be ratified.

Canada was obliged, in negotiating this treaty with France, in a number of instances to exceed the concessions authorized in the "intermediate" tariff and to make rates of duty as low as, and even lower than, those provided in the British preferential tariff. Where such concessions beyond the preferential tariff have been made, they

will, of course, apply equally to British products.

The United States with all other countries not governed by reciprocal treaty provisions pays, and will continue to pay, the highest rates of duty provided in the "general" tariff, and will therefore be at a

disadvantage.

We have thus far not felt the results of Canada's new tariff system, as no country has so far received the benefit of Canada's intermediate tariff; but upon the adoption by Canada of treaties with other important countries, to which the lower rates of duty of the intermediate tariff will be conceded, we are bound to be the losers, and we shall then realize the folly of our present illiberal policy.

On the subject of the objections that may be brought against reciprocal trade relations with Canada, Mr. James J. Hill, of the Great Northern Railway Company, at the last annual banquet of the

chamber, expressed himself as follows:

Has the United States anything to fear from competition on the north? Let me reenforce my opinion with that of men who would be first to sound the alarm if it were true. There is, perhaps, no man in this country better informed on this phase of the industrial situation than Mr. D. M. Parry, lately president of the National Association of Manufacturers. This is what Mr. Parry said:

"The Canadian trade is more important than all the commerce anticipated for the Panama Canal, and yet our tariff policy in respect to Canada could hardly be worse had it been dictated by a foreign enemy. As for the tariff on raw materials, why should this country be so anxious to exhaust its mineral wealth and denude its forests that it should bar these products from other countries." Only last year a big lumber manufacturer of Saginaw, Mich., representative of an industry once hostile to reciprocity but so no longer, wrote these words in the Annals of the American Academy for the Advancement of Political and Social Science: "As a manufacturer, as an employer of labor, and as one who has been in the lumber business all his life, and is now engaged in it, as an owner of forests and timber lands and sawmills, I can not see wherein the Government of the United States is not making a great mistake in maintaining this tariff upon rough lumber, taxing our home industries for their raw material and offering premium for the destruction of our present forest area."

In this country the policy of reciprocity between the United States and Canada has broken down popular opposition. New England favors it, the great tier of States facing the Canadian boundary and the Great Lakes favors it, the Middle West believes in and asks for it. We have too long considered it only as a boon for us to grant and Canada to ask. That may have been true thirty years ago; it is not true to-day. Not as a suppliant but as an equal she must be dealt with. Her interest is no greater and no less than ours, her position as independent.

In view of the approaching revision of our customs tariff this appears to your committee to be a fitting opportunity again to voice the opinion of the chamber on the question of reciprocity with Canada—one of the first steps in the direction of the improvement of international trade relations that should, in the opinion of your committee, be taken by our country. Your committee, therefore, beg leave to offer the following preamble and resolutions and to urge their adoption:

Whereas it is reported that the Congress of the United States will be summoned by the new administration taking office on March 4 next at an early date to consider the revision of the United States customs

tariff; and

Whereas the adoption of reciprocal trade relations with the Dominion of Canada appears to be of great importance to the best development of the trade interests of both the United States and Canada;

now, therefore, be it

Resolved, That the Chamber of Commerce of the State of New York urge that in the proposed revision of the customs tariff of the United States the President of the United States be empowered by the Congress to enter into and consummate negotiations with the Government of the Dominion of Canada for the purpose of securing the adoption of a reciprocity treaty advantageous to the trade of both countries; and be it further

Resolved, That the committee on foreign commerce and the revenue laws be instructed to enter into communication with other commercial bodies in the United States for the purpose of securing their cooperation, and that the aforesaid committee be also authorized to take such further steps in the premises as may seem to them advisable.

All of which is respectfully submitted.

GUSTAV H. SCHWAB, CHAS. A. MOORE, GEORGE GRAY WARD, CHARLES D. BARRY, E. H. OUTERBRIDGE,

Of Committee on Foreign Commerce and the Revenue Laws. Unanimously adopted by the chamber January 7, 1909.

#### BARRETT & ZIMMERMAN, ST. PAUL, MINN., ASK FOR RECIP-ROCAL ARRANGEMENT RELATIVE TO HORSES.

St. Paul, Minn., December 1, 1908.

Ways and Means Committee,

Washington, D. C.

Gentlemen: We respectfully call your attention to the present tariff on horses between the United States and Canada, and ask in behalf of the horse breeders of the Northwest that you make a thorough investigation of the present tariff relating to the exportation of horses into Canada.

The present tariff of \$30 per head on each horse under the value of \$150 and 25 per cent ad valorem on any horse above that value is excessive, prohibitive, and of no benefit to either Canada or us.

The Canadian Northwest uses and needs large numbers of horses in developing the country, and as their chief pursuit is wheat growing, they raise few, if any, horses; moreover, the large lumbering and mining interests of British Canada require large numbers of horses. The only place where the required horses can be bought is in our own States of Minnesota, Iowa, Wisconsin, Montana, and the Dakotas.

Before this duty was imposed the horse raisers sold thousands upon thousands of horses for shipment to Canada. The present duty is not only a detriment to the horse raising and breeding interests of our States, but also to the development of western Canada.

Since Canada needs our horses and we have them to sell, it seems that some reciprocal arrangement could be arrived at whereby the

tariff could be done away with.

We are inclosing a clipping from the Pioneer Press, of St. Paul, which will show the sentiment regarding this matter. Moved by the urgent demand, every daily and farm paper in the West and Middle West is agitating the removal of this horse tariff. You will undoubtedly hear from the horse raisers through their congressional representatives, who will present the facts more forcibly than we are able to. If you will see fit to recommend the removal of this tariff to Congress, every citizen in any way interested in the horse industry will appreciate it. Thanking you for your kind consideration of this matter, we are,

Very respectfully,

BARRETT & ZIMMERMAN.

# THE HOME PATTERN COMPANY, NEW YORK CITY, WISHES TO GET ITS PRODUCTS INTO CANADA VIA RECIPROCITY.

· NEW YORK, December 3, 1908.

CHAIRMAN WAYS AND MEANS COMMITTEE,

Washington, D. C.

DEAR SIR: In framing the new tariff bill may I suggest that you will serve important interests in this country if you will devise some reciprocity arrangement which will lead to a reduction of the tariff on tissue-paper dress patterns, fashion books, catalogues, and other printed matter shipped into Canada?

The duties now exacted by the Dominion government are a serious handicap on the big pattern houses in New York in extending their

business into that country.

Very truly, yours,

THERON McCampbell,

President The Home Pattern Company.

LEE J. VANCE, SECRETARY OF AMERICAN WINE GROWERS' ASSOCIATION, WISHES RECIPROCAL FREE WINES AND CHAM-PAGNES WITH CANADA.

245 Broadway, New York, December 26, 1908.

Hon. SERENO PAYNE,

House of Representatives, Washington, D. C.

DEAR SIR: I write briefly to ask you to use your influence in trying to obtain some changes in the proposed new tariff bill, whereby American wines and champagnes may be allowed to enter the Dominion of Canada at the same rate of duty as the French wines and champagnes. It seems to our American wine growers that, if Great Britain and Canada seek to have certain tariff concessions from the United States in their favor, it is only proper and just that those countries should give American wines and champagnes the same rate of duty as obtain on similar products from other countries.

Hoping that you will be able to do something in this matter, I

remain, Yours, very truly,

Secretary American Wine Growers' Association.

#### REVENUE TARIFF.

CHARLES GAY, NEW HAVEN, CONN., SUGGESTS A TARIFF FOR REVENUE. WITH ELEMENTS OF PROTECTION.

NEW HAVEN, CONN., December 21, 1908.

WAYS AND MEANS COMMITTEE,

House of Representatives, Washington, D. C.

Gentlemen: Responding to your general invitation for suggestions on the revision of the tariff, I wish, as a heretofore lifelong protectionist, to make the following suggestions for your consideration. My plan involves the practical elimination of the tariff question from political campaigns, which tends to upset the business of the country by periodical tariff agitations and the frequent changing of schedules by acts of Congress, thus giving other questions of a timely character that are pressing for solution an opportunity. My plan embodies elements of protection, free trade, and a tariff for revenue.

My suggestion is that you divide the list into three classes, as follows, in order to secure the advantages of each of these systems to a practical extent, and to put the tariff schedules on a fair and honest

basis:

First. The free list.

Second. A uniform tax on all articles of necessity, such as should bear a revenue tax with incidental protection.

Third. A uniform tax on all articles generally conceded to be luxu-

ries, such as only those who have ample means indulge in.

In regard to the "free list," I suggest that you provide for a reduction of tariff to take effect gradually, until it reaches a free basis on

all such articles as lumber, pig iron, coal, hides, oil, paper pulp, and other so-called "raw materials" that enter so largely into our more finished manufactures, together with articles of necessity that do not

compete with our home products, including tea, coffee, etc.

I would further suggest that you add any manufactured article to the "free list" that may no longer need a tariff or but little to protect it, and that is now in the control of any "trust" or combination, thus tending to reduce prices and prevent monopoly. In this I refer only to such things as naturally need little or no protection at

the present stage of industrial development.

In suggesting this, I of course realize that some lines of industry would suffer a loss of profit by its adoption, but the offsetting advantage to our country, as a whole, would be a thousandfold greater than the loss, from the fact that it would benefit the people generally and the innumerable industries that use these basic articles in their manufactures. Besides, it would conserve our forests and the stock of minerals in our mines, and would tend to break up monopolistic combinations, particularly in such great necessities as lumber, coal, and oil.

The list of "necessities" should very gradually approach a uniform horizontal rate. This is practically a revenue tariff, which, however, necessarily involves an incidental and beneficial protection which in a measure will offset the difference between cost of production in

other countries and here.

Such a tarff may more truly be termed a "tariff for revenue only" with more honesty of expression than any "tariff for revenue only" urged in recent years by "tariff reformers." This uniform rate should be measured mostly by the needs of the Government, and of course should be raised or lowered slightly but uniformly on all articles, from time to time, without disturbance or agitation, just the same as a municipal tax on property is, according to the appropriations needed to carry on the Government. This uniform schedule could. however, if upon a full investigation it is found necessary for the protection of American industry, be fixed at a relatively high rate by increasing the free lists by adding to it articles that are not to any extent produced in this country, thereby making a high tax necessary on the articles that would compete with our products.

The tax on the articles placed in the list covering "luxuries" should be placed very much higher than on those in the list covering "necessities," and should be designed as a tax on the consumption of the well-to-do, just the same as an inheritance or income tax is, but should be at a uniform rate on all articles in the list, uniformity to be reached by a very gradual process. This, too, might be fixed

with some regard to the necessities of a protective tariff.

To sum up: This would lift the tariff question out of politics and do away with much of the attempt of special interests to unduly influence legislation by increasing one schedule and lowering another for private gain and selfish interest. The country would not be disturbed every few years by tariff agitation and tariff legislation. There would be a reasonable measure of protection under classified uniform rates and all the measure of protection that our Government, under present conditions, can honestly or safely undertake without giving color to the charge of undue influence by special interests.

The things controlled by trusts could be put on the free list, from time to time, if they undertook to fix prices. This would tend to check combinations. Such a tariff would be a fair-for-all deal and a square deal all around. The time has gone by when varying schedules are consistent with a square deal. Of course under this plan some interests would suffer a loss of profit and some would make a gain, but the Government can not undertake longer to discriminate fine enough to give an exact amount of protection in detail to each and Therefore it should hereafter approximate on general lines by uniform rates on a few simple classifications.

In regard to reciprocity, give the President power to discriminate

within limits where nations discriminate against us.

If your committee adopts these suggestions you will hear no more of "free trade," "protection," "tariff barons," "tariff reform," or "tariff for revenue only." They will be relegated to oblivion and an up-to-date tariff tax, carrying reasonable protection, will take its place, one of uniformity and honesty.

Very respectfully submitted.

CHARLES GAY.

#### SHIPBUILDING MATERIALS.

# COMMISSIONER OF NAVIGATION MAKES CERTAIN GESTIONS RELATIVE TO SHIPPING INTERESTS.

Washington, December 28, 1908.

Hon. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

House of Representatives, Washington, D. C.

DEAR MR. PAYNE: Is it too late to submit for your consideration the following matter?

Sections 12 and 13 of the Dingley tariff, approved July 24, 1897, provides:

Sec. 12. That all materials of foreign production which may be necessary for the construction of vessels built in the United States for foreign account and ownership, or for the purpose of being employed in the foreign trade, including the trade between the Atlantic and Pacific ports of the United States, and all such materials necessary for the building of their machinery, and all articles necessary for their outfit and equipment, may be imported in bond under such regulations as the Secretary of the Treasury may prescribe; and upon proof that such materials have been used for such purposes no duties shall be paid thereon. But vessels receiving the benefit of this section shall not be allowed to engage in the coastwise trade of the United States more than two months in any one year except upon the payment to the United States of the duties of which a rebate is herein allowed: Provided, That vessels built in the United States for foreign account and owner-

ship shall not be allowed to engage in the coastwise trade of the United States. Sec. 13. That all articles of foreign production needed for the repair of American vessels engaged in foreign trade, including the trade between the Atlantic and Pacific ports of the United States, may be withdrawn from bonded warehouses free of duty, under such regulations as the Secretary of the Treasury may prescribe.

For many years the propriety of exempting shipbuilding materials from tariff duties has been recognized by progressive steps in our tariff acts. Thus:

(a) By the act of June 6, 1872, all lumber, timber, hemp, manila, iron and steel rods, bars, spikes, nails, bolts, copper, and composition metal necessary for the construction and equipment of vessels built in the United States were admitted in bond free of duty. This privilege, however, was restricted to vessels built for the foreign trade or trade between the Atlantic and Pacific coasts of the United States, and vessels on the materials of which duties were remitted were not allowed to engage in the coasting trade for more than two months in any year, except on payment of the full duties.

(b) Under the same restrictions by section 8 of the tariff act of October 1, 1890, the list of materials which could be imported free of duty was enlarged by the addition of wire rope, plates, tees, angles, and beams—the chief materials of iron and steel vessels. The scope of the privilege was also extended by a proviso that these materials could be imported free for vessels built for foreign account and owner-

ship.

(c) Under the same restrictions by section 7 of the tariff act of August 28, 1894, the list of materials which may be imported free of duty for shipbuilding was made comprehensive by including "all materials of foreign production which may be necessary for the construction of vessels," and "all such materials necessary for the building of their machinery, and all articles necessary for their outfit and equipment."

(d) Section 12 of the Dingley tariff of July 24, 1897, as you will notice above, reproduces the provision of section 7 of the tariff act of

August 28, 1894.

The privilege, however, remains restricted to vessels built for foreigners, or for vessels in the foreign trade, including the trade between the Atlantic and Pacific coasts of the United States. The full amount of the duties must be paid if the vessel engage for more than two months in the coasting trade.

The Merchant Marine Commission in its report of January 4, 1905, (58th Cong., 3d sess., S. Rept. No. 2755, vol. 1, p. x), made the

following recommendation:

In view of these circumstances, the commission recommends that the law be so changed that the period during which ships built of free materials are allowed to run in the coast trade be extended from two months to six months [and also that the privilege of all-the-year-round service now granted in the Atlantic-Pacific trade be extended to the trade with the Philippines, which, on July 1, 1906, comes under the coastwise laws and regulations]. This especial treatment of ship material can, we believe, be justified by the peculiar importance of ocean shipping in the promotion of our commerce and the national defense, and also by the fact that this ocean shipping has remained so long an almost forgotten and unprotected industry.

The words in brackets concerning the Philippine trade are no longer applicable, as the Philippine trade is not to be reserved to American

ships. Congress settled this matter at the last session.

I wish to call your attention particularly to the provision of section 12 of the Dingley tariff, restricting to only two months in the coastwise trade vessels in the construction of which free foreign materials have entered, and to the suggestion of the Merchant Marine Commission, that this period be extended from two months to six months. The commission making this recommendation, as you will recall, comprised Senators Gallinger of New Hampshire, Lodge of Massachusetts, Penrose of Pennsylvania, Martin of Virginia, and Mallory of Florida, and Representatives Grosvenor of Ohio, Minor of Wisconsin, Humphrey of Washington, Spight of Mississippi, and McDermott of New Jersey.

Certain types of very large steel steamers are adapted only for foreign trade; certain other types of small vessels are adapted only for the coasting trade. We have—or rather ought to have—a considerable number of vessels adapted for both the foreign and coasting trade, vessels which can change from one or the other as the condition of ocean freights suggests. In so far as "free materials" may promote domestic shipbuilding, vessels of the third class I have mentioned get no benefit from the present law. It is of value to our few ships adapted only to foreign trade.

Your committee doubtless would not care to go so far as to exempt from duty materials entering into ships employed solely in the coastwise trade. The proposition to exempt such materials entering into ships employed half the year in one trade and half in the other seems moderate, yet progressive along the lines of former tariff legislation.

Respectfully,

E. T. CHAMBERLAIN, Commissioner Bureau of Navigation, Department of Commerce and Labor.

P. S.—Should this proposition commend itself to your judgment, you might care to take up also section 13 of the act of July 24, 1897, which in its present form allows foreign articles required for repair of American vessels to be imported free of duty only when such American vessels are engaged exclusively in the foreign trade. The law on the Great Lakes is somewhat different and is to be found in section 3114 of the Revised Statutes relating specifically only to the Great Lakes:

The equipments, or any part thereof, including boats, purchased for or the expenses of repairs made in a foreign country upon a vessel enrolled and licensed under the laws of the United States to engage in the foreign and coasting trade on the northern, northeastern, and northwestern frontiers of the United States, or a vessel intended to be employed in such trade, shall, on the first arrival of such vessel in any port of the United States, be liable to entry and the payment of an ad valorem duty of fifty per centum on the cost thereof in such foreign country; and if the owner or master of such vessel shall wilfully and knowingly neglect or fail to report, make entry, and pay duties, as herein required, such vessel, with her tackle, apparel, and furniture, shall be seized and forfeited.

E. T. C.

#### STAMP TAX.

HON. EDWIN DENBY, M. C., FILES LETTER OF FREDERICK STEARNS & CO., DETROIT, MICH., OPPOSING TAX ON PROPRIETARY MEDICINES.

DETROIT, MICH., February 9, 1909.

Hon. Edwin Denby, M. C.,

Washington, D. C.

Dear Sir: Having seen it stated in newspapers that the Ways and Means Committee is seriously considering the reenactment of the old war-revenue law of 1898, particularly as applied to proprietary medicines, we wish to acquaint you with the situation from the standpoint of the drug trade, which is solidly opposed to any stamp tax on medicines.

It was probably assumed by Congress in framing the law of 1898 that the tax would ultimately be paid by the consumers of these articles. Certainly it would seem that Congress would not single out one line of business for a special tax, particularly the drug business, which, however contrary the general impression may be, is

neither a large nor a profitable branch of trade, in comparison with others, such as the dry goods, hardware, grocery, or automobile business.

The conditions under which medicinal merchandise (covered by the stamp tax) was sold made it impossible for the druggist to add the cost of the tax to the selling price of the goods. In practically every case, however—with a few exceptions, including ourselves—the manufacturers advanced their prices enough to cover the actual cost of the stamps and generally more. The result was that the druggist footed the bills. We believe it no exaggeration to say that 90 per cent of the revenue obtained from the stamp tax on medicines came out of the pockets of the retail druggists of this country—an altogether inequitable and burdensome tax on a class of small merchants. Please remember that in addition to this they were also called upon to bear the other stamp taxes, on checks, contracts, various sorts of legal documents, telegrams, express and freight receipts, etc.

In other words, the retail drug trade paid not only its just proportion of the tax, the same as other merchants, but also paid a special tax in addition to that, consisting of the tax on medicines. This was 2½ per cent of the selling price, but as these prices were and are badly cut it amounted to over 3 per cent of the price obtained. While Congress has no jurisdiction over the manufacturers who seized upon the occasion for an excuse to raise their prices two or three times the amount of the tax on their goods, it nevertheless added to the burden that would have been avoided if there had been no stamp tax on

medicines.

Just a few words about the profit actually made by the trade on this class of goods: The prevailing wholesale price for dollar medicines is \$8 a dozen, or 66\(^2\) cents a package; under the cut prices generally prevailing the druggist gets only 75 or 80 cents, sometimes even less than the lower figure. His gross profit is, therefore, only 10 to 15 per cent—often less than his running expense amounts to, so that goods of this character really yield no profit or practically none. Then, when the stamp tax is levied on such merchandise, it is an additional loss to the druggist, who can not raise his price accordingly.

You may wonder why it is impossible for the drug trade to pass this tax along to the consumer for payment, as should be done. The answer is simply that unrestricted competition absolutely prevents it. The druggist would be very willing, indeed, to do so were it possible. Just now they are entirely helpless, for they can not take any organized action to that end, in case Congress reimposes a stamp tax

on medicines, without violating the Sherman antitrust law.

Would it not be far more equitable to distribute the special tax, which is contemplated by the Ways and Means Committee, over the larger part of commerce by levying a tax on the annual sales of business houses, amounting to, say, one-tenth of 1 per cent or less, of their receipts in excess of \$10,000 a year? This would let out the small merchants, who generally have about all they can do to make ends meet anyway, and would not prove burdensome to anyone else.

We hope that you will make a careful study of this matter, feeling confident if you do, that you will see the injustice of a special tax on medicines under the trade conditions actually existing to-day and for the past twenty years. Any stamp tax is objectionable, for that matter, not so much on account of the expense as the trouble involved

in complying with it. We will cheerfully meet our share of such taxation as may be needed to supply additional revenues for the Government, but we should like to see the burden equitable and fairly distributed over commerce, and the tax collected in a more modern and economical way than through the sale of stamps.

Very truly, yours,

F. STEARNS & Co.

### TARIFF COMMISSION.

THE YALE & TOWNE MANUFACTURING COMPANY, STAMFORD, CONN., RECOMMENDS A TARIFF COMMISSION, AND A GENERAL REDUCTION OF THE TARIFF.

New York, November 23, 1908.

Hon. E. J. HILL,

Committee on Ways and Means,

House of Representatives, Washington, D. C.

DEAR SIR: On behalf of this company, whose business is located in your district, at Stamford, Conn., I write to inform you of our attitude

on the pending question of the revision of the tariff.

The business in which we are engaged is a branch of the metalworking trades. Its product is an indispensable factor in the building trade, and is exceptionally typical of American ingenuity and American methods. While the principal outlet for our product has been, and always will be, the home market, a considerable and increasing outlet for it is found in foreign countries. In various markets our product must compete with that of foreign manufacturers, and anything tending to diminish the existing difference in cost between our product and theirs will proportionately conduce to the larger export of the

American product.

In the belief that the present tariff is not well adjusted to present conditions, that it embodies many inconsistencies and inequalities, and that its careful and intelligent revision will affect favorably all of our industries, and especially our foreign commerce, we favor the creation of a permanent tariff commission for the purpose of collecting data at home and abroad, of digesting and collating such data, and of thus providing a firm foundation of knowledge of industrial and commercial facts on which Congress can safely base all legislation relating to the tariff. The conditions which affect industry here and abroad are normally, if not always, in a state of flux; that is, of constant, even if slow, change and evolution. The changes thus occurring have an intimate relationship to the tariff and make it desirable that, at reasonable intervals, the latter should be reviewed and, if necessary, modified to conform to such changes. These facts imply in turn the desirability of a permanent commission, charged with the duty of following and noting these changes as they occur, and of furnishing such reports concerning them to Congress as will assist our legislators in determining when and to what extent modifications in our tariff law may be desirable.

As to the present situation, we are in favor of an immediate revision of the tariff and of a substantial reduction in many if not most of its schedules, but we recognize that the subject is infinitely complex, and that our national industries are interrelated in endless ways. The

finished product of one industry is the raw material of another. We would favor a reduction of the tariff on our product if simultaneously a corresponding reduction were made in the raw materials of our industry. This does not imply, however, willingness on our part to be singled out for a reduction which does not extend to and include the related industries, and among these we include those which affect the cost of food, clothing, and other necessaries of life, and thereby influence or determine the rate of wages. To the wage-earner the value of wages is their purchasing power; to the wage-payer the controlling consideration is the value of the work which the wages represent. The American manufacturer pays higher wages than any other because of the higher efficiency of American labor, and will continue to do this so long as this efficiency is maintained. In other words, we favor a general reduction of the tariff on such conservative and carefully studied lines as will best conduce to the broadening of our foreign markets while avoiding any permanent interference with the control of the domestic market by American manufacturers.

Holding these views, and having submitted them in this manner, we deem it unnecessary to encroach upon the time of your committee by appearing before it at the hearing assigned for the 25th instant, at which we understand the committee proposes to review the entire and intricate subject of the tariff as affecting metals and all the vast

range of metallic products.

The products of this company include the Yale locks, builders' hardware, padlocks, cabinet locks, trunk locks, bank locks, chain blocks, and electric hoists.

Very respectfully, yours,

THE YALE & TOWNE MANUFACTURING COMPANY, By HENRY R. TOWNE, President.

THE MERCHANTS' ASSOCIATION OF NEW YORK CITY FAVORS A TARIFF COMMISSION AND THE ADOPTION OF A MAXIMUM AND MINIMUM TARIFF.

NEW YORK CITY, December 4, 1908.

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

Gentlemen: Our board of directors, at the special meeting held on the 25th ultimo, by a unanimous vote adopted the following preamble and resolutions affirming our position relative to tariff revision:

Whereas there is a growing public demand for the revision of the tariff, strongly supported by national and local organizations of agricultural, manufacturing, and commercial interests, recognized and approved in the platforms of the Republican and Democratic parties during the recent electoral campaign and emphatically endorsed by the President-elect in his public utterances preceding his election; and

Whereas this vitally important national question, directly affecting all industrial and commercial interests, undoubtedly will be the subject of active discussion, and probably of legislative action, dur-

ing the coming session of Congress; and

Whereas it is desirable that the officers and committees of the association should be prepared to participate effectively in the dis-

cussion of these matters within such limits as may be approved by the board of directors: Now, therefore

Resolved, That the Merchants' Association of New York, represented by its board of directors, favors the following propositions, viz:

1. An early, comprehensive, and thorough revision of the tariff on lines which recognize and will conserve all interests, including those of labor, agriculture, manufactures, and commerce, which will give due protection, on the one hand, to American labor and American products, and which, on the other hand, will tend to increase the sale of those products in foreign markets, thereby giving increased employment to American labor and American capital.

2. The creation of a permanent tariff commission for the purpose of collecting, collating, and studying industrial and commercial facts in this and other countries pertinent to the tariff question, for the information and use of Congress in framing tariff legislation, and for the purpose of keeping Congress informed concerning changes in industrial and commercial conditions which may justify or necessi-

tate corresponding changes from time to time in the tariff.

3. Provision in the law for the negotiation of commercial agreements with foreign nations on the basis of a maximum and minimum tariff, and of the concession of minimum rates to the products of foreign countries who reciprocate by giving corresponding concessions in the rates of duty on American products when imported by such foreign countries.

Resolved further, That the officers and committees of the association are hereby authorized to take such action from time to time as in their judgment may be desirable or proper to give effect to the views

embodied in these resolutions.

Yours, very truly,

THE MERCHANTS' ASSOCIATION OF NEW YORK, By S. C. MEAD, Secretary.

# TARIFF REVISION.

STATEMENT OF H. E. MILES, OF RACINE, WIS., CRITICISING VARIOUS FEATURES OF THE ACT OF 1897.

Saturday, December 5, 1908.

Mr. Miles. Mr. Chairman and gentlemen of the committee, I come before you with a great deal of diffidence to-day, and in my personal capacity only, and upon your very kind invitation. I have had just enough to do with the tariff on behalf of those whose particular interests were decidedly opposed and at variance one with another to make it somewhat embarrassing to appear and speak frankly of whatever I do know or think I know upon the tariff. I was exceedingly impressed a couple of days ago with the very remarkable kindness and patience and the judgment with which you received some manufacturers who were unwilling to tell you what they knew, and yet you asked them to come only that you might serve their interest and the interest of the public. Some members of the trade who did not address you were so angry that the truth you received was only a part of the truth that might have been given you that they said that if they should sit before you for another week they would be rank free traders, although the men who spoke must, in my judgment, have from 50 to 75 degrees protection or go out of business.

Now I am going to speak with some error of judgment, and my mistake, if any, will be that I speak with too great frankness, that I may say something that is not quite sufficiently vouchered.

The CHAIRMAN. Will you not speak louder, so we can hear what

you say?

Mr. Cochran. Will you not repeat that last statement?

Mr. Miles. I say if I make a mistake, as I doubtless will, for we all make mistakes, it will be from overfrankness, from a desire to give so much of my information that I give maybe more than I would if I had in addition to my own information the rest of the information.

The CHAIRMAN. We can not hear you. You will have to speak

louder.

Mr. Miles. I will do so. I wish to address you first as a consumer, one of eighty millions, with evidence in hand as I believe that the consumers of the United States are being infinitely wronged by the Dingley law and will be so wronged by, any new bill similar in character; secondly, as an intermediate consumer, one of about 150,000 manufacturers who are greatly injured by the present tariff and will be by any other as carelessly made as this; thirdly, I wish to say a word for a part of the laboring population, to which, in a way, the Dingley law is very hurtful.

As an employer paying a half million dollars annually in wages, I wish to speak especially for many of the men who labor with their hands in factories, and who by a substantial reduction of the present tariff would be given three chances for an increase in wages, with

no chance for a reduction.

Fourth. I wish to speak for the independent, "nontrustified" manufacturer, who works under the old-fashioned principle of competition and in accordance with the Constitution and laws as concerns competition, and against their destruction or absorption by trusts under the Dingley law or any other similar bill—absorption,

as it were, by act of Congress.

Fifth. I can speak for no organization except as definitely hereinafter stated. I am associated officially and semiofficially with two or three hundred organizations representing all phases of industrial life. The reason I can represent at this hearing no one of them is that I must speak frankly concerning each as may be, and would not under any circumstances seem to represent an industry or association in any remarks which might be interpreted by any member or association as at variance with their personal views or interests. It will, however, be the only possible source of gratification which this hearing can afford me if, in closing, I may say to the committee what is the particular desire of, and, as we believe, necessary to the welfare of, 90 per cent of the manufacturers of the United States in certain respects in which all agree, however much they differ as to particular rates.

Sixth. I wish to say a word for the farmers of the United States, who, in my judgment, have been given a stone labeled "Bread."

Seventh. I wish to speak of undervaluation, believing it is time that this question should be now and forever settled to the entire satisfaction of all the manufacturers and importers of the United States and the equal satisfaction of those good people in various countries who seek to do business with us.

Eighth. As to dumping, a subterfuge argument of those who wish

to uphold excessive rates in their own interests.

Ninth. As to foreign trade, it should be enormously increased. We want our share of the world's trade. As McKinley said in 1901, "The Dingley rates are excessive, and the excess should be traded off in the enlargement of our foreign trade."

The CHAIRMAN. He said if any of them were excessive. Why do you not quote that as it was? He said if any of them were excessive

they should be lopped off. That is my recollection of it.

Mr. Dalzell. Certainly Mr. McKinley never said what the witness has quoted as being said by him.

Mr. Miles. I have data for everything I say, and I feel obliged to

give you such data as I have.

Mr. RANDELL. I think it has been repeatedly stated that the schedules in the Dingley bill were made higher for the purpose of being reduced by agreements.

Mr. Dalzell. It has been repeatedly stated, but it is not true.

Mr. RANDELL. It has been stated by a Senator of the United States. Mr. Dalzell. That is not what we are talking about. We are talking about what Mr. McKinley said.

Mr. MILES. I feel that it is true.

The Chairman. Mr. McKinley's speech is accessible to the members

of the committee, and you need not trouble about that.

Mr. Miles. No. If you will not interrupt me until I get through with my general statement, you will save from half an hour to an hour, because I am going to say several things that will call for twenty questions in a minute.

The CHAIRMAN. Go ahead.

Mr. Miles. Next, tenth, maximum and minimum schedules; maximums only that we may have minimums.

Eleventh, tariff immorality, in the fewest words possible. The

square deal wins.

Twelfth, the way out.

As to the consumer, the ultimate consumer, as Mr. Boutell expresses it, I am delighted at the chairman's mention of the Republican platform, and for just one moment I wish to state my premises. In the first place, the money that is in the pockets of the consumers of the United States belongs to them, and it can not be legislated out of their pockets justly except for value received. Secondly, they get value received in any bill which gives to the manufacturer the difference in cost of production here and abroad, liberally figured. I am a Republican and a protectionist, and I believe in giving to the American manufacturer 125 per cent of what he could justify in my judgment, if we sought to be close and extremely accurate. On that basis of the difference in cost as alone justifying any protective rate whatsoever-that difference to be liberally figured, figured with that enlightened selfishness which nations as well as individuals are expected to exercise—I started in to find the difference in cost. I have not had time to write a brief, and wishing to get at the large schedule first, I took from one of the bookstores here John Moody's book entitled "The Truth about the Trusts," and I find that when the Dingley bill became a law the Congress of the United States went into the trustmaking business up to its eyes, and this new rule, for new it must be, would have permitted of no such rates as were made in the Dingley bill.

Table showing the relation of the Dingley law to American trusts—Per cent of duty, of wages, and imports and exports of the several trust-controlled commodities.

Exports Bureau of Statistics, 1907, Commerce and Navi-gation.	\$175,005,320 \$78,228,819  \$100,000,000   1,634,928 1,884,318 1,884,318 2,883,380 2,608,427 3,99,088,837   4,580,455 122,019,506   +9,000,000  Not separately classified; sell freely abroad.
Value of products 1905, census of 1905.	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Imports fiscal year 1907, Pear 1907, Isidica on Commerce and Navigation, fiscal tion, fiscal year 1907.	\$2, 134 159, 721 1, 212, 607 1, 673, 424 1, 673, 424 1, 643, 705 9, 198 1, 849, 625 6, 043 None. None. None. 5, 712 1, 948, 635 1, 849, 849 1, 849, 972
Wages, per cent of cost, census of 1905.	6 per cent 15 per cent 8 per cent 17 per cent 19 per cent 19 per cent 19 per cent 3 per cent 8 per cent
Ad valorem equivalent, Report of Bureau of Statistics on Commerce and Navigation, fiscal year 1907.	99 per cent 7 per cent 7 per cent 17 per cent 18 per cent 29 per cent 39 to 55 per cent 45 per cent 46 per cent 47 per cent 48 per cent 49 per cent 49 per cent 49 per cent 40 per cent 41 per cent 42 per cent 43 per cent 44 per cent 45 per cent 45 per cent 46 per cent 47 per cent 48 per cent 49 per cent 49 per cent 49 per cent 49 per cent 40 per cent 40 per cent 41 per cent 42 per cent 43 per cent 44 per cent 45 per cent 45 per cent 46 per cent 47 per cent 48 per cent 49 per cent 49 per cent 40 per cent 40 per cent 40 per cent 41 per cent 42 per cent
Duty under Dingley Act.	Countervailing.  40 cents a ton  51 a ton  51 a ton  57 8 a ton  57 57 cents a pound  14 to 2 cents per pound  14 to 2 cents per pound  15 55, 55, and 45 per cent  Mostly 45 per cent.  46 per cent.  47 pounds.  14 cents per pound  24 cents per pound  25 cents per pound  26 cents per pound  27 cents per pound  27 cents per pound  28 cents per pound  29 cents per pound  21 cents per pound  24 cents per pound  25 cents per pound  26 cents per pound  27 cents per pound  27 cents per pound  28 cents per pound  29 cents per pound  21 cents per pound  21 cents per pound  24 cents per pound  25 cents per pound  26 cents per pound  27 cents per pound  27 cents per pound  28 cents per pound  29 cents per pound  20 cents per pound
Сошралу.	Standard Oil, complete control: Crude. Refined. Steel trust (Morgan and Rockefeller domination), complete control: Pig. Bar. Ralls R

	'n	465 527 035		263 980 874 404	025	012	
e 831, 117, 681 Not separately classified.	Woolen goods.	1, 126, 465 3, 017, 527 71, 035		50, 169, 179 31, 831, 263 57, 497, 980 83, 874 26, 598, 404	696, 025	4, 983, 012	
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		278			<u> </u>		ts, \$1
4, 195, 983 Noue. 8, 521, 860	5,586,101 9,526,573 10,216 60,548 111,405	156, 614 4, 465 207, 999	48,118 2,797 2,372 25	(a) 102, 101 41, 610 395 31, 338 28, 857 (a)	(252,015 / 126,635 / 26,177	2, 265, 261	A Total export of meat products, \$195,759,282, \$Bread and biscuits. Tannic acid. Thinware.
							Total export of mee Bread and biscuits, Trannic acid. Thoware, Copper ware.
19 per cent		11 per cent		5 per cent		15 per cent	Total export Bread and bi Tannic acid. Tinware. Copper ware.
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19 per	18 per					15 pe	etc.)
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er centilippin cent	cent	ent			20 per cent	20, 30, and 35 per cent	na an
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Tobacco Trust, control 90 per cent for eign: cigars and cigarettes  Tobacco, suuff, etc  Steam radiator trust, control 80 per cent. Thread trust (American Thread Co.), control 80 per cent. Woolen trust (American Woolen Co.), con-	trol 60 per cent: Cloth Dress goods Knit fabrics Flannels Felts Felts Glucose trust (Corn Products	control: Sarch Glucose Match trust (Diamond Match Co.), con- trol & per cent. Chemical trust company (General Chem	ical Co.), control 70 per cent: Borax Tannin. Sulphuric ether Vanilin	Meat trust: Bacon a Beef Lard Mutton.	Cracker trust (National Biscuit Co.), control 70 per cent. Stamped ware trust (National Enameling and Stamping Co.), control about 55 per	cent stamped, galvanized, or japannec tin and copper wares. ubber goods trust (Rubber Goods Manu- facturing Co.), control 40 to 60 per cent.	a Estir b Prod e 1898, e Incl
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Table showing the relation of the Dingley law to American trusts—Per cent of duty, of wages, and imports and exports of the several trust-controlled commodities—Continued.

Сотрану.	Duty under Dingley Act.	Ad valorem equivalent, Report of Bureau of Statistics on Commerce and Navigation, fiscal year 1907.	Wages, per cent of cost, census of 1905.	Imports fiscal year 1907. Report of Bu- reau of Sta- tistics on Commerce and Naviga- tion, fiscal year 1907.	Value of products 1905, census of 1905.	Exports, Burreau of Statistics 1907, Commerce and Navigation.
Plumbing supply trust (Standard Sanitary, Manuacturing Co.), 80 per cent	40 per cent	40 per cent.		\$952, 980	6 8 9 9 9 9 9 9 9 9 9	Not sepa- rately
control: Enameted fromware.  Box board trust (United Box Board and Paper Co.), 90 per cent control.	25 and 35 per cent	Board and   25 and 35 per cent 25 and 35 per cent		Imports not given sep-		given. Do.
Cast-iron pipe trust (United States Cast 1.4 cent a pound	.4 cent a pound	32 per cent		arately. 23,775		Do.
Lording transformation (20), 20 percent to 30 cents a pound 20 to 36 per cent	20 percent to 30 cents a pound	20 to 36 per cent	11 per cent	a 4, 038, 915	a 4, 038, 915 \$252, 620, 986	\$32,058,217
Asht rust (International Salt Co.):	\$1.50 to \$3 a ton.	28 to 36 per cent		583, 422	583, 422	374, 476
In bags or packages In bulk. Cement trust	12 cents per 100 pounds 8 cents per 100 pounds 8 cents per 100 pounds	90 per cent. 36 per cent. 25 per cent.		<b>b</b> 380, 029 3, 621, 061	8 3,621,061 c55,903,851	1, 180, 415
				•		

Note.—The items of wages in this exhibit do not include wages in prior operations; for which in most cases allowance can easily be made. In glucose and linseed, for instance, the prior labor is that of raising corn and flax. In steel the prior labor is in mining and transportation of materials. The United States Steel Corporation's total wages covering everything from ore in ground to finished product is just under 25 per cent instanced of 15 per cent shown in table for steel plants only. On the other hand, protection is to be measured not by the total wage cost, but the difference in total costs here and abroad. The difference in cost is very much less than the total wage cost. The tables are therefore highly significant of the excessive protection of which American trusts take advantage. b Dutiable. a Not including skins.

I find first in this book the Standard Oil Company, the oil trust. We are to give, according to the accepted rule of the party in power, the difference in the cost of production. I find that the total wage cost of producing oil is 6 per cent. I find that the tariff is 99 per cent. This wage cost, taken from the government reports, is of course only the cost at the refinery, but the Lord, with his winds, lifts the oil from the earth, and gravity brings it to the refinery and from the refinery to the great distributing centers; so that you could not make any great addition to the 6 per cent of refiner's cost to get the total wage cost. I think we will all allow that we have the greatest oil wells in the world, and produce at the lowest price anywhere in the world, substantially and generally speaking. We have, then, a duty 15 times the total wage cost. The entire ability of the Standard Oil trust to sell its product without a duty anywhere in the world except in Russia is evidenced by the fact that they shipped last year \$78,000,000 worth. The use they made of the tariff as against their fellow countrymen under the Dingley law is evidenced by the fact, according to government reports with which you are familiar, a report of the Bureau of Corporations, and according to private checks which I have upon it, was that they charged the American consumer from 35 to 65 per cent more than they charged the foreign user. If we had used here the \$78,000,000 worth which we shipped abroad, we would have paid some thirty millions more for it than the oil trust was delighted to receive from the foreigner. that basis, for what we did use, being about \$100,000,000 worth, the consumers paid to the oil trust under the Dingley law not less than \$35,000,000, and they have paid something like that for ten vears, which is a figure large enough to stagger us. That they were given by Congress an absolute monopoly and the people of the country delivered into their hands to the extent of 100 per cent as against 6 per cent wage cost, is evidenced by the fact that we brought in \$2,134 worth of the crude material, and only \$159,000 worth of refined oil from the Dutch East Indies.

I appreciate fully that the people have suffered to the extent of this thirty or more million dollars a year not because Congress put Standard Oil on the protected list, but because, in my judgment, Congress was not fully advised that as a practical matter when they did this thing for the Standard Oil Company they were delivering the American people into the hands of that trust, because, forsooth, Russia before the days of the Douma had delivered her people into the hands of the Russian oil producers. A friend of mine asked Henry H. Rogers how they came to get that duty. I think his answer is the best I have heard. He put his head back and laughed.

Steel is produced as cheaply in the United States as anywhere in the world. I have figured costs for twenty-five years; I have figured with competitors by the dozen. If I know anything, I know how men can differ with one another about costs, and I know how impossible it is for any two men, seemingly, to arrive at the same conclusion as to costs unless they work together; and when one manufacturer denies another man's statement of costs, the denial may be right because there may be an error; but even when both are right it is easy for them to some extent to question one another and to deny. But underneath all possible differences as to cost of production there is cost, and when you reach that general and fundamental proposition steel

costs as little in this country as anywhere on earth. Judge Gary, appearing before the Committee on Merchant Marine, said he thought it cost a little less somewhere, and he made a guess as to the place. He is at the head of the United States Steel Company in its commercial department. Mr. Carnegie says it costs less. Mr. Carnegie's utterance of a few days ago was not merely a personal utterance. I have word from New York that it is the expression of the judgment of many steel producers. I can not doubt it.

The CHAIRMAN. Will you give us the names of some of those steel

producers, right there?

Mr. Miles. I expect to give you the names privately, if you wish them.

The CHAIRMAN. What is that?

Mr. Miles. I expect to give you names in private, but I would sooner not give them in public.

The CHAIRMAN. All right.

Mr. Miles. I do not know whether or not I should go back and tell what steel cost to produce and what the price was to people like myself, intermediate consumers, when the Dingley law was formed, and how the Dingley law is in more or less degree responsible for an increase in the price to me of 100 per cent. It is rather a long story.

Mr. Underwood. If you do not give us that information, how do you expect us to be benefited by your talk? I hope you will give it. Mr. Miles. I can leave out part of the information and still give

you a good deal.

Mr. Underwood. I think we have time enough for that.

Mr. Miles. Then I will go back and give you this about the United States Steel Company. I mentioned trusts, and just happened to pick this up first:

Said Mr. Carnegie in 1884: "We are creatures of the tariff (meaning the steel people), and if ever the steel manufacturers here attempt to control or have any general understanding among them the tariff would not exist one session of Congress. The theory of protection is that home competition will soon reduce the price of the product, so that it will yield only the usual profit. Any understanding among us would simply attempt to defeat this. There never has been and never will be such an understanding."

Mr. DALZELL. Will you not give us the time and place where that declaration was made?

Mr. Miles. Andrew Carnegie, in the American Manufacturer,

July 25, 1884. He was a poor guesser.

Now, as to the cost of ore; and kindly remember that I speak as a consumer. I do not wish to have to prove a perfect case that entitles me to keep my own money in my own pocket as against the steel trust. The burden of proof is upon the man who wants my money, under the ruling that he is entitled to it, to a certain exact and precise extent, being the excess in his cost of production over foreign cost. To that extent I hand him my money, and feel that I am well paid in doing it. I have a statement here from the man who consolidated the great ore properties in the Lake Superior district in behalf of the steel trust. Mining in that district is done mostly with a steam shovel. He said to H. C. Frick, of the Carnegie Company, July 25, 1897:

As to the low cost of mining, although we are mining ore at present for less than 5 cents per ton for labor, we must look to the future when we will have

to go deeper, pump water, and lift the ore. Three steam shovels mined from its natural bed 915,000 tons of ore during the season of 1900, working ten hours a day only. Eight men with one shovel mined and laid into cars in one month, working ten hours only, 164,000 tons. A 25-ton car can be filled in two and one-half minutes, being at the rate of 600 tons an hour. Water transportation is proverbially cheap, the cheapest in the world. From Lake Erie to Pittsburg is the most efficient railroad in the world from a freight standpoint. It carries ore at the lowest possible cost, and with such connections with the ships that a train of 35 to 40 cars of ore can be loaded in an hour, and a 40-ton car of coal can be unloaded and partly trimmed in the ship in thirty-six seconds. All efficiencies from the ore in the dirt to the finished product at the mill are in line with this statement.

The great efficiency and low cost was well indicated by a letter of May 15, 1899, from Mr. Schwab, president of the Carnegie Company, to Mr. Frick, in which Mr. Schwab declared that rails were being made at \$12 per ton, as against \$19 cost in England. Said Mr. Schwab, "We can sell at this price and ship abroad so as to net us \$16 at works for foreign business, nearly as good as home business has been."

What is true of rails is equally true of other steel products. With this cost they sold rails that year at \$16 to \$17 a ton and made

Mr. UNDERWOOD. What date was that?

Mr. Miles. This letter is May 15, 1899; I am speaking of the year 1899, with a cost about 25 per cent below the English cost, they sold rails which are now selling at \$28 for \$16 to \$17 under competition and netted \$21,000,000.

Mr. Dalzell. I suppose that letter will be published and will be

accessible to the committee?

Mr. Miles. Yes.

Mr. Dalzell. Where is the letter from Mr. Schwab to Frick to be found?

Mr. Miles. It is in the public prints everywhere.

Mr. DALZELL. I do not mean in the newspapers; I mean the letter itself.

Mr. Miles. The original letter?

Mr. Dalzell. Some verification of it; where is it to be found?

Mr. MILES. I have it here, in the Inside History of the Carnegie Steel Company.

Mr. Dalzell. You have the letter? Mr. Miles. No; not the original letter.

Mr. DALZELL. With whose authority do you state that there was ever such a letter?

Mr. Miles. Bankers and acquaintances in Pittsburg, steel men everywhere, as far as I talked with them.

Mr. Dalzell. Suppose you name some of them.

Mr. Miles. I will give you the names privately, if you want them.

Mr. Dalzell. All right. Mr. Miles. This letter has been public property for ten years, and never denied. It is addressed to Mr. Frick, and a friend of Mr. Frick's told me it was all right.

Mr. Dalzell. Who was that friend?

Mr. Miles. That I can not tell you here; a business associate of Mr.

Mr. Dalzell. But you do not disclose his name?

Mr. Miles. I will satisfy you on this point. Mr. Gaines. He will give you his name?

Mr. DALZELL. He will give it to me?

Mr. Gaines. Did I not understand you to say that?

Mr. Dalzell. You will give me the name of the business associate of Mr. Frick, privately; did I understand you to say that?

Mr. Miles. I will if necessary.

Mr. Dalzell. All right.

Mr. Miles. I have it; that is what I want to impress upon you.

Mr. Dalzell. And I want to get it, that is what I want to impress upon you.

Mr. Miles. It is just a matter of being fair about it when you get

I know you mean to be. I will satisfy the committee. The next year after this, being 1900, with no material change in prices, as I remember, the profits of the company, from increased business, and so forth, were \$40,000,000, but I do not know but the prices were somewhat higher; I can not answer.

Mr. Dalzell. What year was it that you gave the price of steel

rails at \$17?

Mr. UNDERWOOD. 1899; he said 1899.

Mr. Miles. 1899. Mr. Dalzell. 1899?

Mr. Miles. Yes, sir. I have, upon the authority with which I quoted the Schwab letter, what purports to be a facsimile of the balance sheet of the Carnegie Company-

Mr. Cockran. Let me ask you one question there. You say that letter was public property. Where was it published—that letter of

Schwab's?

Mr. Miles. I will have to talk about this book. Mr. Carnegie and Mr. Frick came into quite a quarrel. Mr. Carnegie wanted to buy Mr. Frick's coal properties, and Mr. Frick put a price upon it, as generally understood, of \$35,000,000. The book assets of the Carnegie Company at that time were \$81,000,000. They could not agree to a purchase. Mr. Carnegie would not pay \$35,000,000 for the mines, and consequently, by way of adjustment, the Carnegie people took \$22,000,000 out of their treasury in cash, depleting the \$81,-000,000 by that sum, less what they had made in the intervening weeks, and they consolidated at \$320,000,000.

Mr. Clark. Consolidated what?

Mr. Miles. Eighty-one million dollars less \$22,000,000.

Mr. Clark. Plus \$35,000,000?

Mr. Miles. Plus what would be a proper valuation on the property marked "\$35,000,000."

Mr. Clark. And then capitalized that small sum at \$300,000.000?

Mr. Miles. Three hundred and twenty million dollars, and a very few weeks later put it into the United States Steel Company at a cash valuation of \$447,000,000.

Mr. Cockran. What I want to get at is this: You say that letter was published and never contradicted. I want to know where it was

published.

Mr. Miles. I think it was first published in this Inside History of the Carnegie Steel Company.

Mr. Cockran. Was that published?

Mr. Miles. Yes, sir.

Mr. Cockran. In the form of a pamphlet?

Mr. Miles. Of a book.

Mr. Cockran. And sold openly?

Mr. Miles. And sold openly; and some of them were handed out, as I am told, by the steel men concerned. The gentleman who told me said, "I got mine from Mr. Oliver."

Mr. Cockran. Of course we want to verify it; it is very important. Mr. Miles. Of course. There is no question about the book, but of course there are some people now who wish the book had never been written.

Mr. Cockran. I suppose the author would say "Oh, that mine

enemy would write a book." [Laughter.]

Mr. Mr.Es. All the statistics that can be gathered on the subject, so far as I know—and I have been at it for three years and I will say nothing to you except as I got it from the most accredited experts in the United States on figures—the official valuation of all the steel properties put into the United States Steel Company was \$400,-000,000. They were thought to be worth \$600,000,000, or half as much again, as soon as the consolidation was completed, because a trust can earn more money than competing institutions. \$400,000,000 increased to six, was capitalized at \$1,450,000,000. It is fair to say just a round billion dollars of water, but that was all on the basis of various factories and mines being worth what, for instance, my factory is worth, which is on a competitive basis; but the minute you added a monopoly control they were worth whatever the owners thought they were worth. To-day upon a close valua-tion, thanks largely to the Dingley bill, not only has the water disappeared, but the property is estimated by Moody—and I think officers of the steel companies have published statements to the same effect—at net, well above a billion and a half, notwithstanding hundreds of millions of dividends that have been paid—as I remember, over half a billion of dividends and investments in the way of enlargements, and so forth. In those days, when we were all upon a competitive basis, I was buying steel at 80 cents per hundred pounds. My stuff last year was made of steel that cost me \$1.60, or exactly double. The Iron Age about two years ago declared that the cost to the great steel companies was no more than when the trust was formed. That seems an impossible statement, but the truth about the steel companies surprises everyone. The steel people have gone over to England year in and year out for ten or fifteen years and simply astonished the English producers with the record of their accomplishments. There is no question but the most remarkable accomplishments ever brought about in the manufacturing industry upon this round world of ours, the greatest of them all is the accomplishment of the American steel producer; and instead of speaking against the steel producer we can not speak highly enough of him, the greatness of character, and his intelligence and his accomplishment in his own industry. No Englishman who has listened to the statements which our makers have been glad to give them over there could think of competing with them.

Now, as to your duties. The duty on ore is 17 per cent. I can not say what ore is worth. If you care to ask me later, I will talk about ore. It is as easily mined in this country as anywhere in the

world, substantially.

Coming to pig iron, the wage cost at the furnace of making hot metal pig has been held up but recently, so far as I know, as high as 90 cents.

Mr. Clark. Wage cost what? Mr. Miles. At the furnace.

Mr. Clark. Per ton?

Mr. Miles. Per ton produced, 90 cents. The tariff is \$4. The wage cost in America is less than anywhere else I know. There may be pennies, five cents difference, something of that kind, but substantially nothing else, so far as I know.

Mr. DALZELL. No one has given us that yet, Mr. Miles. Could you

give us the elements that make that wage cost?

Mr. Miles. At the furnace?

Mr. Dalzell. Yes.

Mr. Miles. I get the cost from a producer who owns his mines, owns his furnace, owns his rolling mills, has the whole thing. He tells me that is full high. I get it from another man who builds furnaces and operates them. He tells me that is the generally accepted price in Pittsburg. I have a statement, which I implicitly believe, to this effect, and I think it is a matter of general public record. Mr. Schwab, when called upon by Mr. Jenks and a committee of English steel producers in this country, took his cost books off the shelf and read as the entire wage cost at the blast furnace, hot metal, 41.1 cents per ton produced.

Mr. DALZELL. I have not been able to get that information, and I am sincerely and genuinely in search of it. I would like if you could give me the various items that go to make up that wage cost.

Mr. Miles. The wage cost at the furnace?

Mr. Dalzell. Yes.

Mr. Miles. I went with a committee of six men through the Homestead works, and there were not any laborers there, and there was a lot of hot metal coming out.

Mr. Dalzell. That does not answer my question.

Mr. Miles. It does not, no, sir; but I saw exceedingly few men; the room looked empty. There are few men running a monkey train, getting the metal, carrying it to an automatic lift that runs it up to the top of the furnace and dumps it and comes back of its own accord—no labor; and then as to the rest, there is a man away down below at the opening.

Mr. Dalzell. But it would not be fair to take the Homestead works as representing all the manufacturers of pig iron in the country.

Mr. Miles. I have been talking only of the hot metal.

Mr. Dalzell. Other people do not have the facilities they have there. I expect to have somebody furnish me with figures representing the wage cost—the labor cost—of making pig iron, and I would like to have in my possession the facts to enable me to know whether the people are telling me the truth.

Mr. Miles. I had no idea that I would be called to a hearing this early. One of the largest producers in the world, I believe, one of

the foremost producers, says he will give me the cost detailed.

Mr. DALZELL. Will you furnish the committee with that when you get it?

Mr. Miles. Yes, sir; that is what I am going to get it for. In the meantime I have these statements, explicit, from men who own the whole process, men who build the furnaces and operate them.

Mr. Underwood. You do not include, of course, in your statement as you counted the cost of your hot pig, the cost in the casting house?

You are referring to pig that is made into a steel rail?

Mr. Miles. I am very glad you mentioned that, because the cost in a merchant furnace is very materially higher. The wage cost is more than doubled, the capacity of the furnace is not more than half, but cold pig must be figured on a very different basis.

Mr. DALZELL. That is what I want to get, the cost of the com-

mercial pig, the labor cost.

Mr. UNDERWOOD. I would like for you to bring out the figures, as far as you can, for your statement that there was only 90 cents labor cost in hot pig iron astonished me, because I do not know of any pig iron ever being made in the United States much less than \$7 a ton, and that was along in 1897, at the very lowest rate. I think the cost of making pig iron in this country has increased at least a third since 1897, so that it is at least below the average cost to say that the cost of pig iron to-day is somewhere near \$10 in the country at large. Now, with a 90-cent cost of labor, I can not see where you can get the component parts to make up the cost of pig iron.

Mr. Miles. You have got your materials, of course.

Mr. Underwood. If this only refers to the men in the stock house, where, as you say, the cost has been very greatly reduced by automatic lifts, I can see where the cost of labor in the stock house can be only 90 cents, but if you include in that the cost of transportation about the yards, the handling of the ore, the engine force, and the great force of men around the yards, I can not see where you can hold it at 90 cents, and all I want is information; I would like for you to give me your authority for that statement.

Mr. Cockran. Can you give that information?
Mr. Underwood. I want the information as to exactly what you have included in this 90-cent labor cost, as to whether you mean the actual labor cost in the stock house, the carrying of the coal and the ore to the top of the furnace and letting it go through the bell, or if you mean all the component parts in the furnace yard.

Mr. Miles. All the component parts, from the taking of the dirt from the place where it is stored to the taking away of the hot metal.

Mr. Underwood. That limits it absolutely to the stock house?

Mr. Miles. Yes, sir.

Mr. Underwood. It does not include the enginemen, the blowing men, the furnace men, the helpers, and the large amount of labor cost around the yards?

Mr. Miles. I guess that would be included, sir. The total wage cost at the furnace is what a man who is worth \$50,000,000 and owns

furnaces tells me.

Mr. Bonynge. As I understand, you do not know anything about the total cost of your own knowledge?

Mr. Miles. Yes, sir.

Mr. Bonynge. You have simply hearsay statements as to what

Mr. Miles. I have been there through the mills.

Mr. Bonynge. Yes; but as to the wage cost at the furnace, you

have no personal knowledge what it amounts to?

Mr. Miles. Yes; I have a lot of personal knowledge from going about there and estimating—over thirty years' experience. I know whether the place is thick with men or whether it is almost entirely automatic.

Mr. Bonynge. In a general way. Mr. Miles. In a particular way.

Mr. Bonynge. But as to giving definite information about the wage cost, you are not able to give it of your own knowledge?

Mr. Miles. If you mean between 85 and 90 cents I could not tell, but I go there and see the thing automatic in an extreme degree.

Mr. Bonynge. I understood you to say a moment ago that you were basing your statements as to the total wage cost upon statements made to you by others; is that not correct?

Mr. Miles. Yes, sir; plus my personal experience.

Mr. Clark. Mr. Miles, what I want, and I take it what every member of this committee wants, is exact information about this hot pig and cold pig, the cost of them, and if you can give it now we would like to have it; if you can not give it now we would like to have you put it in your brief as exactly as you can arrive at it; and if you could give it we would like for you to give references to some practical maker of these articles who, in all human probability, will tell the truth.

Mr. Cockran. You say "Mr. Jenks;" is that Professor Jenks, of

Cornell University?

Mr. Miles. No, sir; he is the head of the British Iron and Steel Association, I believe is the name. They sent a commission over here corresponding to the Moseley commission, and they were very graciously received by the steel producers, who, as I stated, brought their cost books out, and so forth, to a considerable extent.

The CHAIRMAN. You may proceed.

Mr. Miles. I hold that the wage cost at the furnace, from the best

information I can get, is 90 cents.

The Charman. In dealing with these subjects, the committee is dealing with important interests, and they want to get at the bottom facts. They want to know the whole business. They want something that is at first hand, as far as they can get it. Whatever information you may give on this subject is not first hand. If you give them the source of that information, the committee may be able to find out just what the facts are, but the anxiety of the committee is to get the exact facts, the truth, and undoubtedly you state it just as it appears to you from all your information. If you will give us your sources of information, it will enable us to further investigate, perhaps.

Mr. Miles. I will do that, sir. As a general proposition, with 90 cents or a little more, or, as Mr. Schwab would indicate, a good deal less, and with Mr. Carnegie's statement, and the statements of many other experts, many of whom I consulted, that it costs no less to make metal in this country than abroad, I hold \$4 to be a very excessive rate on pig. From the best figures I can get from producers—I have a letter not four days old wherein a producer checked my costs and said they were substantially right—I figure the cost of rails at

\$14 to \$15.

Mr. Bonynge. You mean the labor cost or the total cost?

Mr. Miles. The total cost. And to show how the trust operates, the trust makes the foreign price, if we can accept any statements from the trade papers, of \$22 against the foreigner and \$28 against the home buyer. But to go on with my trust proposition. You have 40 per cent tariff on pig, with a total 28 per cent on bars, 29 per cent on rails, 14 to 35 per cent on steel ingots, 8 to 65 per cent on sheet iron, and the wage cost averages on all those 15 per cent, according to the United States census.

Mr. Cockran. Fifteen per cent of what?

Mr. Miles. Of the selling price. The total wages are 15 per cent.

Mr. Cockran. Of the selling price?

Mr. Mues. And the lowest tariff rate is 14, and up to 40. Your steel rates are all much in excess of the government reports of the

total wage cost.

Mr. Cockran. Let me see if I have your figures correctly. You say the labor cost of all these articles is 15 per cent of the selling price?

Mr. Miles. Yes.

Mr. Cockran. And the tariff duty is from 14 to 45 per cent?

Mr. Miles. Yes, sir; 14 to 65.

Mr. Bonynge. What was your authority for making the statement that the labor cost was 15 per cent of the entire cost?

Mr. Miles. The United States statistical reports.

Mr. Bonynge. Of what year?

Mr. Miles. The last year, I think, 1907, the one just out. I can not say whether it was 1907 or 1908.

Mr. Bonynge. The Statistical Abstract, you mean.

Mr. Dalzell. Will you not give us figures showing the elements that go to make steel rails cost \$16 a ton? How do you figure that out? What do you count in that?

Mr. Miles. Everything except the overhead wear and tear of ma-

chinery; I do not know that that is in.

Mr. Dalzell. Will you not give us the items? How much is ore? Mr. Miles. The big producer tells me that pig iron costs in Alabama, hot metal, \$8 to \$10, in his judgment, but he does not know; he produces in the North.

Mr. Dalzell. You said a moment ago that steel rails cost \$16 a

ton, according to your figures of cost.

Mr. Miles. \$14 to \$15.

Mr. Dalzell. And that a great producer had checked off your figures of cost and verified them. Will you not give us the figures that the great producer checked off, and tell us who the great producer is?

Mr. Miles. Ten dollars on hot pig.

Mr. Dalzell. Yes.

Mr. Miles. Three dollars to the ingot. Mr. Cockran. Three dollars what?

Mr. Miles. From pig to ingot; that is \$13 for ingots.

Mr. Dalzell. Yes.

Mr. Miles. And \$2 as a full price to the rail.

Mr. Dalzell. That is \$15.

Mr. Miles. Fifteen dollars. I said \$14 to \$15.

The CHAIRMAN. You said \$16.

Mr. Miles. I made a mistake, sir; \$14 to \$15.

Mr. Dalzell. Who was the producer who checked off those figures

of yours and verified them?

Mr. Miles. Those are the names I will have to give you privately. I go to Mr. Schwab's letter as a check on the cost of rails-\$12 some fifteen years ago, when they were sold for \$16—and my check gives the cost on bars as 80 cents, which, I think, recently cost me

\$1.60. These things are all checked back and forth.

Now, as to the need of protection. With a total wage cost on pigs, bars, rails, and ingots of 15 per cent, and a tariff which averages twice that, I cite the fact that they ship abroad \$46,000,000 of these cruder forms of steel, selling them in the open markets of the world, where there is no Dingley law to help them at all, but where, if tariffs are paid, they must be paid by the producer. I can not imagine that it can be thought by anyone that \$46,000,000 would be shipped out of this country into the open markets of the world by any producer who needed a protective tariff, and whose costs were excessive and above the costs in other countries.

Mr. Needham. That is the shipment per annum?

Mr. Miles. \$41,000,000.

Mr. Cockran. What year was that, 1907?

Mr. Miles. Last year.

Mr. Dalzell. What does that include, Mr. Miles? Mr. Miles. That is ingots, rails, bars, and pigs.

Mr. Dalzell. Can you not give us the particular amounts of each? Mr. Miles. I have a sheet, sir, that has them all. I can give you a list of them—but it is ten or fifteen; it is everything like rails and the cruder articles.

Mr. Cockran. Beams?

Mr. Miles. Beams, yes, sir; beams and girders; and structural steel, \$7,000,000.

Mr. Cockran. How much of rails; could you give us that?

Mr. Miles. \$8,334,000; steel ingots, \$2,600,000; bars, \$1,900,000; pig, \$1,600,000. All these are in the even hundred thousands. Mr. Cockran. That is \$22,000,000?

Mr. Miles. Yes, sir.

Mr. Cockran. Where do the other twenty-four millions go?

Mr. Miles. I think I have that among my papers, sir. I want to go through my argument, as I requested.

Mr. Cockran. We will let you go back to it.

Mr. Miles. It is nothing but that heavy stuff, however.

Mr. RANDELL. What is the amount of steel rails given there in the list?

Mr. Miles. Steel rails, \$8,334,000.

Mr. Chairman, lest it seem to some that I may be making an attack upon the steel interests, I beg to say that one of the managers of one of the five biggest steel interests in the country said to me two or three months ago, after I had been making statements like this for two years, to his knowledge, that some of the large steel interests in Pittsburg had considered my proposition and my statements, and that so long as I said what I had been saying it was all right.

Mr. Dalzell. Who said that?

Mr. Miles. One of the managers of one of the five biggest steel interests in the United States.

Mr. Dalzell. Will you give us his name?

Mr. Miles. Yes, sir; I would be very glad to give you his name. I have a little feeling that the steel men ought not to be obliged to come here and ask you to remove the duty, and Mr. Carnegie has said that as a sort of a general proposition; and that it is fair for us buyers to say as nearly as we can what we understand the situa-

The Chairman. Mr. Miles, I want to ask you one question.

Mr. Miles. Yes, sir.

The CHAIRMAN. It is as to this estimate that you make of producing a ton of steel rails. What time was that? What year was it?

Mr. Miles. Now, now. It was \$12 long ago. It is \$15 now.

Mr. Dalzell. Sixteen dollars?

Mr. MILES. No; \$15.

Mr. Dalzell. You said \$16.

Mr. Bonynge. But he corrected it, and made it \$15.

Mr. Miles. The only \$16 I remember is Mr. Schwab's statement of some fifteen years ago, that at that time they cost \$12 in this country and \$19 in England. They were selling them here for \$16, and making at the rate of \$20,000,000 a year profit, and consequently could ship to England and sell them at the Englishmen's cost of \$19, and make about as good a profit as they were making here at that

time. That is one of Mr. Schwab's statements.

Now, as to the need of protection to the steel interests: We find that they ship abroad \$46,000,000 of their coarser products, and I have evidence that they sell abroad at a materially less price than they charge the home producer. For instance, on pipe, within two weeks. I have evidence that they sell pipe abroad now at 35 per cent less than they charge the home producer. I had the original invoices

in my hands within a week.

The CHAIRMAN. Where can we get next to some of these things, Mr. Miles? Your statement now is that steel rails can be produced at \$15 a ton. Mr. Felton, who came here—the president of the Pennsylvania Company, at Harrisburg—says they cost his company \$26 a ton. There is a discrepancy of \$11 in that statement. You two gentlemen disagree about that fact. Of course, he is in the business and he has actual knowledge, and he can not make that statement without falsifying, if it is not true; but you make your statement from what you have heard. It will be necessary for you to give us the source of your information, so that we can find these people and find out what the truth is and get hold of these invoices, and all that sort of thing. We want to know the facts.

Mr. Miles. Well, sir, I would like to keep the names off of the in-

voices, but I will make an affidavit and hand you a copy of an invoice

that I had in my hands yesterday.

The Chairman. Why not give us the name of the man who made the invoice, and let us get at that?

Mr. Miles. All right, sir; if you need it, I will give you that. Mr. Dalzell. We want to hear from him.

Mr. Miles. My whole contention, if I am allowed to go through and speak of the many schedules, is this: I did not expect to say it, I did not know it would be proper for me to say it; but, as I speak now for the consumer, it seems to me there is only one method that is possible, and that is to deny protection to manufacturers, except as they give the proof. No proof, no protection.

The CHAIRMAN. Well, if Mr. Felton tells the truth, he has given

proof. He says they cost so much.

Mr. Miles. Then that is what it costs him, if he says so, for aught I know. I understand that is a new company, is it not? I am not

Mr. Dalzell. Oh, no; it is an old company.

The CHAIRMAN. He has not produced his books as yet, or given us a detailed statement; but he gave us that statement, that it cost so much.

Mr. Dalzell. And he promised to give us the items.

The CHAIRMAN. I think we will be able to find out whether he is telling the truth or not before we get through.

Mr. Miles. I hope so.

The CHAIRMAN. And that is all we want to get. Now, you tell us these things and we want to get the source of your knowledge and the facts—not what you have heard. We want facts. We want anything that you have to give us to enable us to find the facts; but we want to find out who said these things, so that we can get the people here and find out for ourselves.

Mr. Miles. I should think you could, very easily.

The CHAIRMAN. You would not act in any other way, would you, if you were making a tariff bill?

Mr. Crumpacker. We can get the information that rails sold for

\$16 and \$17 a ton ten years ago.

The Chairman. Of course we can; and at the same time that pig iron sold for less, and all that sort of thing.

Mr. Crumpacker. Yes.

The CHAIRMAN. And all these things tend in the direction of enabling us to find out what they cost; but I want to find out from him what it is.

Mr. Cockran. For instance, Mr. Miles has figures here now showing an exportation this last year of 46,000,000 tons of steel.

Mr. Miles. Yes, sir.

Mr. Cockran. And he has given us items up to a little less than half of that—22,000,000. Now, I assume that you will show us just what those sold for abroad, and what the corresponding price would be at home, for those 46,000,000, last year.

Mr. Miles. They must have sold on the international market.

think we may assume that.

Mr. Cockran. I suppose so; but give us the figures. How does the

international market price compare with the local price?

Mr. Miles. Our own producers are shipping abroad to-day, or were sixty days hence or twelve months hence, along in that period, at about 25 per cent less—

Mr. Cockran. Where is that? That is the evidence we want, right

on that.

Mr. Miles. I will hand it to you. I had the invoices in my hand yesterday. I have not them on the table. That is, on certain general steel products-not on everything.

Mr. Cockran. I understand. I am speaking as to this 46,000,000. You need not go back ten years. That is the total exportation?

Mr. MILES. For last year. Mr. Cockran. Of 1907?

Mr. Miles. That is, the total exportation of steel goods, according to the census, or the statistical reports, was very much more; but 46,000,000 was the coarse stuff.

Mr. Cockran. I understand.

Mr. Miles. The stuff shipped by the rolling mills.

Mr. Cockran. And you specify as the coarse stuff, ingots, rails, bars, beams, girders, and——

Mr. Miles. Structural steel.

Mr. Cockran. And structural steel. Of that you say 46,000,000 was sent abroad?

Mr. Miles. Yes, sir.

Mr. Cockran. Have you the rates at which that was sold?

Mr. Miles. I have had quotations from foreign producers of steel, off and on, for ten years, and the foreign price has been below the American price by just about the amount of the tariff.

Mr. Cockran. Is that so as to last year?

Mr. Miles. I think my last quotation is less than six months old.

Mr. Cockran. Well, that is what we want.

Mr. Miles. And I have an invoice about sixty days old, at 26 per cent less than the home price.

Mr. Cockran. Is that an invoice which we are free to verify?

Mr. Miles. Yes, sir.

Mr. Cockran. We can call the parties if we want to, can we?

Mr. Miles. Yes, sir.

Mr. Cockran. There is no secrecy about it?

Mr. Miles. No, sir.

Mr. COCKRAN. All right; thank you.
Mr. Miles. I have a quotation here from a foreign producer to one of my competitors, wherein the foreign producer offers steel products at one-third less than the trust price in this country.

Mr. Cockran. Delivered where? Mr. Miles. Delivered at Antwerp. Mr. Cockran. Delivered at Antwerp?

Mr. Miles. Yes, sir; Antwerp being one of the competing places against which this 46,000,000 went out. One of my quotations is on pipe. I forget the diameter of the pipe. The Antwerp price is about 61 cents and the American trust price is 91 to 91 cents.

Mr. Cockran. Is that steel pipe?

Mr. Miles. Yes, sir; steel or iron; I am not sure. I have it right here. The trust charged the home producer a little less than 50 per cent advance over the Antwerp price, the home trust meeting the Antwerp producers and all other producers in the open market on \$46,000,000 worth of stuff last year.

The CHAIRMAN. What year was it that you made the exportation of the steel rails? Was it 1907?

Mr. Cockran. The \$46,000,000 worth of steel stuff.

The CHAIRMAN. Was it 1907?

Mr. Cockran. He says so. The Chairman. Steel rails?

Mr. Miles. Oh, no; manufactured steel, ingots, and so on.

Mr. Dalzell. Have you that statement there?

Mr. Miles. I had it in my hand yesterday. I do not find it now. It is the total steel export, given by the Bureau of Statistics, or the Statistical Abstract. It runs way above 100,000,000, but that includes typewriters, and such little things as that—highly finished products; and I took out the highly finished products and had \$46,000,000 worth of these coarse products.

Mr. Dalzell. I would like to be clear about that. This letter of Mr. Schwab's, this "twelve-dollar letter," and the price of steel rails

at \$16 a ton—were they both in the same year?

Mr. Miles. In the same period. I do not know, sir. I gave you

the date, I thought.

Mr. Dalzell. You gave me the date when the price of steel rails

was \$16 a ton as 1899.

Mr. Miles. What was the date of the letter?

Mr. Dalzell. I want you to give me that. I have forgotten.

Mr. Miles. The letter was dated May 15, 1899. That is two years after the tariff.

Mr. Dalzell. Two years after what?

Mr. Miles. After the Dingley bill became a law. In the same year rails were selling at from \$16 to \$17. Mr. Schwab's letter contains all the figures you desire.

Mr. Dalzell. Yes; but unfortunately in 1899 steel rails were sell-

ing at \$28.12.

Mr. Miles. Then that is another part of the year.

Mr. Dalzell. No; that was the average price for the whole year. Mr. Miles. That may have come in under your \$40,000,000 profit year, when they doubled their profits. My proposition on steel is that with \$46,000,000 of exports, and with Mr. Carnegie's letter and declaration to the public now. and the other evidence submitted, there is sufficient reason for us to feel confident that steel can be produced here without protection.

Now, as to the effect upon our business. I do not believe anyone will hold that it costs more than 1 cent a pound to make steel. I believe that was the testimony that was offered here the other day. I speak of bar steel. We are paying \$1.40 to \$1.60. Of course we do not know just what the price will be from time to time, but it was

\$1.65 last year.

One of the great producers, one of the great buyers of steel, tells me (and it ought to be easy for you to verify this) that he buys the steel from Pittsburg for use in his Canadian factories for a materially less price than he pays in Pittsburg for steel for use in his American factory.

Mr. Cockran. Who is this?

Mr. Miles. One of my competitors.

Mr. Cockran. You have not given his name, have you?

Mr. Miles. No, sir; I have not. I will have to verify that. He told me that I might tell you.

Mr. DALZELL. You will tell us, will you not?

Mr. Miles. I think I must, sir. I feel that it is verified by the invoices I have in hand, that some steel goods are sold abroad at 25 per cent less than the price in this country. Having two or three invoices of that kind, and finding that \$46,000,000 worth of stuff is sold abroad at the international price, and every evidence that we all have that the international price is 25 per cent or thereabouts under the domestic price, why should not I assume, when he tells me so, that he does buy steel for use in his Canadian factory at much less than he buys it for use in his factory in this country? He tells me that because of the fact that he can buy the steel in Pittsburg for his Canadian factories at less than he can buy for his American factories he has been employing less men in his American factories for the last six to ten months and is running his Canadian factories full. Those of us who employ labor using steel in this country believe that the Dingley bill takes away from us output, and takes away from our men hours of labor that we ought to have, and that we did have before. By consolidation the producers have taken advantage of the excessive rate in the Dingley law.

Now, as to the international price, if there is anything that is evident it is that that \$46,000,000 worth of stuff was shipped abroad at the international price, being 25 per cent or thereabouts under the domestic price. If that is so, England and other foreign countries can buy steel to make into goods for shipment into Argentina and neutral markets at a great deal less price than the American manu-

facturer can get his steel for at the trust price.

I represent, among others, an implement manufacturer—one of the three largest in America—who says that he would be utterly ashamed to have me know how much foreign business he did for the profit he got out of it. He says he is certainly going to lose his foreign business, and is losing it, because those who make implements on the international-price steel are beating him in the neutral markets-Argentina and South Africa, for instance.

The CHAIRMAN. Are you speaking of farm implements?

Mr. Miles. Yes, sir; agricultural implements.

The CHAIRMAN. Why, can not our people beat the world on them? Mr. MILES. Yes, sir.

The CHAIRMAN. I mean now, under present conditions, with the duty on steel, can they not beat the world on agricultural implements?

Mr. Miles. No, sir.

The CHAIRMAN. And sell them in any market they can get to, without a tariff?

Mr. Miles. No, sir; you may ask any agricultural implement maker you wish to.

The CHAIRMAN. I would like to have a little conversation with that manufacturer, if you will give us his name.

Mr. Miles. Remember, gentlemen, they did not ask me to come here. The implement people ordered me to come.

The CHAIRMAN. I would like to see him, and interview him.

Mr. Miles. I will see that you interview him, and that you see his invoices, and anything you like to.

The CHAIRMAN. I have interviewed others, but I would like to in-

terview him.

Mr. Miles. You have interviewed a fellow-townsman, maybe, who

makes his own steel.

The CHAIRMAN. I have interviewed a fellow-townsman, and another man who is not a fellow-townsman, and who came to see me. He is not one of the largest manufacturers, but he is a good, large manufacturer; and they tell me the same story.
Mr. Miles. He probably makes his own steel.

The CHAIRMAN (continuing). And my own townsman tells me that he has never sold any agricultural implements abroad but that he has had as good a price or a better price than he got in this coun-

try at the same time. He has been exporting for years.

Mr. Miles. We implement people, when we got our steel on the competitive basis, had a very desirable, big foreign trade. The statistics show that the exportation of implements is increasing, but it consists of harvesters. There is not an increase in other lines that is material. The harvester people make their own steel, and they make it for 1 cent a pound, whereas the rest of us pay 1\frac{1}{2} cents a pound.

The CHAIRMAN. I am going to have that townsman down here

Mr. Miles. I wish you would ask him what he pays for steel in Canada and what he pays for it in the United States.

The CHAIRMAN. I know he was manufacturing for a great many

years when he did not make a pound of steel.

Mr. Miles. Yes; and then he was on our basis. We were all on a level. Now he is 30 per cent under us.

The CHAIRMAN. And he was selling his steel abroad at a better

price than he sold it for at home.

Mr. Miles. He is 30 per cent under us now.

The CHAIRMAN. That is, according to his own statement. I do not know. I take his word for it.

Mr. Miles. So would I. I know him intimately.

The CHAIRMAN. I guess anybody who knows him would.

Mr. Miles. Yes, sir.

Mr. Cockran. Allow me to suggest this to you right there. Mr. Felton, when he was on the stand, pointed out that there was a difference in the cost of production to the United States Steel Company and to all their competitors, because the United States Steel Company owned the raw material and had its own means of transportation, including railways and steamers, and all that kind of thing, and he contended that it was not fair to the smaller producer of steel to estimate the cost of production by what it actually cost the United States Steel Company. I think that was the statement, was it not, Mr. Dalzell?

Mr. Dalzell. Yes.

Mr. Cockran. That is an aspect of this question that I think the committee would like to have light upon, if you are able to shed it. But before you do that let me ask whether you are giving the price of production to the United States Steel Company or are you giving the price of production to all the steel companies?

Mr. Miles. I think the price goes for all the larger steel companies; but the steel company that has to buy its ore is dreadfully handicapped, and I do not know to what extent it should be considered. That is to be left to the committee. All those smaller people are in a combination with the big company in restraint of trade, and

make, with the great company, one price to all users in the United States. He pays that price or he goes without. Those little fellows do not hesitate a moment to take every possible advantage that the trust takes, and they join with the trust in raising the price against the consumer.

Mr. Cockran. If the trust controls the raw material and has the smaller producer at its mercy, it could punish anyone that undertook to sell under the price that it chose to fix, could it not?

Mr. Miles. Yes, sir; and it has punished dreadfully.
Mr. Cockran. In point of fact, the smaller companies, according to your statement, are coerced into fixing the price the trust wants to

Mr. Miles. It is a very delectable coercion when a man is compelled

to raise the price 25 per cent.

Mr. Cockran. I am not so sure about that, if it diminishes the sales considerably. It may not be all net profit to him. It may mean serious injury to him. I think you must recognize the fact yourself that if by any means I could coerce you into charging an extravagant price for your product, I might be injuring you as seriously as if I compelled you to sell for less profit.

Mr. Miles. I do not know where to look for that small producer

that you speak of.

Mr. Cockran. Well, that is another matter.

Mr. Miles. There are five big companies. They must make from 90 to 95 per cent of the output of the United States, I judge.

Mr. Cockran. You will give us the names, will you?
Mr. Miles. The United States Steel Company, Jones & Laughlin, Republic Iron and Steel, Colorado Fuel and Iron, and then comes the Lackawanna and the Pennsylvania. There are two or three other lesser companies that I can not name. I do not know how many

Mr. Cockran. You mentioned six, I believe.

Mr. Miles. Yes.

Mr. Cockran. And those control, you say, 90 to 95 per cent of the entire production?

Mr. Miles. I think they do. They are the only people we ever

see in the market.

Mr. Dalzell. How about the Cambria?

Mr. Miles. That would come in. I was thinking that it was the United States Steel. I would put that in that list.

Mr. Underwood. Are you speaking of steel or iron?
Mr. Miles. Steel and iron. I do not distinguish between the two. They are, substantially, the same. Now, I do not mean to tell you that they are all the people who make steel, but in the open market there are those and maybe one or two others. But, as far as we know as buyers, they are equally capable, and they are in that as well as in a commercial sense, practically one.

Mr. Cockran. Perhaps that is true as to the price they charge the consumer. But what I want to get at is this, for it is an important feature of this inquiry. Do you mean that all these other companies, the Lackawanna, the Pennsylvania, the Cambria, and the others, make their product as cheaply as the United States Steel Company, or do you concede the truth of Mr. Felton's claim that the United States Steel Company, by reason of its extensive ownership in the various elements that contribute to the production, has the others at a disadvantage?

Mr. Miles. Have I Jones & Laughlin in the list?

Mr. Cockran. You have.

Mr. Miles. They own their deposits of ore, just the same, and the Republic owns its deposits. The Colorado Fuel and Iron own theirs, and if there is any one of them that does not I think they ought to join us in the proposition of free ore, because I do not know where it does land them, where ore is so far controlled that anyone might be hurt. I do not believe that is a reason for a tariff of one hundred million—

Mr. Cockran. Of course I merely want to get the facts.

Mr. Miles. Here is an answer, sir: One or two of those lesser companies told me a while ago—they would not say it now—that the great United States Steel Company was in their hands, and that they were not in the steel company's hands.

Mr. Cockran. Why would they not say it now?

Mr. Miles. Well, the steel company is not in anybody's hands now; but the efficiency of Jones & Laughlin and those smaller companies is complete. Nobody can do anything to them. They are independent, they own the ore, and they produce as cheaply.

Mr. Cockran. In point of fact, what you say is this—and let me see if I understand you accurately—that all these companies produce

as cheaply as the United States Steel Company?

Mr. Miles. Substantially.

Mr. Cockran. There is no substantial difference?

Mr. Miles. I say substantially.

Mr. Cockran. Now we have it—substantially.

Mr. Miles. As far as we can learn. They talk as though they do, and they claim to, as far as I am acquainted with them, and I know a good many.

Mr. Cockran. Are you acquainted with them?

Mr. Miles. I am not acquainted with the Pennsylvania or the

Lackawanna. I am with the others.

Mr. COCKRAN. With the exception of the Pennsylvania and the Lackawanna, you are in a position to state that the other companies can make their product and put it on the market as cheaply as the United States Steel Corporation, or substantially as cheaply?

Mr. Miles. Substantially. There may be 5 per cent difference, or 6 per cent—the difference that obtains between all competitors who are supposed to be on substantially the same basis. The United States Steel Company may have an advantage in one place and a disadvantage in another. Of course, I think it would be at the head, but the others are so close that the difference on any sort of selling price is inconsiderable. That is the answer.

Mr. Bonynge. You say that these companies control 90 to 95 per

cent of the whole market?

Mr. Miles. They control the whole market as far as we, as buyers, know. Of course there are lots of little people, but they are very small, and they use for the most part, as far as I know, old rails.

Mr. Bonynge. How much of the market does the United States

Steel Company control?

Mr. Miles. According to the records about eighteen months ago, 53 per cent. They have taken Tennessee Coal on since. That adds 8 per

cent. or thereabouts, as I remember.

Now, as to the profits that are made by some of these small, independent concerns: I know of one that bought a mill when the consolidation came on, in order to be independent; and after they had been running that mill for three or four years I was informed by one of the officers that they had made 100 per cent each year; so they are not very helpless. The mill had paid for itself once a year for the first three to five years of its operation. At the same time, when I told that to an able man, he said that he knew of one that made 80 per cent. I am not posted as to that.

Mr. Underwood. I think you can probably give me some information as to another matter. It has developed from the manufacturers of agricultural implements that their foreign business is being hampered by the Dingley bill. Are they selling their product now in the markets of the world in competition with the manufacturers of agri-

cultural implements abroad?

Mr. MILES. Yes, sir.

Mr. Underwood. Do you think if the reductions that you suggest were made they would be more able to sell their foreign products?

Mr. Miles. It does not cost a penny more for the producer to make the steel here than it does in Europe, and yet he would like to go abroad and give his steel to Europe at 25 per cent less than he charges us. Of course, we can not pay 25 per cent more than our own producers will supply foreign competitors for and then meet those competitors in neutral markets.

Mr. Underwood. Are you selling at a loss in the foreign markets,

or at a profit?

Mr. Miles. I do not think there is any profit in the foreign business now.

Mr. Underwood. Is there any loss?

Mr. Miles. I can best answer that by saying that one of my competitors said twelve months ago that he was afraid he was making the last contract he ever would make in Argentina; that he did not know whether there was a penny in his contract; that he was just going to chance it one more year.

Mr. Underwood. They had been making a profit, had they?

Mr. Miles. Yes; there used to be a very nice profit in the foreign business.

Mr. Underwood. Under those circumstances, if this iron and steel schedule were properly adjusted, is there any reason why we should maintain the tariff except for the purpose of obtaining revenue on the

agricultural-implement business?

Mr. Miles. Many of the agricultural-implement people, if you allow them relief in the way of getting the steel wherever they can, there being places where it costs no more to produce it than here, will let you do what you choose with the agricultural implements.

Mr. Underwood. In other words, the tariff will not be a consideration if you can get the raw material on equal terms with the foreign

buvers?

Mr. Miles. No, sir; we will double, we will treble, we will quadruple the foreign business, and will run our shops ever so much stronger than now.

Mr. Bonynge. Would it bother you if I were to ask you what your line of production is?

Mr. Miles. Agricultural implements; also farm wagons, and also

buggies and carriages.

Mr. Underwood. Now, right on that proposition, I would like to ask you, if we reach a position where we are able to give you your raw material on the terms you think equitable, and we are able to remove the tariff and give you free competition with the world, what effect would that have on the American consumer of agricultural implements?

Mr. Miles. If you will join with the big men in the steel business who consent, and practically do away with the steel schedule, you will make the makers of agricultural implements go out and almost possess the earth, and you will enable us to supply the farmers here at

decidedly less prices.

Mr. Cockran. About how much less?

Mr. Miles. In my own business, whatever I have to pay for my materials I add about 20 per cent. I would take off the difference in the materials, and the 20 per cent added to that difference.

Mr. Cockran. Would that mean a reduction of 20 per cent to the

consumers of your product?

Mr. Miles. There are ever so many manufacturers who are decidedly willing to have their schedules reduced, but they have the feeling that in saying that they must not be understood as being willing to be picked out, singly and alone, and cut. There is so much to it besides the one thing of one man's material. If you will make a general adjustment and bring us down, some of the makers of American machinery tell me they think they can go on the free list. I mean by that the makers of lathes and big heavy tools that we run our machine shops with; and some of the glass schedule can be cut off. If you will level us down a little bit, take the stilts out and bring our feet clear to the earth we will make a very material reduction in agricultural implements to the home consumer.

The CHAIRMAN. How much of a reduction could you make and

leave steel where it is?

Mr. Miles. Not a farthing. There is now no profit in implements

that is worth while.

The CHAIRMAN. I only ask that question because some rivals of yours think they could take it all off.

Mr. Miles. Take all of what off?

The CHAIRMAN. Take all of the 20 per cent off of agricultural implements.

Mr. Miles. Oh, I thought you said how much cheaper could we

sell.

The CHAIRMAN. No; how much duty could you get along without and leave the other steel schedule as it is. Do you need that 20 per cent?

Mr. Miles. Some of us think we should have from 10 to 15 or 20 per cent. It varies; but the implement man-

The CHAIRMAN. What does Mr. Miles think?

Mr. Miles. Fifteen per cent maximum, and the minimum all off.

The CHAIRMAN. That is, in case the iron and steel schedule is lowered; but I say, in case the iron and steel schedule remains where it is, how much reduction can you stand?

Mr. Miles. I say we can take off a little. Take off 5 per cent from the maximum and give us a minimum that is on the free list, if you wish.

The CHAIRMAN. The minimum would be, probably, the tariff that

would be enforced; so let us talk about the minimum.

Mr. Miles. We are not posted for the last penny, but you can cut our schedules if you wish. We do not know, to a penny, how much.

The CHAIRMAN. Of course we can cut any schedules that we wish to, but I want to know how it would affect your business and what rate of duty you need for protection, leaving the rest of the schedule as it is, in the first place.

Mr. Miles. Fifteen per cent.

The Chairman. And how much in case the iron and steel schedule is lowered?

Mr. Miles. In case of reciprocity, the free list.

The CHAIRMAN. What?

Mr. Miles. On treaties of reciprocity, etc., the free list; but we would not like to be left entirely bare to the world, without the maximum and minimum schedule.

The CHAIRMAN. Why, certainly. I suppose it is as certain as anything that if we prepare a tariff bill we will have a maximum and a minimum schedule.

Mr. Miles. Fix steel and put us on the free list.

The Chairman. I do not know that there is anything else you can assume about a tariff bill, but you can assume that there will be a

maximum and a minimum schedule.

Mr. Miles. But we people are opposed to a great big free list on everything. We want a trading proposition; and so, when I am asked what we can stand, I name something above the free list for a maximum—15 per cent—and for the minimum, let it go at the free list for the implement people.

The CHAIRMAN. Well, I want your idea about it.

Mr. MILES. Yes, sir.

The CHAIRMAN. That includes farm wagons as well as the implements?

Mr. MILES. Yes, sir.

The CHAIRMAN. Is there anything else in your line?

Mr. Miles. And carriages.

The CHAIRMAN. Carriages also?

Mr. MILES. Yes, sir.

The CHAIRMAN. Does that depend at all upon the duty on leather? You say "carriages." Do you sell top buggies?

Mr. Miles. Yes, sir.

The CHAIRMAN. Putting that on the free list, do you make any conditions about what is done with leather?

Mr. Miles. I have the feeling that others do, that if we are willing to come forward and say that you can cut our schedule, and leave all

the rest up, we will suffer by the adjustment.

The Chairman. But I am asking about that specific thing, the duty on leather. I am not speaking about all the rest, but about that. You would want some protection if the duty were kept on leather, would you not?

Mr. Miles. Oh, we do not care about the duty on any one item, par-

ticularly.

The CHAIRMAN. All right.

Mr. Gaines. Mr. Miles, it is claimed frequently that agricultural implements are sold abroad by our producers of those implements cheaper than they are sold at home. What do you know about that?

Mr. Miles. I can not speak for the harvesters. I am not in that line of business. I can say that plows and the other heavy tools that till the soil are not sold any cheaper abroad than they are at home.

Mr. Gaines. They are not?

Mr. Miles. No, sir; they are sold at home on a competitive basis, at the lowest possible cost, with a small profit. They can not be sold at any less abroad. The profit and loss account would not allow us to, but in all business there are about three grades of prices. There is the price to the big jobber, the price to the dealer, and the price to the consumer. The foreign buyer is always, so far as I know, a very large purchaser, and the foreign price is a jobber's price, but it is the same to the jobber here.

Mr. Gaines. Then all this talk about agricultural implements being sold abroad by our producers of them cheaper than they are sold at home, with the exception of harvesters, about which you do not know,

is a misstatement?

Mr. Miles. Yes, sir.

Mr. Gaines. And all that there is to base it upon is the fact that you have three prices, one to the large jobber, a still higher one to the dealer, and a still higher one to the consumer; and the sales abroad are generally, are they, to the large dealer?

Mr. MILES. To the jobber.

Mr. Gaines. To the large jobber, I mean?

Mr. MILES. Yes, sir.

Mr. GAINES. So that he seems to get a smaller price on those articles than the same articles are sold to the American consumer for. Is that correct?

Mr. Miles. I do not know anyone to whom it so seems, but we get

it in the prints, occasionally, of course, without substantiation.

Mr. Gaines. We get it in the prints and on the stump frequently and not occasionally.

Mr. Miles. You have stated the fact.

Mr. Dalzell. In these three articles of which you are a builder—agricultural implements, farm wagons, and carriages—the makers of those articles have the entire home market now, have they not?

Mr. Miles. Generally speaking; yes, sir.

Mr. Dalzell. There are no importations of any importance of any

of those articles?

Mr. Miles. No, sir. A Canadian manufacturer tells me that he can and does ship from Canada over into this country, pays the duty, and makes some money.

Mr. Dalzell. Do you mean to say that there is any material impor-

tation of any of those articles into this country?

Mr. Miles. Some months ago there was.

Mr. Dalzell. To what extent?

Mr. Miles. I think to a very small extent. Mr. Dalzell. What were the articles?

Mr. Miles. Plows. There might have been harrows and other small tools,

Mr. CLARK. Do you know that these things are not sold cheaper abroad, or did somebody tell you that?

Mr. Miles. About my line of tools?

Mr. Clark. Yes.

Mr. Miles. They are not sold cheaper abroad.

Mr. Clark. Do you not have two price lists, one for export and one for home consumption?

Mr. Miles. It would be the same price list, with crating added,

if anything, for the foreigner-boxing for export.

Mr. CLARK. Now, here is a direct question. Do you not have two price lists, one for the home jobber and one for export, in which the export price is lower than the price to the American jobber?

Mr. MILES. No, sir.

Mr. CLARK. You know that?

Mr. Miles. Yes, sir. Mr. CLARK. All right.

Mr. Gaines. Mr. Miles, how much steel is there in a two-horse wagon? In the first place, what are your two-horse wagons sold to the farmer for?

Mr. Miles. It depends on the freight rates here. Seventy-five dol-

lars, I should say.

Mr. GAINES. Very well; take \$75 as the price to the ultimate consumer. How much steel is there in such a wagon? How many pounds?

Mr. Miles. I do not know, sir. I should think about 375 pounds. That would be within 25 pounds of it, I believe. I may be off on that. I would rather not say. I do not remember.

Mr. Gaines. Well, assuming that it is 375 pounds——Mr. Miles. Say 400 pounds.

Mr. Gaines. Four hundred pounds?

Mr. Miles. Yes.

Mr. Gaines. What would the tariff amount to on 400 pounds of imported bar steel, out of which you manufacture that?

Mr. Miles. I guess it would be about half a cent a pound, would

it not?

Mr. Clark. Well, it is one-fifth of a ton.

Mr. Dalzell. Bar steel?

Mr. Cockran. It would be \$1.60, would it not?

Mr. Gaines. Well, you know what the tariff is per ton. I am speaking of the very tariff you complain of. That is the one I am addressing myself to—the tariff on the bar steel that you buy from the maker of the steel.

Mr. Miles. I paid before the tariff \$12 per ton-80 per cent of the

cost, when the bill was put into effect-80 per cent of the cost.

Mr. CLARK. One dollar and forty cents, then?

Mr. GAINES. One dollar and forty cents, then. So that if the price to the consumer was increased by the entire amount of the tariff on an equal amount of imported iron, the increased cost to the purchaser of a \$75 wagon would be \$1.20, would it not?

Mr. Miles. I think the gentleman said \$1.40.
Mr. Clark. It is one-fifth of a ton, I say. I have forgotten——

Mr. Miles. If we should take that \$1.40, for example—

Mr. CLARK. I have forgotten what it is.

Mr. Miles. I would charge \$1.75 for that \$1.40, to the jobber.

Mr. Randell. Is it not \$2.40?

Mr. Clark. That is what it is. I had forgotten.

Mr. Miles. I think that is high; but I am glad the question was asked. Well, say it is \$2.

Mr. Gaines. Yes.

Mr. Miles. I would charge \$2.40 for that \$2 to a jobber, and a jobber would charge a dealer \$2.60 to \$2.70; and a dealer would charge the farmer \$3. If you make \$1 mistake in an overcharge in the tariff it costs the consumer 50 to 100 per cent more than it costs the manufacturer who began the process.

Mr. Gaines. The consumer seems to be suffering worse from the intermediate manufacturers and jobbers and retailers than he is from

any possible construction of the tariff. It would seem so. Mr. Miles. No, sir; that is a living rate of expense.

Mr. RANDELL. That is the effect of the tariff.

Mr. Cockran. You charge a profit on everything you pay out? Mr. Miles. A margin. It is not all profit. But we do business on a percentage basis. The retailer gets one-third or a quarter-it depends on what he sells. He has to get the same profit on one part of his purchase as on another.

Mr. Clark. How many wagons are made in the United States in

twelve months?

Mr. Miles. Well, you ask me a great many questions. I do not know whether there are 300,000 or half a million.

Mr. CLARK. I do not know; I thought you might know.

Mr. Miles. I do not know how many. I know there are many thousands.

Mr. Clark. If you multiply the number of wagons by \$3 you would get a full answer to Mr. Gaines's question.

Mr. GAINES. You would get one full answer to the question.

Mr. Clark. One full answer to the question; yes. On the steel in the wagon you would get one full answer.

Mr. Gaines. Yes.

Mr. Miles. I think there are about 300,000 wagons made.

Mr. Clark. I simply wanted to know whether it was 300,000 or 3,000,000 or what it was.

The CHAIRMAN. Mr. Miles has not completed his statement, has he? Mr. Gaines. The questions were going on when I came in, and it occurred to me that the only way to stop them was for me to ask a

question. Mr. Miles. I want to say that if you will give us relief from a trust that is acting in restraint of trade and attacking us anywhere it chooses to attack us up to the top of the tariff wall all of us who use steel will be able to run more hours in a day and week and sell our goods for a materially less price, employ more men, and pay them, if anything, better wages, because we have pushed our sales prices up continuously of necessity. We are making less money, almost no money. If you wish I will give you a statement of the profit and loss account of six of the largest farm-wagon concerns in the United States, and you will be sorry to look at it, and it does not cover the panic period. It is for the five years previous to the panic, and if they put their money in farm mortgages they would have been better off. They have pushed up the cost of these materials and have in turn pushed the price on against the consumers to the utmost of their ability, and the consumer is sore about it and objects to the price he has to pay, and he buys the least he can and not the most.

I will give you a statement of the secretary of the Implement Dealers' Association, in Kansas City, an association of 200,000, that the retailer has pushed his price all he can, until there is no profit in the retail business; and he will show an astonishing number of names of those who have gone out of business, or firms that have been changed in the title; and you could, I know, buy in more implement businesses in Kansas at a discount than I could name. That is the situation

The CHAIRMAN. How many more bushels of corn or bushels of wheat does it take to buy a wagon now than it did fifteen years ago?

Mr. Miles. He does not seem to figure it in terms of corn or

wheat. The farmer likes to sell his farm products-

The CHAIRMAN. I want the actual facts. I do not care what he likes to do. I ask whether he has any ground of complaint or not.

Mr. Miles. I do not know.

The CHAIRMAN. The farmers up in my part of the country are intelligent men, and you can not fool them by saying they have to pay more dollars for an article. They figure back and see what they are getting for their farm products, and if they are getting more than they did before they do not grumble.

Mr. Miles. I do not know that they grumble. They may not grumble, but they have pretty well stopped buying farm wagons.

The CHAIRMAN. Oh, no; they have not. You are mistaken. manufacturers added a new branch, and that is the automobile business. They have gone into that.

Mr. Miles. That has not a thing to do with farm wagons.

The CHAIRMAN. That is a pleasure wagon. They buy it instead of a top buggy.

Mr. Mn.Es. Do you mean to say they would haul corn in an auto-

mobile?

The CHAIRMAN. I did not say all the farmers. How quick you jump at such a thing. Of course all farmers do not own automobiles, but some own them, who do not have to mortgage their houses to have them.

Mr. Gaines. Mr. Chairman, he asked you whether you thought

they would haul corn in an automobile.

The Chairman. Oh, he did not understand me that way. [Laughter.] I am not going to answer that. Really, you do not want to put yourself in that position, do you, Mr. Miles?

Mr. Miles. My dear sir, I do not want to put myself in any position, but I did not understand why you should insert into a farm-wagon proposition any reference to an automobile. I thought you said they had gone to automobiles instead of buying farm wagons. I misunderstood you. I beg your pardon.

The CHAIRMAN. Oh, the farmers in my section are just as intelligent as the farmers in your section. They are not going in auto-

mobiles to haul their corn.

Mr. Miles. And I say they are not buying farm wagons.

The CHAIRMAN. Have you finished your statement? I want to ask you a question or two when you get through.

Mr. Miles. No; I have not begun it. If you will not ask me any questions, and will let me go on, I will soon get through.

There is every indication that the tariff on steel is twice the total wage cost. The total wage cost of the steel producers, mining and all, is 15 per cent of the output, and the tariff is two and three times that. When it comes to the difference in cost here and abroad, then it is still more. But, to go on with this trust proposition: Take the brass-goods trust, The American Brass Company, etc. They have 17 per cent total wages and 45 per cent tariff. Yet they export four and a half million dollars a year.

The CHAIRMAN. Now, Mr. Miles, do you not know that a statement of that kind does not do this committee a particle of good or give us any information, unless you go into details and show what the work is, and what the product is on which you say there is a 17 per cent cost in wages? I understood you a few moments ago to say that from the mines to the finished product the percentage of labor was only 15 per cent. A ton of ore advances from—what is it, 50 cents

or \$1 a ton at the mine—

Mr. Miles. I should have said 25 per cent.

The Chairman (continuing). To about \$25 or \$35 in the steel. Perhaps it takes several tons to make the steel. But it advances several hundred per cent, and there is not much to it besides the wage, the wages in the mining of the coal that goes into the furnace, and all that sort of thing. I do not understand you when you say the total wage is only 15 per cent of the cost, and I want some detailed

figures to demonstrate that.

Mr. Miles. The annual balance sheet of the United States Steel Company—I do not remember the year, but it was within a year or two-showed a total output of \$585,000,000-call it \$600,000,000and the total wages were \$125,000,000. They mined the ore with those wages and brought the stuff down the lake. It included the railroad and everything, because they are all inclusive, and the total wages that corporation paid, controlling all the processes, was 25 per cent of the sales price of the goods.

The CHAIRMAN. That is not 15 per cent.

Mr. Miles. No, sir; I said I made a mistake on the first estimate. I thought the "2" was a "1"; but it seems to me that these figures are interesting, as showing that the companies export very largely into the open market at the international price. Is not that—
The Chairman. That is just what I would be very glad for you to

prove—going into the cost of labor and all that sort of thing.
Mr. Miles. I have the government report here.

The CHAIRMAN. What is that?

Mr. Miles. I have the government report.

Mr. Dalzell. The labor cost in the manufacture of steel products is not the same as to each steel product, is it?

Mr. Miles. No. sir.

Mr. Dalzell. It varies, does it not?

Mr. Miles. I am considering both sides.

Mr. Dalzell. It is not fair to say that labor costs 15 per cent, when you take the whole production of steel to-day, is it? Is that a fair estimate of the labor cost of an article on which we are asked to impose or take away a tariff? How does that help us any, in other words?

Mr. Miles. Any concern that has a wage cost that is much less than its tariff and ships abroad freely into the open markets has no use for a tariff, it seems to me.

Mr. Dalzell. It might not have any use for it on one particular article, and yet it might have use for it on another. The labor cost

is not the same on all articles?

Mr. Miles. The difference in the wage cost here and abroad on steel is about the same all the way up. As you go up in one country you go up in the other. Is not that so?

Mr. DALZELL. I do not know. We would like to have figures on

Mr. Miles. All right. I will get them for you if you do not find them easily.

I find that every trust in the United States—but you do not want

me to go through that in detail—

Mr. Underwood. Yes; we do. If you have it there let us have it. We want the information.

Mr. Cockran. You were speaking of the brass trust. Will you

complete that statement?

Mr. Miles. The total wages were 17 per cent—

Mr. Bonynge. I would like to ask you where you get your infor-

mation that it is only 17 per cent?

Mr. Miles. The United States Statistical Abstract. This is from the last abstract. You can get it in the census report to a certain extent, and in the Statistical Abstract where it is not covered by the census. These are the latest figures in the Statistical Abstract. They have 17 per cent wages and 45 per cent duty, the duty being two and one-half times the wages. They produce \$99,000,000 worth of stuff in a year and ship abroad into the international market four and a half million dollars' worth.

Car builders: Nineteen per cent wages, 45 per cent tariff; and they ship abroad \$9,000,000 worth a year. And if any of those figures are irrelevant, it does seem to me that \$9,000,000 worth of stuff shipped abroad at the international price is very clear evidence that they do

not need 45 per cent duty, or any other rate of duty.

The locomotive trust: Forty-five per cent tariff. I think we all know that locomotives are sold abroad advantageously.

Farm tool trust—

Mr. Cockran. Have you any figures on what locomotives have been sold abroad?

Mr. Miles. The Baldwins have sold abroad.

Mr. Cockran. But you do not have figures that show how many have been sold abroad?

Mr. Miles. No, sir; I have not that.

The farm tool trust—you asked about the prices at which farm tools are sold abroad. I can not answer for the harvesters, but I am confident, personally, that they charge as much abroad as anywhere, as the chairman states, but that I do not know about. Farm tools, 45 per cent protection; sells \$3,500,000 worth abroad.

American Linseed Company, total wages, 3 per cent. That must be the wages in refining, and you add to that the cost of raising the grain. Add what you will, their tariff is 50 per cent. They keep all competition out of the country with that excessive tariff. It is a Standard Oil proposition. Their prices have gone up very greatly,

as I know as a buyer—25 or 30 per cent. No one can come in.
United Lead Company, making pig lead only, with the cost of refining 4 per cent and tariff 49, 50, and 79 per cent—from 10 to 20 times the total wage cost; a Standard Oil trust. The makers of paint say that if you would help them on their lead you could reduce their paint tariff.

The CHAIRMAN. You say the Standard Oil?

Mr. Miles. The United Lead Company; yes, sir.
The Chairman. I want to ask you about the Standard Oil by and by. I would be very much interested if you could give me some detailed figures on the lead business. I would like to have it very much. That is one of the things I am quite curious about.

Mr. Miles. I wish I knew more about it. I know a good many people who feel that they ought to have less tariff on lead, and I can

see no reason in a tariff from 10 to 20 times the total wage cost.

The CHAIRMAN. I have gotten beyond the information you have given us. I do not say that mine agrees with yours. I am a long distance beyond that; but I would like some additional information that I have not got.

Mr. Miles. The tobacco trust, which controls 90 per cent of the

American business—

Mr. Randell. Have you a smelter trust on your list?

Mr. Miles. I do not know, sir. I have all the trusts, I think—all but some of the very small ones. The tobacco trust, 147 to 153 per cent, as against 19 per cent wages. That, of course, does not include the cost of raising the tobacco. When it comes to the Filipino, we charge him 274 per cent on his cigars, and this tobacco trust goes abroad and shakes the competitor out of the home trade, as I think you know.

Mr. Clark. Do you know anybody who can give us all the facts

and figures about lead?

Mr. Miles. I have rather an exhaustive statement on lead costs and conditions, but it is a little old and has not been brought up to

Glucose trust: The total wages, 11 per cent on starch, against 46 to 69 per cent protection. Glucose itself, 7 per cent wages with 55 per cent tariff; and they ship abroad in the open market \$3,000,000 worth, and only \$4,000 worth brought in-five one-millionths of a cent per capita brought in from abroad as against the trust, and the people in the hands of the trust up to a protective tariff of 55 per cent, and \$3,000,000 worth shipped abroad.

The chemical trust: Rates here running from 151 to 320 per cent. The meat trust: There, of course, you have the cattle proposition.

The wage in the packing house is very little.

The rubber goods trust: Wages 15 per cent, tariff 20 to 35 per cent; ship over \$5,000,000 per year.

Leather trust: Shipping abroad very freely, and enjoying its tariff

on hides.

Cement trust: Twenty-five per cent tariff, shipping abroad \$1,180,000.

Mr. Cockran. What trust is that?

Mr. Miles. The cement trust.

Mr. RANDELL. Did you say eleven million, or one million?

Mr. Miles. \$1,180.000.

Mr. RANDELL. You started to say eleven million, did you not?

Mr. Miles. Yes; I got it wrong. It is \$1,180,000. Mr. Clark. Is that the quantity they ship abroad?

Mr. Miles. Yes, sir; and we have a tremendous home demand.
Mr. Clark. Yes; I know that. Do they sell that abroad cheaper
than they sell at home—or do you know?

Mr. Miles. No, sir.

Mr. CLARK. That is, you do not know?

Mr. Miles. I do not know. Mr. Carnegie said the other day that if any trust was formed you were safe in going on the assumption that it was formed for the purpose of raising prices.

Mr. Clark. Raising prices where?

Mr. Miles. Wherever it can; and when there is a tariff wall, dead sure at home.

Mr. Clark. Was Mr. Carnegie's remark addressed to raising it in

the foreign market, or in the home market, or both?

Mr. Miles. There are a great many international trusts that raise it the world over.

Mr. Clark. That is not an answer to my question.

Mr. Miles. I beg your pardon.

Mr. Clark. I say, was Mr. Carnegie's remark addressed to the proposition of raising prices at home, or raising prices abroad, or both?

Mr. MILES. Both.

Mr. CLARK. What I wanted to find out particularly was whether these cement men were selling American cement cheaper to foreigners than they were selling it to us.

Mr. Miles. I think I can get the figures, but I do not know.

Mr. CLARK. I wish you would get the figures.

Mr. Miles. But I do hope that you will not put a tariff on cement which can be made in this country as cheaply as anywhere in the world, because a great deal of it is made out of the slag and waste of blast furnaces.

Mr. Clark. That is not of any account, is it? Mr. Miles. It was a bother to get rid of it.

Mr. Clark. I say, that cement is of no account, is it?

Mr. Miles. Oh, I think it is thoroughly good. It is not as good as the best cement made from stone, but it is good cement.

Mr. Dalzell. It is good enough to keep the factories running making it.

Mr. Miles. I think it is splendid cement.

Mr. Clark. Of course, it has some value, but it is not to be compared with first-class cement made from stone.

Mr. Dalzell. It is not to be compared with Portland cement; no. Mr. Miles. We are just coming to the use of cement, and if you gentlemen start off a cement trust by putting a duty on it that it does not have to have, we will have the steel proposition over again.

Mr. Clark. I was not thinking of establishing a trust, or of helping to establish one. I was trying to get at the concrete fact—made

out of cement. [Laughter.]
Mr. GAINES. Do we import cement?

Mr. Miles. We probably import a little. We make all for general purposes here that I know about. We make enormous quantities here now.

Mr. Clark. Are those all the trusts?

Mr. Miles. I skipped a good many, but what I said of the few applies to every trust that I have been able to locate in the United States.

Mr. Clark. Have you a complete list of the trusts there—as far

as vou know?

Mr. Miles. There are some small ones in the book that I did not

reach, but I have all the large ones.

Mr. CLARK. And you are going to put a list of the trusts in with your evidence?

Mr. MILES. I will do so, if you wish it.

Mr. CLARK. I wish you would.

Mr. MILES. Thank you.

Mr. Clark. Have you a lumber trust in there?

Mr. Miles. No, sir; there is not a lumber trust, technically. The Chairman. Where did you get your information about the number of trusts? From the Democratic campaign book? [Laughter.]

Mr. Clark. He is not a Democrat; he is a Republican.

Mr. Miles. We imported \$3,600,000 worth of cement in 1907 and produced \$55,900,000 worth.

Mr. Gaines. I thought there was a considerable importation.

Mr. Crumpacker. Has the price of cement gone up in recent years?

Mr. Miles. No, sir; I think it has gone down.

Mr. Crumpacker. It is cheaper than it ever was before?

Mr. Miles. I think so, sir.

Mr. Crumpacker. I suppose that would be true.

Mr. Miles. Yes, sir.

Mr. Dalzell. According to this publication of ours it has not changed since 1899.

Mr. CRUMPACKER. It has been much cheaper of recent years.

Mr. Randell. Did you get any of your information about trusts from the Republican campaign book?

Mr. Miles. I have never read either campaign book, sir.

The CHAIRMAN. You would find some good sound doctrine about how to treat them there. Mr. Miles, I want to have a little conversation now about this petroleum-

Mr. Cockran. Have you completed your statement, Mr. Miles? Mr. Miles. No, sir; I have hardly commenced.

The CHAIRMAN. The duty on petroleum was first put on by the Wilson bill, was it not?

Mr. Miles. Yes, sir.

The CHAIRMAN. A duty of 20 per cent?

Mr. Miles. Yes, sir.

The CHAIRMAN. That was put on only as against those countries which imposed a duty on oil imported from the United States?

Mr. Miles. It was a countervailing duty; yes, sir.

The CHAIRMAN. A sort of a reciprocity clause, as it has been called. And the Dingley bill, on motion of the Senate, changed that duty to the imposition of a duty equal to that imposed by the foreign country against our country. For instance, whatever the Russian duty was on our oil going into their country, Russia paid the same duty on oil coming into ours; and so with Germany and with Switzerland, and all those other countries that produced more or less oil. Was not that the case?

Mr. Miles. I suppose so, sir.

The CHAIRMAN. The duty under the Wilson bill was 40 per cent, no matter what the duty was on oil going to a foreign country—40 per cent on oil coming here. Is not that true?

Mr. Miles. I do not remember, sir. I do not know.

The Charrman. Well, that is true according to the book. You will find it, if you consult it. It imposed 40 per cent wherever a foreign country imposed any duty, and the Dingley act imposed the same duty that the foreign country imposed against us. It started out with a duty of 3 cents in 1899, or 3½ cents, perhaps, per gallon, and 1.14 cents in 1904; until finally all the countries that had been charging a duty against the American oils put it on the free list, except Russia. Russia maintained her duty, and in 1907 made it 18 and about three-quarters of a cent a gallon; and that is where you get the high rate of 98.63 per cent, or 100 per cent, as you say. Part of the time under the Dingley act it was a less percentage than it was under the Wilson bill. Such a duty as that has been imposed upon several articles with the idea of getting free entrance of our articles into the foreign countries, and it has operated in every instance except this; and it operated in this case on all countries except Russia; but Russia imposed a higher duty. Now, is not that a fair statement of the case?

Mr. Miles. I accept your statement. The Chairman. What do you say?

Mr. Miles. I accept any statement you make, of course. It is not for me to make a statement in explanation. I am simply expressing regret that it costs the people about \$50,000,000 a year.

The CHAIRMAN. I know; they made a football of it in the last campaign, as some iniquity in the Dingley bill, put there for a pur-

pose.

Mr. Miles. Oh, it should not have been.

The CHAIRMAN. When the object in putting it there was simply

to allow the American oil to go to foreign countries.

Mr. Miles. Surely; I think Mr. Rogers probably knew better than Congress about the chances on Russian oil when he got that or he would not have laughed.

The CHAIRMAN. But we are considering the propriety, under the circumstances and with the result of that duty, about taking it off entirely hereafter. The Standard Oil trust grew up years before the Wilson bill, when oil was absolutely on the free list, did it not?

Mr. Miles. Yes, sir; I suppose so.

The Chairman. So that that great iniquity was not the result of the Dingley bill or of the Wilson bill or of any tariff by this country on oil?

Mr. Miles. I am not talking about iniquities. I am talking about

what the consumer is losing in money.

The CHAIRMAN. You are talking about trusts and that the consumers are losing money because of this duty on oil. Whether they are or not is more than you or I know, I think, because the other

countries, except Russia, have the free entrance of the markets of the

United States on their oil without any duty.

Mr. Miles. Well, I want to make the point as to the trusts that if you get a rate a particle too high a trust can take advantage of it and an independent manufacturer absolutely can not take advantage of it, so it simply throws him over to the trust.

The CHAIRMAN. You would not have been able to make that argument when the Dingley bill was made, and cite any similar example. Whether you can now or not is another question. You could not do it then. You take steel rails. The steel trust was formed long after the Dingley bill was enacted, was it not?

Mr. Miles. I do not know, sir. The steel trust, you say?

The CHAIRMAN. The steel-rail trust—the United States Steel Company.

Mr. Miles. Yes, sir.

The CHAIRMAN. It was formed after the Dingley bill was en-

Mr. Miles. Yes, sir.

The CHAIRMAN. And prior to that the duty had been reduced on steel rails in the various laws until we got down to the Wilson bill, had it not?

Mr. Miles. I do not know about all that.

The CHAIRMAN. Well, that is a fact. There was a small reduction from the McKinley bill to the Wilson bill, and the Dingley bill retained the same rate of duty on steel rails that there was under the Wilson bill; and under this tariff, down to 1899, as you say, there was open competition in the production of steel in the United States, and you did not complain of the prices. The price came down, did it not, from year to year?
Mr. Miles. Under open competition.

The CHAIRMAN. In open competition. And there was that condition down to the time of the formation of the United States Steel Company?

Mr. Miles. Yes, sir.

The CHAIRMAN. And that was after the Dingley bill. Is not that true?

Mr. Miles. Yes, sir.

The CHAIRMAN. That is all I care to ask you. Well, I would like to say this further. I want you to furnish this committee with information. You say in these various industries the labor is 15 per cent, 17 per cent, and 19 per cent, and all that sort of thing. What we want to get at is the cost of the labor, per unit of value, so that we can ourselves form an idea of the percentage of labor in order to fix these duties.

Mr. Miles. You can get it—

The CHAIRMAN. If you, with your knowledge of the steel schedule, were going to make a tariff, and suit yourself, you would not take everything off of the steel schedule and put it all on the free list. would you?

Mr. Miles. Taking the steel schedule as a general proposition— The CHAIRMAN. I mean taking everything on the steel schedule, the manufacturers of steel, and carrying it clear through to cutlery, and all that sort of thing.

Mr. Miles. I would take it all off on ore and all off on scrap, and let some mills in New England run, which can not run now, according to the last information I have, and take it substantially all off on pig, because it is made as cheaply here as anywhere. I am speaking of hot pig. And when I talk of that pig and the gentleman comes in and talks about cold pig—

Mr. Underwood. How are you going to take it off of hot pig? You can not bring it across the ocean in a converter. You could take

it off of cold pig, if at all.

Mr. Miles. You should not figure any duty on hot pig in a cumu-

lative proposition, a cumulative tariff.

Mr. Underwood. It is the cost of cold pig that we have to figure on. You can carry it from the blast furnace to the converter, but you can not cross the ocean with it.

Mr. Miles. I do not think you should put a tariff on cold pig.

That is something that should not be in the tariff.

The CHAIRMAN. As I understand, on pig iron you still leave the duty, but you are not prepared to say now—

Mr. CLARK. He said he would take it off.

Mr. Miles. Take it off of the whole schedule.

The CHAIRMAN. On pig iron?

Mr. Miles. Take it off of the whole steel schedule—15 to 20 per cent.

The CHAIRMAN. Including cutlery?

Mr. Miles. Oh, no; I mean steel products—the big rolling-mill stuff.

The CHAIRMAN. Where do you draw the line? You said on all steel products. That is a pretty broad statement, and that includes

cutlery.

Mr. Miles. A maximum of 15 per cent or 20 per cent on all rolling-mill products, and a minimum on the free list, or a little bit for revenue for the Government, provided the trusts will not hold up the domestic consumer as they are doing now, in restraint of trade; and I want to say that a good many, tens of thousands of manufacturers in this country, are wondering how they can get along because of the high prices; and they would have absolute relief as independent manufacturers if you would take that duty off, or in some way see that they could relieve themselves and run their shops on foreign steel in the face of this trust, which is a trust that is holding them up only because of the act of Congress in the tariff.

The Chairman. You think, then, if you took the duty off, that a large number of manufacturers, as you say, would provide themselves

with foreign steel and run their factories?

Mr. Miles. No. sir-

The CHAIRMAN. You said let them run on foreign steel. What did

you mean by that?

Mr. Miles. I said give them recourse in that direction and the \$46,000,000 that have gone abroad from our own producers will make the prices for our home consumers, and the law will help the small shop to buy its steel at home of the trust, instead of having the raw stock go to Europe to be made up by Europeans as against our small people, who have to buy at a Congress-made high price on steel. If you let us go abroad to buy our steel, we will go abroad and buy none or very little, because the home price is the foreign price plus the

tariff, and if you take the tariff off the home people will take care of themselves—the home producers.

The CHAIRMAN. I can not agree with you that the home price is

the foreign price plus the tariff—

Mr. Miles. It is, according to the quotations I get here.

The CHAIRMAN. You and I do not agree on that; but I am simply trying to get your idea of the steel schedule now. Now, we have the products of the rolling mill on the free list. Let us take a step

What would you do with the rest of it?

Mr. Miles. I have a letter from a wire mill, the cry of a man in distress. He says you can write to as many independent wire mills as you choose, and they will all tell the same thing. He says: "The trust charges me so high a price for my raw material, and then through its own subsidiary companies makes finished wire at so low a price that I have no margin. I sent a representative abroad to get quotations on rods, and I just can not afford to buy them abroad; the tariff shuts me out, and nothing else, and if it were not for the tariff I could use the foreign-made steel and run my shops prosperously, as I used to."

His letter says: "I used to think that character and diligence and skill made for profit, but it does not now, because of the tariff."

The CHAIRMAN. On the strength of that letter, I suppose you

would take the duty off wire?

Mr. Miles. I would make a considerable reduction in the wire duty. The CHAIRMAN. You do not think you would put it on the free list?

Mr. Miles. I do not know where you would put it.

The CHAIRMAN. You only say you would make a reduction?

Mr. Miles. I would make a corresponding reduction.

The CHAIRMAN. Corresponding with what?

Mr. Miles. With the reduction you had made on the steel.

The CHAIRMAN. That you have got on the free list.

Mr. Miles. Then you would make a reduction on wire. I do not know how much it would be on wire.

Mr. CLARK. Why not put it on the free list?
Mr. Miles. Very likely; and when you come to nails, why not put them on the free list? The American nail maker controls 60 per cent of the free-trade English market.

The CHAIRMAN. Now, you have nails on the free list. What about

the next item?

Mr. Miles. Machinery is higher grade stuff.

The CHAIRMAN. Would you put it on the free list?

Mr. Miles. No; but I have letters from a good many machine men who say yes, if you wish to.

The CHAIRMAN. Would you put it on? Unless you produce the

letters, they do not have any—

Mr. Miles. I would have to look into that matter. Some say yes—if the owners know about it, and they ought to—but some others say no. I am against the free list.

Mr. CLARK. What are you against the free list for?

Mr. Miles. I want the revenue for the Government, and I want a trading proposition.

Mr. CLARK. You are looking out for the revenue, are you?

Mr. Miles. I want a trading proposition. I have been up in Canada a good deal, and they build implements in Canada for the very same price they do here. There is no reason why Canada should be protected against us on implements, and none why we should be protected against Canada on implements, because the labor and materials are the same here and in Canada. A farmer there pays 10 per cent more for his tools from a Canadian maker than he would pay here, and 10 per cent more than the Canadian maker would ask him to pay, if we could have reciprocity.

The CHAIRMAN. Let us get back for a minute to the construction of

the tariff on the steel schedule.

Mr. Miles. I want a tariff on most things.

The CHAIRMAN. You want to put most things on the free list. I have been following you down to see if there is anything in the whole iron and steel schedule, or manufactures of iron and steel, that you want a tariff duty on, and so far we have everything on the free list.

Mr. Miles. I hope you know that I am a Republican and a protectionist, and I want 125 per cent of the difference in cost. There is no difference in the cost of plows made in Canada and plows made here, and we plow men have lost our Canadian business and want to get it back. We want a trading margin there. We do not want a free list.

The CHAIRMAN. What is the next item that you would put on the

free list?

Mr. Miles. I do not know that I would put anything on the free list. I would have a good fair tariff, and my minimum would be decidedly more than the difference in the cost, whether 80 per cent, 20 per cent, or 30 per cent, or whatever it is.

The CHAIRMAN. Then, you are not so certain about putting all

these things on the free list?

Mr. Miles. All what things, Mr. Chairman?

The CHAIRMAN. These things that you have given.

Mr. Miles. What are they?

The CHAIRMAN. You spoke of all the products of the rolling mill, iron ore, and pig iron, etc., and you put wire on the free list.

Mr. Miles. I do not know that I do. I do not know what the dif-

ference in cost is here and abroad.

The CHAIRMAN. You put nails on the free list. I did not know whether you knew what they cost or not. That is just my difficulty with you; you make all these recommendations, but I want you to furnish me something I can act on. Congress has got to make a tariff. We have a responsibility, and before we act on that responsibility, which involves the weal or woe of 90,000,000 people in their business, we want to get at facts, and we summoned you here for that purpose. We want to know what these things cost. We want to know what portion of it is labor. We want to follow the thing right up, and we want to get the names of the people that you say have furnished you information, in order that we can call those people before us and get at the facts, because our responsibility is great in this matter. This is not any holiday job. It is not a matter of delivering a speech. It is to make a bill that will not destroy the industries of this country; that will bring the greatest good to the greatest number of people, both to the consumers and to the manufacturers, and so we want to get at the facts, Mr. Miles.

Mr. Miles. Then let me tell you what 90 per cent of the manufacturers of the United States want. You had people telling you half truths. We want you to say that we shall not have protection unless

we justify, and you will get the proofs by first mail.

The CHAIRMAN. Some of that 90 per cent came forward without being summoned here to tell about it. There are a few of them who said something about reduction on their duties. Why do they not come here and tell us squarely what these things cost, what the items of cost are, what the difference in the cost of labor is? Even you do not do that. If they want that, why do they not come here and furnish us the information? We are not making this bill because somebody wants it. That is the furthest from our purpose. It is not because somebody wants it, but it is for the greatest good to all the people of the United States, consumers and all. We want to get at just rates.

Mr. Miles. I do not know that I followed you there.

The CHAIRMAN. I would like to have all these names of people from whom we can get the information; we are seeking information;

we have got considerable of it, but we want more.

Mr. Underwood. Let me see if I understand your position in this matter correctly on the iron and steel schedule, for you are engaged in one of the manufactories that gave us the iron and steel schedule. Your position is that you think the industries in the iron and steel business have reached a stage in their development where they are able to stand alone in the markets of the world?

Mr. Miles. You mean the rolling mills, and so forth?

Mr. Underwood. I mean the general iron and steel business.

Mr. Miles. You say, "general iron and steel," and we have had a splendid talk about making a right tariff; but a typewriter is iron and steel, and cutlery is iron and steel. I am not talking about those highly finished products.

Mr. Underwood. I mean the ordinary schedules of the iron and steel business. You think the industry is able to stand alone, do you

not?

Mr. Miles. The producers tell me they can.

Mr. Underwood. Then you think that iron and steel is a matter that revenue should be derived from if practicable—a reasonable revenue?

Mr. Miles. Not if \$2 has got to go to the trust and but \$1 to the

Government.

Mr. Underwood. How much revenue do you think should be derived from that source?

Mr. Miles. I do not know.

Mr. Underwood. Do you think that we ought to put the entire iron and steel schedule on the free list or do you think we ought to derive a revenue from it? I am not talking of pins and needles and things of that kind. I want your general view. You think you represent a number of these people, and I want to know what they think. You say they think they do not need protection, and I agree with you. I think, in the main, they do not; but I ask you now, Do you think this ought to be a schedule on which part of the revenues of the Government should be derived?

Mr. Miles. I do not see why the foreign maker of iron and steel might not pay a little for the privilege of coming into our markets.

Mr. Underwood. You believe that, as far as practicable, it should

be used as a revenue producer?

Mr. Miles. You have got to look out and protect the people against trusts. That is the first proposition, and I would not make it revenue if you are going to bring in only a million tons, with a \$3 revenue, and make us people pay the trusts that same \$3 on 20,000,000 tons they produced at home.

Mr. Underwood. I think you and I do not exactly understand the definition of "revenue." If there was a very small proportion brought in for revenue, and a very large proportion excluded, when we let a trust hide behind the wall, I would call that a protective tariff, would you not, to protect the trusts? That would not be a revenue

tariff, would it?

Mr. Miles. I am not for protecting trusts.

Mr. Underwood. It would be a protective tariff under those cir-

cumstances?

Mr. Miles. I would keep the steel business at home. I would not buy steel abroad. I would simply take that tariff wall down so the people at home could not eat us up and would have to behave themselves, that is all.

Mr. Underwood. Then you would put it on a revenue basis?

Mr. Miles. I do not know what revenue to put on steel or what rate

to put on steel.

Mr. Underwood. Then you are not able to tell us whether you are willing to put steel on the free list, or whether you are willing to have it as a means of deriving revenue for the Government, at so much per ton or per pound?

Mr. Miles. Maximum, 15 per cent; minimum, free list.

Mr. Cockran. On all things in steel?

Mr. Miles. On the heavy steel products. If they behave themselves, give them protection and get the revenue, but when we have to pay them for the vast amount made at home a private contribution on the side, and the Government gets \$1,000,000 only out of ten that we give to the steel trust; then, in conscience sake, put it on the free list and give us a chance of relief from abroad. You are tying us up to all these trusts. It is not steel only; linseed oil is in the same class. The paint men want relief.

Mr. Underwood. Let us see where your figures go, because you represent a large number of people. The Antwerp price on steel rails two or three days ago was \$23 at Antwerp, and 15 per cent on that, ad valorem tariff, would amount to about \$3.50 a ton on steel rails as a maximum. Your idea is that \$3.50 ought to be levied on steel rails as a maximum, and a minimum at free trade. Is that your

idea?

Mr. Miles. \$3.50 maximum; yes; and a free trade minimum, as against a trust.

Mr. Underwood. Then you believe in putting the balance of the

steel schedules along the same line, as a rule?

Mr. Miles. The heavy steel products. I believe the steel people have an idea that now they are going to finish Gary and increase output by two hundred or three hundred million dollars. They want the small manufacturers of the United States to use their steel, and let me tell you right there we have a good deal of export trade, and one-half of all our manufactured goods we send abroad are crude and

semicrude, with very little American labor in them, and it does not seem to us right that the great volume of our export trade should be these trust-made goods with the minimum of labor in them. people who go on to the highly finished goods want to get the raw material and the low-finished stuff at as near the international price as will justify under the principle of protection, and we want to send abroad twenty times more wages in the stuff that goes over.

Mr. Cockran. You used the words "international price" several times. You are the first speaker, so far as I know, who has used that expression in the testimony here with reference to steel. Is there an

international price for steel?

Mr. Miles. I mean that the international price is the going and

competing price. I do not mean the trust article.

Mr. Cockran. I understand. But I want to know if there is an international price, as there is an international price on other staples? Mr. Miles. Yes, sir; there is an international price. It is a familiar phrase.

Mr. Cockran. We know there is an international price on staples like corn and silver and things of that kind, but is there an interna-

tional price on steel?

Mr. Miles. Yes, sir; just the same way.

Mr. Cockran. How does that differ from the price in the local market?

Mr. Miles. It is less the tariff, for the most part.

Mr. Cockran. Where is that international price fixed?

in London, or where?

Mr. Miles. It is fixed by competition, or the quotations, right along, from European importers, so that the steel would be my price less the tariff.

Mr. Cockran. Then you mean that each one makes up his own mind as to what the international price is?

Mr. Miles. Well, yes.

Mr. Cockran. Then there is not any international price universally recognized as there is on other staples. For instance, there is an international price for silver.

Mr. Miles. No: there is no bourse that makes the price.

Mr. Cockran. There are no exchanges where you make this an international price that would be known to all men?

Mr. Miles. No, sir.

Mr. Cockran. Therefore, when you speak of an international price you speak really of what you consider the international price, not of any international price so fixed that all men would be governed by it?

Mr. Miles. It is a price that a man in Argentina would buy his steel for. He would write to England or the United States or any other place for the steel, and I would call the international price the price of the same product under like conditions.

Mr. Cockran. Is there any way that we can get that international

price so that we can compare that with our local prices?

Mr. Miles. Yes, sir.

Mr. Cockran. How would you do that? For instance, to-day, what is the price of steel here in America?

Mr. Miles. \$1.40 for a hundred pounds, average steel.

Mr. Cockran. That is \$28 a ton?

Mr. Miles. Yes, sir.

Mr. Cockran. How could I, how could the chairman, how could any one of us here ascertain what the international price is here?

Mr. Miles. I could answer it this way. The gentlemen who appeared three days ago said that Antwerp is selling steel bars at 1 cent a pound. That gives you your answer. He goes into Antwerp getting 1 cent, and would get same price if in England.

Mr. Cockran. Is that the international price?

Mr. Miles. I would call that the international price.

Mr. Cockran. Then the international price is the price at Antwerp?

Mr. Miles. Oh, no; the price in Argentina or anywhere, in fact,

where people buy it.

Mr. Cockran. Those are not published figures?

Mr. Miles. No, sir. Mr. Cockran. When you speak of international price you do not speak of any price so fixed and openly known that one can ascertain it by looking into any publication?

Mr. Miles. No, sir; you get it from your quotations.
Mr. Cockran. You also gave us some interesting lists of trusts, and I understood you to say that you did not undertake to exhaust them—that there were a number more that you did not mention?

Mr. Miles. Yes. sir.

Mr. Cockran. How do you define a trust? What do you mean by a trust; do you mean a combination of concerns that had formerly been competing, or do you simply mean a large corporation?

Mr. Miles. You and I agree on trusts. I just took his statement

here [exhibiting book].

Mr. Cockran. Whose statement is that?

Mr. Miles. Moody on Trusts.

Mr. Cockran. Then whatever Moody characterizes as a trust you have accepted as a trust?

Mr. Miles. I have not paid any attention to it. I did not come

here to talk trusts.

Mr. Cockran. I understand; but you see it is the most important feature of your argument.

Mr. Miles. Those are people who control the market in any special

industry.

Mr. Cockran. That is to say, in those various lines of industry that you have mentioned some individual concerns probably control the market?

Mr. Miles. Yes, sir.

Mr. Cockran. That is a very good definition of a trust. In each of these you have given us the rates of duty, and it is on the rate of duty, in your judgment, that the trust has been built up behind this tariff wall?

Mr. Miles. The trusts might have been built up anyway, but you help them when you raise a wall such that the people of the United

States can have no relief from the outside.

Mr. Cockran. So far as these particular trusts are concerned, they exist through the fact that the tariff wall prevents the American consumer from having access to the supply of the world?

Mr. Miles. I do not think they exist for that reason, but they are advantaged by that circumstance. They make twice as much profit because of the tariff wall as they would have if they did not have the tariff wall, and the extra profit is at the expense of the consumer.

Mr. Cockran. I think we understand each other. Your statement is that where the tariff is levied upon an article which we can produce in this country as cheaply as anywhere in the world, if the producers in that particular line of industry combine they have the American consumer at their mercy; can exact such prices as they choose up to the point fixed by the tariff wall?

Mr. Miles. Yes; I think so. That is what the steel people are

doing to us.

Mr. Cockran. That is what you claim the steel people do now?
Mr. Miles. Yes; and the lead people are doing it, and the linseedoil people.

Mr. COCKRAN. You have said that your remedy for that would be to have a maximum and a minimum tariff. Why would not the more

effective remedy be to put it right on the free list?

Mr. Miles. I think that a great aggregation like a trust is entitled to just as much consideration as anyone else, but we simply do not like to see Congress behind them, but Congress does not need to destroy them, in Mr. Taft's language, in order to regulate them.

Mr. Cockran. I quite agree with you, and if they have an advantage through the tariff, do you not think it would be proper to have

the tariff away and to put them on their merits?

Mr. Miles. Certainly; for the minimum, but do not destroy them. Mr. Cockran. Whether they would be destroyed or not would depend upon themselves. As I understand, all you advocate is to take away any advantage that they have under the law?

Mr. Miles. If it costs more to make steel in this country than abroad. The steel men are entitled to as much protection as anyone

else.

Mr. Cockran. I quite agree with you on the protective principle. You believe in protection, while I do not, but we have to proceed on the assumption that if we should pass a law that would impose such a duty as to keep out foreign goods, that would be a protective measure, and therefore all we can do is to discuss it from that standpoint. Bearing that in mind, I understand from you that this industry does not need protection; that it is able to undersell competitors in the markets of the world; is that correct?

Mr. Miles. Yes, sir.

Mr. Cockran. Why should there be any duty on it; why not put it

on the free list?

Mr. Miles. If my statement is right, it would mean that we were coming very close to the free list, but I would be liberal toward them. I do not think it is of any consequence to me whether 15 per cent or any duty is levied, but to be very sure they can take no undue advantage of the public. If the minimum is the free list, it means that at any time when they hereafter may take advantage of the consuming public they will be put on the free list.

Mr. Cockran. By whom? How would you decide when to put them on the free list? What I want to get at is who is going to decide that they are oppressing the community? By what machinery would you decide that they are to be shoved on the free list one day

and lifted out of it on another?

Mr. Miles. The Government should be able to inform itself very

easily.

Mr. Cockran. Then it would be your idea that it should be left with an executive department of the Government to say that the trust was abusing its advantages one day and employing them properly another day respecting them, and as the Government reached a conclusion one way or the other, it should thrust them on the free list one day and lift them up to a protective plane on another; is that your idea?

Mr. Miles. No, sir; you can not do that from day to day.

Mr. Cockran. Where else would you put the power? You would not have the tariff rate changed by Congress every second day, would

Mr. Miles. I was thinking about a maximum and minimum rate. that some authority, like the State Department, by treaty, could act upon at any time. If our trusts were wronging us, we could lower the rates so that they could not. Be careful and give them no more than they need of protection.

Mr. Cockran. They do not need anything for protection.

Mr. Miles. From my standpoint they do not.

Mr. Cockran. If they are sending \$46,000,000 abroad, it is clear they do not want anything for protection.

Mr. Miles. Then put them on the free list.

Mr. Cockran. On your own showing here, is it not obvious that the necessary conclusion is that they ought to go on the free list?

Mr. Miles. Heavy steel products.

Mr. Cockran. Define what you mean by "heavy steel products." You mean rails, structural steel, bars, girders, ingots; is that right? Mr. MILES. Yes, sir.

Mr. Cockran. And what are called "steel sheets," I believe; all those to be put on the free list, and ore, of course?

Mr. MILES. Yes.

Mr. Dalzell. Tin plate?

Mr. Miles. Tin plate has wronged the American people greatly. Mr. DALZELL. It should go on the free list, in your estimation?

Mr. Miles. I would not put anything on the free list. You are trying to push me into the ranks of the free traders. I am not a free trader. I am a good, big, plump protectionist, but you have given these trusts five, ten, fifteen times what they could justify.

Mr. Cockran. But are they to justify to your satisfaction or to mine, or to the satisfaction of the people generally? What do you mean by "justify?"

Mr. Miles. You are getting to the tariff commission idea, which I

would like to discuss.

Mr. Cockran. No, indeed, I am not; nothing is further from my

Mr. Miles. Let them bring their proofs in and not so much loose

Mr. Cockran. It is very important that we should get the idea of so intelligent a man as you are on a question of this character. You say you do not believe in the free list, but surely, from a protectionist point of view, when any industry is able to get along without protection, there is no necessity of giving it protection, which may be abused, as you have just shown it is being abused now.

other words, a tariff that is not necessary for protection is likely to

become available for exploitation, is it not?

Mr. Miles. You have given those people 80 per cent of their cost and 40 per cent of their cost and four and five times the total wage cost, and I am talking on the large proposition, and I do not know whether the steel people should have one rate of duty or another, but they should have a very low duty, and if they do not protect the small manufacturer, then they should go on the free list. I can not name the amount. I do not come here to give you the least bit of fact. If I did, I could give you the conclusion.

Mr. COCKRAN. Then I understand that you come here to give us the first installment of the information, and that the other installments

we must seek from other sources; is that your idea?

Mr. Miles. I give you the entire idea, that the steel schedule is

outrageous.

Mr. Cockran. I agree with you. Granting that it is outrageous and that the steel people are able to sell their products abroad, what objection have you to the commodity going on the free list?

Mr. Miles. I have answered you the only way I can, that I would like to see about a 15 per cent maximum and a free list minimum.

Mr. Cockran. Why should you give them any protection if none is necessary?

Mr. Miles. Any maximum?

Mr. Cockran. Yes.

Mr. Miles. Because we want a chance to trade with foreign nations, and a maximum and a minimum is of infinite advantage to us.

Mr. Cockran. Now I understand you.

Mr. Miles. We want to double our foreign business; our chimneys are too smokeless and we are employing too few men, and there are a billion people outside of this country waiting for our goods, and the steel trust is one of the hindrances, and the rest of these trusts are

bothering us.

Mr. Cockran. Now we are reaching the light. Now, I understand you, I think. Your theory is for a maximum and a minimum tariff, to be applied, not for the protection of the steel industry, for I understand it is already established; that it is independent of the tariff, but for protection against a foreign country that may impose tariffs on our products?

Mr. Miles. Yes, sir.

Mr. Cockran. That is to say, you would not under any circumstances allow the steel trust to have a larger protection than 15 per cent, but you would remit even that rate in favor of any other country that admitted our products of steel on a free-trade basis. Is that your theory?

Mr. Miles. Yes; substantially.

Mr. Cockran. So that when you speak of maximum and minimum tariffs you mean that you favor imposition of duties for the purpose of negotiating access to foreign markets?

Mr. Milles. Yes, sir.

Mr. Cockran. That is your understanding?

Mr. Miles. That is what we want a maximum for.

Mr. COCKRAN. Yes; I understand that. And as for a minimum, I understand you do not want any, for I understand your minimum is free trade?

Mr. Miles Yes, sir. I do not know that those figures I gave are right. Your first assumption is that the steel people deserve no tariff on the protective principle.

Mr. Cockran. I am accepting your figures on that.

Mr. Miles. The figures I have in hand give that.

Mr. Bonynge. Have you any doubt about the information you have

given us, as to whether it is correct or not?

Mr. Miles. No, sir; in general, but it is not complete. I do not think that you are ready to make a tariff to-morrow on my testimony. I think that my testimony is absolutely conclusive that the steel schedule was frightfully wrong when it was made, and is now, and it must be very greatly reduced, but I am not prepared to say how much.

Mr. Bonynge. Can you give us any indication of that portion of the testimony about which you have no doubt as to the correctness? Mr. Miles. I have no doubt as to the correctness of any of it, but I

do not believe it is absolutely complete to make a tariff here to-night. Did you expect that I should have it that complete?

Mr. Bonynge. No; I did not expect you to do that, but I expected you to give us information upon which we could rely in connection

with the other testimony which we have.

Mr. Miles. You may rely on steel costing as little here as anywhere

Mr. Bonynge. That is what I want to get, the information upon which we can rely.

Mr. MILES. All of it, sir.

Mr. Cockran. I understood you to say that, given free raw material. of steel, you can put your product on the free list; you are perfectly willing to have your product go on the free list?

Mr. Miles. Many of the members are, and I am for the free list as

a minimum.

Mr. Cockran. You mean that you would want some maximum and minimum tariff should be adopted, to be used solely for the purpose of securing access to foreign markets?

Mr. Miles. Yes.

Mr. Cockran. But, so far as our own market is concerned, you are not afraid of competition?

Mr. Miles. Not if we can get our materials right.

Mr. Cockran. You made another remark which I think is of great importance in the testimony you gave in that respect, namely, that you are moved also by a desire to employ more labor at better rates? Mr. MILES. Yes, sir.

Mr. Cockran. On what is that based? How do you expect to give better rates of wages and larger employment under such conditions?

Mr. Miles. We ought to have two or three times the foreign trade; we ought to charge the consumer less here at home and get more trade in consequence of the less charge to the consumer, and in that way we ought to employ more men in the making of goods for the home market and for the foreign market.

Mr. Cockran. Your position is that with free raw materials you would largely increase your output, and you would make larger total revenues from smaller profits on an extended output than you are

making now by larger profits on a restricted output?

Mr. Miles. We might have the same profit and reduce our prices materially.

Mr. Cockran. You would make larger revenues, then, with smaller prices—you say lower prices—on an extended product, than you are making now with the higher prices on a restricted product; is that correct?

Mr. Miles. We might have the same margin per wagon and make

5,000 wagons more per year at less price.

Mr. Cockran. That is what I understand. I do not mean to speak now of the large products, but your theory is that with free raw materials you would so extend your output that you would make on lower prices to the consumer larger net revenues on this extended commerce than you are able to make now at higher prices on a lesser output? In other words, you want to sink your profit and extend your output and lower your price?

Mr. Miles. We want an honest protection that will let us get trade that to-day is shut out because our price is too high. I can not fol-

low you in such a long, involved statement.

Mr. COCKRAN. Then I will give it to you piecemeal. Your intention is, your hope is, and your belief is that if we remit this tariff you will greatly extend your sales?

Mr. Miles. Yes.

Mr. Cockran. And at the same time lower the price to your consumer?

Mr. Miles. Yes, sir.

Mr. Cockran. Is it not very evident, then, that you expect to have a larger output at smaller prices to the consumer?

Mr. Miles. At smaller selling prices; the same margins, practi-

cally.

Mr. Cockran. But you expect free trade to bring larger total earnings than you have now?

Mr. Miles. Yes, sir.

Mr. Cockran. Although you are now getting higher prices on a smaller output?

Mr. Miles. Higher sale prices, yes; same margin.

Mr. Cockran. Do you not think that will hold good through every

department of industry?

Mr. Miles. I have been talking here of the steel schedule only. I had eight or ten to talk, but I am talking steel, because the steel people told me I might, and they would be benefited by a great reduction in the tariff, but there are other things where a big reduction in the tariff might do a great harm.

Mr. Cockran. I understand; we will stick to steel alone, then. You are perfectly clear that this remission of duty will result in

greater output and lower price?

Mr. Miles. Yes, sir.

Mr. COCKRAN. And that would result in a greater demand for labor?

Mr. Miles. Yes, sir.

Mr. Cockean. And your answer is based on the assumption that the compensation of labor is based upon the law of supply and demand, and therefore your testimony as to wages turns upon the fact that you believe this remission of the tariff, or reduction of it, would largely stimulate production?

Mr. Miles. If I stop this talk right here it will look as though maybe you have made a little of a free trader of me, but I want to go beyond that.

Mr. Cockran. Do not hesitate when you are going right. [Laugh-

ter.]

Mr. Miles. I know now an enormous manufacturing establishment that let some of its labor go a year ago. It had been begging for help from this Government and the reduction of the tariff, and it had this proof which it has given me, and it let those laborers go in the United States and turned its business over to Canada because the Pittsburg people gave them goods in Canada at a less price than it gave to the same people this side of the line, and the tariff did nothing but drive business away from American factories.

The CHAIRMAN. What concern is that?

Mr. Miles. Implement concern.

The CHAIRMAN. An implement concern?

Mr. Miles. Yes, sir.

The CHAIRMAN. I know a little about that myself. I want to ask you a question: The French have put on a large maximum tariff, have they not?

Mr. Miles. Yes, sir.

The CHAIRMAN. And the United States were not able to get in on the minimum tariff until quite recently? They were compelled to pay the maximum?

Mr. Miles. Yes, sir.

The Chairman. While Canada got in on the minimum tariff a year or two ago?

Mr. Miles. Yes, sir.

The CHAIRMAN. And that concern manufactured in Ontario for the purpose of selling their implements to the French market? They had a large export trade to France, and they are sending it there now, are they not?

Mr. Miles. I suppose so.

The Charman. And the reason they could not get into the French market was because of the high maximum duties that they would have to pay if they exported from the United States, and so they went into Canada and exported from there?

Mr. Miles. Not that only, sir; they bought steel cheaper in Canada

than they bought it here.

The CHAIRMAN. They were in Canada; they had a manufacturing establishment there, but they turned their export business for France over to Canada, because they could get in under the minimum tariff in Canada and could not from the United States. That is the whole story?

Mr. Miles. No, sir. They told me before that maximum or minimum French treaty that they were making foreign goods in Canada instead of in this country partly because they got the steel cheaper

from Pittsburg.

The CHAIRMAN. I happen to know that they were exporting to France from this country before that maximum tariff went into effect.

Mr. Miles. They were, some.

The CHAIRMAN. Do you know any trust that controls over 50 per cent of the domestic consumption in the United States?

Mr. Miles. Yes, sir. Let me go to the other extreme, now, and say that I do not know any big trust that does not.

The CHAIRMAN. Well, any trust that controls about 50 per cent? Mr. Miles. I hold that they have such a control as enables them to fix the price on much more than 50 per cent. The steel trust controls 90 per cent, I should say, or 100 per cent.

Mr. CLARK. Mr. Chairman, I would suggest that it developed before our committee that the wood-alcohol trust controls 75 per cent.

It was testified to before this very committee.

The CHAIRMAN. I do not remember that anybody testified that the

tariff had the slightest thing to do with it.

Mr. Clark. I know, but you did not say anything about the tariff. The Chairman. I was not asking for any such purpose then; I wanted to get into his mind some trust that controlled over 50 per cent. You say the steel trust controls 90 per cent?

Mr. Miles. In a selling way, the steel trust controls the market to

the last pound, so far as I have been able to discover.

The CHAIRMAN. And they fix the price at \$28 a ton—Mr. Miles. They fix the price wherever they want it.

The Chairman (continuing). And the other people, being able to get \$28 a ton, are not fools enough to go below it, unless for the pur-

pose of getting some special order.

The president of one of those smaller concerns was before us the other day and said sometimes they did cut below that price. He would be apt to know more about that than you do. He also claimed that because the United States Steel Company owned their mines and owned their railroads to the mines and had this unlimited capital and these great facilities, and of course an up-to-date plant, they could make steel rails cheaper than he could in the Pennsylvania Steel Company, because the railroad freight had gone up in the past ten years and the price of labor had gone up and the price of the raw material had gone up. So that you would reach a point in the reduction of the tariff where it would be to destroy the only competition there was—the only outside competition—and leave it at a point where the trusts could live because of their greater facilities. Do you think that would be a good idea? Would that benefit anybody?

Mr. Miles. You talk steel and there is not any competition, so I

do not know why you talk about the competition in steel.

The Chairman. Then we will take something there is competition in, if we can not agree upon that. You know trusts that control half of the output, or about that, do you not?

Mr. Miles. I would not call it a trust if it only controlled one-half. The Chairman. Well, you know of a great corporation that controls about one-half—I am not particular about terms—of the output?

Mr. Miles. Well, I can assume that there is one.

The Chairman. But you have no knowledge on the subject. Now, suppose that the rest of it is controlled by small corporations, small factories, and that this great corporation by reason of its capacity, and its connections, and all that sort of thing, owning the raw material, was able to make their output cheaper than the little fellow—you can imagine that, can you not?

Mr. Miles. Yes, sir.

The CHAIRMAN. It occurs every day in business, does it not? Mr. Miles. Yes, sir.

The CHAIRMAN. Now, in reducing the tariff on that output, on the articles made by those people, you might reach a point where the \* little fellows could not do business, might you not?

Mr. Miles. Yes, sir.

The CHAIRMAN. And still the trust, or the big fellow—we will not call him a large manufacturer—would be able to do business. So in your crusade on the tariff you might destroy half the people who manufacture that article and put the whole business in the hands of one. That would be possible, would it not?

Mr. Miles. Yes, sir.

The CHAIRMAN. Do you not think those facts ought to be pretty

carefully examined before making a tariff of that kind?

Mr. Miles. You have a succession of assumptions, and you would make an allowance for these independents. I do not know how you would apply that to these things I am talking about.

The CHAIRMAN. In making your schedules a few minutes ago you did not take that into consideration at all, did you?

Mr. Miles. No, sir.

The CHAIRMAN. On what articles and what schedules that you put on the free list did you take that into consideration?

Mr. Miles. I did not put any on.

The CHAIRMAN. Well, suggest putting on?

Mr. Miles. Well, I will call them off if you desire. I guess it will be most of them. Take steel; I know little independents, people who get 80 and 100 per cent per annum buying rails and making them over. I do not think you would save them. Now it is a matter of industry.

The CHAIRMAN. Do you mean proprietors of rolling mills?

Mr. Miles. Yes, sir.

The CHAIRMAN. There are a good many of those people in the United States, are there not?

Mr. Miles. Yes, sir; and if they are making 50 per cent per annum

we do not need to bother about saving them.

The CHAIRMAN. They have the same facilities that the United States Steel Company has as to making that merchant iron?

Mr. Miles. They have not the same.

The CHAIRMAN. On a smaller scale they can do it as cheaply?

Mr. Miles. Well, they do not do it the same way. They make as much money as the United States Steel Company does, but have not as much efficiency.

The CHAIRMAN. I would like to find some one who did, and I am familiar somewhat with that business. No; you will find in every industry that the great big corporations make their products cheaper per ton than the smaller corporations.

Mr. Miles. Then you average it up, of course. The Chairman. Of course. That still leaves the little fellow out. Unless you make a duty that will take care of him you destroy him or else you have to cut down the price of his labor, and you do not want to do that, I suppose, or do you?

Mr. Miles. You and I are perfectly agreed upon that proposition. The CHAIRMAN. You do not want to cut down the price of labor?

Mr. MILES. No, sir.

The CHAIRMAN. It would do that if you put the tariff down where it would hit the big corporations, would it not?

Mr. Miles. Do not put the tariff so high that you foster incom-

petency.

The CHAIRMAN. I am not talking about that. Some of our largest business men have a small plant to begin with, and in future years they work up into big corporations because of their business ability. All these great plants were started by men who started in a small way and with a small plant. Even Andrew Carnegie started that way. Because a man has a small plant it is no criterion of his business ability, is it?

Mr. Miles. I am standing here for the small manufacturer. .

The CHAIRMAN. You are a small manufacturer yourself?

Mr. Miles. Yes, sir.

The CHAIRMAN. You do not want to intimate that because you have a small factory that your business ability is not as good as the Fricks and the Schwabs and the Carnegies, do you?

Mr. Miles. It would be very proper that you should; it will be

right for you to do so.

The CHAIRMAN. Would you admit that?

Mr. MILES. What?

The CHAIRMAN. Would you admit that?

Mr. Miles. That I have not the business ability of the Schwabs and the Fricks?

The CHAIRMAN. You expect to be a Carnegie sometime, do you

not, or hope to be?

Mr. Miles. Not until you put the idea into me just now.

The CHAIRMAN. Well, having put it into your head, you have hopes?

Mr. Miles. Not a big hope.

Mr. Cockran. You would if you cut the tariff down?

The CHAIRMAN. I do not know about your cutting the tariff down. If you cut it and slashed it as you propose to do you might shut up a good many of these factories and that would stop the purchasing power of people who are working for wages; do you want to do that?

Mr. Miles. I do not think I will answer any such question as that.

The CHAIRMAN. Why?

Mr. Miles. Because I am in favor of giving every industry from 25 to 50 per cent more than it can justify for.

The CHAIRMAN. That is your idea; 25 per cent more than it can

justify?

Mr. Miles. Yes, sir; more than the difference in cost; that is a lib-

eral difference.

The CHAIRMAN. When people come here and figure up their costs, as Mr. Felton did the other day, so that when he sold abroad for a series of years he lost a dollar and a half per ton, or something like that, merely showing that he could not send it over there and sell it as cheaply as they make it over here, you would still take the duty all off?

Mr. Miles. From what I know, you would make further investiga-

tion.

The CHAIRMAN. Oh, certainly; but if you did not know more than

that you would take it off, would you?

Mr. Miles. I would not act upon Mr. Felton's figures at all at this time.

The CHAIRMAN. Still, if he told the truth, the tendency would be to shut up this mill, would it not?

Mr. Miles. I have not been following you, because I have not been

satisfied with Mr. Felton's statement.

The CHAIRMAN. We are going to investigate further with regard to Mr. Felton's business, because he told us he had made reports for five years of the cost of a ton of steel to the United States department. We are going to try to get hold of those reports for five years. That would be pretty good evidence, would it not?

Mr. Miles. I should think so.

The CHAIRMAN. An expert was sent there to examine the books That will be perhaps as expert a piece of evidence as we can get. But if we find out finally the state of facts presented by Mr. Felton to be correct, would you put it on the free list or not?

Mr. Miles. If it was going to shut his shop up?

The CHAIRMAN. Yes.

Mr. Miles. I would not shut his shop up.

Mr. CLARK. If a man came in here and stated that he started in with \$500,000 and only made  $3\frac{1}{2}$  per cent profit, and wound up at the end of twenty years with \$20,000,000, would you believe what he said or not?

Mr. Miles. I have been a good deal impressed with the long series of hypothetical questions. There is a colored man in the woodpile somewhere. I have submitted to you what I considered absolutely

authentic, while with Mr. Felton it was something else.

Mr. Clark. I was not asking about Mr. Felton, but there was a man who came in here and swore that they started in with \$500,000; that they had a \$4,000,000 capital, and they made a scant 3 or 4 per per cent, and at the end of twenty years they had three and a half millions more than they started with; it was not Mr. Felton. You say you are not in favor of putting down wages?

Mr. Miles. Certainly not.

Mr. Clark. There is a general impression in the country—arrived at I do not know how, exactly—that you and Mr. Van Cleave and Perry and company were in favor of cutting down wages all the time. Is that true, or not?

Mr. Miles. It is as untrue and impossible for us to consider as

anything in the world could be.

Mr. CLARK. Well, what has the row been about, then?

Mr. Miles. That the schedules are not as definite in the Dingley law as they should be, but are five and eight times, in many cases, excessive, and beyond that.

Mr. CLARK. I am not asking about that, but what has been the trouble with Perry and Van Cleave and you about the labor business?

Mr. Miles. There has never been any trouble with me about labor.

I have had little differences with my men.

Mr. CLARK. You say you are in favor of adding to the labor cost 25 or 50 per cent, and you have repeated that statement four or five times. Now, what I want to ask is if this tariff—any tariff, I do not care what it is on, or the rate of it—that is levied in the name of labor, if the laborers ought not to get all of that tariff?

Mr. MILES. Why, no, sir. Mr. CLARK. Why not?

Mr. Miles. If it cost 90 cents to make a thing in Germany and \$1 in New York, for whatever reason, you have to give that New York man that 10 per cent of difference or he has to shut up and we have to go to Germany for the stuff.

Mr. Clark. Why has he got to shut up? Mr. Miles. Well, you said labor should get it all. Some materials will cost more in this country, and in some instances they are different. It does not make any difference; if the man is sensible and running his shop right, you shut his shop up or give him the difference in cost.

Mr. Clark. Here is the proposition. They come in here and give invariably as a reason why there ought to be a protective tariff on this, that, and the other article, that it is to protect American labor. Now, if that is the theory, if you can give a reason why the laborer should not have all of the tariff that the American people have to

pay, I would like to have you state it.

Mr. Miles. As a rule I believe we feel that the tariff is for labor, almost if not entirely, but you ask me to make a broad statement with no exceptions. I could not do it. I think there are some things in which material might be different. But you are right, that 90 per cent of the tariff is supposed to be and is for the laborer, so far as I know.

Mr. Clark. Do you believe that there is any way in the world of busting this steel trust except to put them right on the free list? Mr. Miles. I do not think any of those trusts are trusts except for

increasing their profits.

Mr. Clark. Why do you not answer that question? It was a simple question.

Mr. Miles. To put them on the free list?

Mr. CLARK. Is there any way to get rid of the American Steel Company, in its capacity as a trust-taking away from it that function that it exercises—except to put it on the free list?

Mr. Miles. I do not think you could get rid of it when you put

Mr Clark. Would you get rid of it in its capacity as a trust?

Mr. Miles. No, sir.

Mr. CLARK. Is there any way in the world to bust a trust? Mr. Miles. You will have to go to the Attorney-General.

Mr. Clark. I am not going to him for a legal opinion now, as

sure as you live.

Mr. Cockran. You did not mean, surely, in answer to Mr. Clark's question, that if the tariff was taken completely off the steel product that the steel company could then exact any excessive prices from the American consumer?

Mr. Miles. No, sir; it could then exact only the international

prices.

Mr. Cockran. That is what Mr. Clark asked; that is what he meant. You quite agree with him in that—that is, in other words, they could not exercise any oppressive prices on the American people by the sale of steel?

Mr. Miles. No, sir; but it now adds to the international prices.

adds 25 per cent.

Mr. CRUMPACKER. Is the drawback provision in the Dingley bill of any special benefit to the farm-implement manufacturers of this

country?

Mr. Miles. I am glad you asked that question. The drawback is a great help to any big company like the International Harvester Company, which I believe uses, or which can bring in, a large quantity of stuff—large enough to watch it in and check it back, and all that.

Mr. Crumpacker. They can manufacture especially for foreign

trade?

Mr. Miles. For foreign trade only. Of course they only manufacture for foreign trade. You take little people like myself, and while we employ 1,500 men we have no foreign business; we want it very much, like the rest, but we have not enough so that we can use the drawback at all. It would cost more than it was worth. So I have to stand for the steel people and go without my foreign business. I have no hope of getting a foreign business. Those people who have foreign business in my industry are losing on it, except the harvester people. I do not know of anyone that is increasing his foreign trade, and I know a great many people who are losing out.

Mr. Boutell. I had in mind to ask one or two questions on the subject of the relation of the tariff and the trusts. Is it not quite possible, when we come to deal practically with the question, that in attempting to cure the evils resulting from illegal combinations in restraint of trade that we will have to use much more heroic meas-

ures than the reduction or repeal of the tariff?

Mr. Miles. Very likely, sir.

Mr. BOUTELL. In other words, I remember when I was a boy writing in a copy book the sentence, "Competition is the life of trade," and I have compared notes with my friend Mr. Clark, and my friend Mr. Cockran, and they both assure me that at about the same time they were writing the same sentence.

The CHAIRMAN. It was "business" instead of "trade" in mine.

Mr. Boutell. You were writing some fifteen or twenty years before. When I wrote it it was "Competition is the life of trade," and I remember another maxim—whether I used to write it or not—it was in an old almanac; it read, "Increasing profits increases competition." Now, if the term is anything it is an increase of gross profits, or an opportunity to increase gross profits. Now, if these maxims are true, and nothing abnormal or unnatural stepped in, the result of the turn would be, would it not, like any other opportunity of gross profits, a stimulus to competition?

Mr. Miles. Yes, sir.

Mr. Boutell. So that is it not possible that we exaggerate too much the possibilities of a low tariff rate in stimulating trusts, and, per contra, is it not possible that we exaggerate too much the effect of the repeal of the tariff duty in putting an end to the trust operations—when we use that expression I mean an illegal combination in restraint of trade, which is, of course, what the lawmakers have to deal with?

Mr. Miles. Yes, sir.

Mr. Boutell. Now, in the testimony that we have had already there were in four different industries quite a glimmering of the pos-

sibility of the formation of international trusts; in the evidence about lumber, the evidence about paper—where both the witnesses used the word "trusts"—in the evidence about leather, where the witnesses used the term "trust," and in one instance of a man who manufactured some sort of steel product, he told us that one of his assets which he discovered after he had bought out a factory was an agreement with a German manufacturer as to the price at which the article had been sold. Now, in those four lists-paper; lumber, leather, and some manufactures of steel, consisting of the steel products—there was, I say, a possibility of the formation of an international trust. Now, the question that I come to is this: Whether in the repeal of a duty for the sake of putting an end to an illegal combination in restraint of trade there might not be the possibility of the actual formation of international trusts, and is there not a possibility that the international trust—take lumber between America and Canada—may be able in some way to escape the courts just as the international freight rates escape the Interstate Commerce Commission? Is not that possible?

Mr. Miles. I have thought of that very much. There are a lot of international trusts now. There is an international rail trust. I contemplate as very probable an international steel trust, and I do

not see how we can escape it.

Mr. Boutell. In other words, with the electric cable and the telegraph bringing all the markets into connection, would not the removal of all the tariffs the world over, in a way, be a stimulus by increasing profits in such places, be a stimulus to the formation of

this international trust?

Mr. Miles. We have just one last chance, we independent people. Put that tariff as low, as against trusts, as you can consistently under the protective principle, and we have just one last chance. It is hard for them, comparatively, to make an international trust. If they do, we are absolutely helpless; we are in the hands of the trusts. We have waited so long on the steel schedule—I have said it for five years—you have given them so much of the people's money that I guess they are a world power now, and it is a great question whether you can save the manufacturers—the independent manufacturers—of the higher product or not from absolute trust domination. But you ought to try it.

Mr. Boutell. Speaking aside from all other bias—and perhaps a little wide for the purpose with which we are now sitting—I must confess that is one of the things that we have got to look forward to; that is, grappling with these great international combinations, as raising a much more serious question than we have now, the combination

entirely within the purview of our own statutes.

Mr. Miles. Yes, sir.

Mr. Boutell. So I come back to the original question, whether serious dealing with illegal combinations in restraint of trade must not go a great deal deeper than the mere change of tariff rates.

Mr. Miles. I know absolutely for the last five years that you would have accomplished the entire purpose and relieved the independent manufacturers from the steel trust if you had done by the tariff what I have suggested, for most of us have had quotations and prices to buy abroad at international price, the home price less the tariff, and we have lost and lost and suffered because we have been deprived,

of that relief, but if you had done it the good Lord only knows whether they would have not gotten around us and got possession of us through that other recourse, the international trust. many international trusts forming among leading business men of England, and there are now a great many international trusts that the people do not know about, and there are others forming, and we have just this one chance. Make this tariff protective. We stand for it, and beg for it. Make it protective and help our labor and help ourselves, but do not give the trust any more than the principle requires, and then we will take that last chance and come back on the other later if need be. We will see. It is a serious proposition.

Mr. Boutell. In other words, an international trust, so far as it affects you as an American manufacturer, would be a much more seri-

ous problem to deal with than a mere American trust?

Mr. Miles. Maybe not. Here is another thought: If the international trust made one price all over the world, then we would be

on a competitive basis.

Mr. BOUTELL. I understand that; but what I mean is an international trust, so far as our dealing with it through our authority, would be a much more serious proposition, of course, than a national trust?

Mr. Miles. Yes, sir; but our difficulty is that, not being an international trust, we have to pay a high price for our material and ship it to Argentina and elsewhere as against an English low price, and the Englishman may use this same American steel and beat us all to

pieces in the neutral market on Pittsburg steel.

Mr. Boutell. It seems very clear to me that what we most have to do, whatever we may do with regard to the tariff or with these individual schedules, when it comes to dealing with illegal combinations in restraint of trade we must deal with those by other measures than the rates through the Department of Justice, and of course we must assume that our system of justice in its administration is far from perfect. If we can not deal with these questions we must admit that we can not.

Mr. Miles. Yes, sir; but we have hurt the independent manufacturer by making a tariff that had no close relation to the protective principle as now defined, and that has been an invitation to independent men to get together and form a trust as to their prices, and they have done it again and again, and then the moment a man does form a combination in his trade of course he adds the entire excess, and he adds it as against the independent people who are still left in the country. An excessive rate is nothing less than a congressional invitation to people to consolidate and use the excess against the consumers of their own country by permission of Congress, and that has happened, and happened to my knowledge, against myself and other consumers. That is one reason why I pay 100 per cent more for steel now than I did when the Dingley bill went into effect. The reason for organizing the trust, or a great part of it, was to add the excess of the tariff. May I say just a word about the gentleman who came here and wanted to add a cent to the price of steel bars, as an offset, suggested that you might take something like \$4 a ton off of iron

Mr. Boutell. That was the first witness on the metal schedule,

Mr. King.

Mr. Miles. I know Mr. King and greatly and highly regard him, but the truth is, as I look at it, that 1 cent added to steel would be nothing less than the addition, in a practical sense, of 33\frac{1}{3} per cent to all importations of bars, both iron and steel. In other words, when water runs down hill it runs along the lower courses, and when bars do come into the United States they have all come in as steel bars, not as iron bars. The \$12 rate on iron bars has nothing to do with the importation so far as I can see.

Mr. Dalzell. I think Mr. King's idea was that the relation between the duty on iron bars and the duty on steel bars was not properly

adjusted?

Mr. Miles. It was most improperly adjusted, and he called the 3 cents the "accident." Then it was an accident of God's providence, the one thing that saved the victims of the steel trust.

Mr. Dalzell. I think that was Mr. King's idea.

Mr. Miles. Because it came in at that "accidental," if you choose, low price, and if we had not had that the steel people could have added another \$3 or \$5, or whatever the level was. I hope we are not

going to add 331 per cent on steel bars, as Mr. King requests.

Mr. Dalzell. I would like to ask a question with regard to what you said your attitude was as to protection. Do you regard the rule laid down in the Republican platform at Chicago as the proper rule for adjusting duties—the difference in the cost abroad and at home—and a reasonable profit?

Mr. Miles. Do you mean to add a reasonable profit?

Mr. Dalzell. A reasonable profit; yes.

Mr. Miles. I would rather take Mr. Taft's statement or Mr. Sherman's, in his letter of acceptance, being the difference of cost of production here and abroad, and Mr. Sherman said, "assuring" the home manufacturer a reasonable profit. Mr. Taft said it simply means not the addition of a profit at all, but an allowance given with the cost of the difference in interest charges, cost of mills, etc. I have a little data on that subject, if you care to have it.

Mr. Dalzell. I asked you that question because I am unable to reconcile the statements made by you on several different occasions with respect to that matter. In the issue of American Industries of July 1 last you say—or at least in an article attributed to you:

This "reasonable profit" clause must not be permitted to become effective. It must be throttled on the edge of the platform, else we never will have an honest, equably adjusted tariff.

That is an article of July 1 last in American Industries?

Mr. Miles. Yes, sir.

Mr. Dalzell. I find that you said in the previous May, at the convention—that is, the world convention of American manufacturers:

This underlying principle which, in the language of Secretary Taft, requires that each tariff rate shall represent "substantially the permanent differential between the cost of production in foreign countries and that in the United States," is not to be applied in a niggardly way. Enlightened selfishness is a public, as it is a private, virtue. An "ample margin for safety" is as necessary in manufacturing and commercial enterprises as it is in engineering. Full allowance must be made for the contingency of bad times abroad and good times here, for "dumping" for reasonable profits, and for such stability as secures low costs and steady employment.

Do you regard those two declarations as consistent with each other or not?

Mr. Miles. Yes, sir; they are consistent.

Mr. Dalzell. They are?

Mr. Miles. Yes, sir.

Mr. Dalzell. I just wanted to know. I was unable to reconcile them. I wanted to know why you denounced the term "reasonable profits" in July, when you laid it down as one of your rules in the

preceding May.

Mr. Miles. I want a reasonable profit, but not two profits; my statement at the convention tallies perfectly with my later statement. I will make it clear to you. If it costs 90 cents in Germany and a dollar in New York, then the New Yorker must have 10 per cent, and I would figure it liberally. If a close difference is 7 per cent, then the 10 per cent may be big enough.

Mr. Dalzell. But, Mr. Miles, I do not believe that you have

caught my suggestion.

Mr. Miles. Yes, sir; I have.

Mr. Dalzell. You said on July 1, "This reasonable-profit clause must not be permitted to become effective." You say in May, and you laid down as the rule substantially of a permanent differential between the cost of production in foreign countries and that in the United States, and then you add, "Full allowance must be made in addition to that for the contingency of bad times abroad and good times here for dumping, for reasonable profits, and for such stability as secures low costs and steady employment." Now, it is possible that they are reconcilable, but it does not seem so to me.

Mr. Miles. Do I say for dumping, for reasonable profits?

Mr. Dalzell. For dumping, for reasonable profits.

Mr. Miles. Well, 90 cents in Germany and a dollar in New York makes 11 per cent exact difference, or say, liberally, 20 per cent duty; that would be \$1.08 on the German article coming here; it is \$1.08 laid down in New York as against the New Yorker's dollar. That handicaps the German 8 per cent, but it does not add a full, fair, and reasonable profit to the New Yorker's price, for 8 per cent is not a fair profit; but it assures the New Yorker a reasonable and fair profit, because the German begins with a handicap of 8 per cent.

Mr. Dalzell. The example you are giving us now represents which of the propositions, the one you announced in July or the one you

announced in May?

Mr. Miles. They are absolutely clear, each and each equally. Mr. Clark. Mr. Miles, what is a reasonable profit?

Mr. Miles. It is different in all trades; it is according to circumstances. It is different in different industries.

Mr. Clark. Take any trade; your trade, for instance. Mr. Miles. Well, you can answer that as well as I can.

Mr. Clark. But I want you to answer it. I am not the proponent of that Republican platform.

Mr. Miles. Yes, sir. Why, 15 per cent per annum would be right

good in our trade.

Mr. CLARK. I should smile. [Laughter.]

Mr. Miles. The best people in the farm-wagon industry have made less than half of that during six of the most prosperous years in the United States ending with a panic.

Mr. Clark. Did you say got more than that?

Mr. Miles. Less than half of it. That is the reason they are down

here getting----

Mr. CLARK. Now, what I want you to tell me, or have somebody else tell me, is what a reasonable profit is in the light of that Republican platform.

Mr. Miles. If I understand that Republican platform—and I do

not know that I do-

Mr. CLARK. And nobody else ever did.

Mr. Miles. I say, in that article we may; I do not understand it. Take that 90 cents of the German and add 10 cents to bring him up to New York cost, and then add 30 cents to that, plus the New Yorker's profit; that would make the German 50 per cent.

Mr. Clark. Leave the German out and answer my simple ques-

tion, What is a reasonable profit?

Mr. Miles. In my business?

Mr. Clark. In anybody's business.

Mr. Miles. Why from one and one-half to two times.

Mr. Clark. Why do you claim that one and one-half to two times

is a fair rate of interest, is a fair and reasonable profit?

Mr. Miles. Because a man can save his time and enjoy himself and have absolutely no risk at interest, and he ought to have at least that much more if he is going to exert himself successfully; and if he has not that much more he is likely to go broke or get involved in a panic.

Mr. Clark. You think that no man who loans money out has to

worry about it or take any trouble?

Mr. Miles. He has not a fraction of risk; he has no chance of ulti-

mate loss, while the manufacturer has.

Mr. Clark. Now, the lowest rate of interest, except in very large sums, is 6 per cent; of course, where they loan in extremely large amounts they get as low as 5 per cent. According to your idea, 7½ to 12 per cent would be a reasonable profit.

Mr. Miles. A man who aimed at 12 per cent would land somewhere about 6 or 7; if he aimed at 15 per cent, he would get 10 or 12

per cent, and that would be a mighty close profit.

Mr. CLARK. Do they not aim at 15 per cent sometimes and make 25? Mr. Miles. Back in the days of competition I made 30 per cent buying my steel in the open market. Well, 30 is too high. I made it on the book assets, but I made 20 per cent easily right along, and now that the trusts have put my costs up I make next to nothing.

Mr. Clark. Now, one other question. Do you know of any reason why the United States Government should turn itself into an insurance company to insure a manufacturer a reasonable profit, or any

other profit?

Mr. Miles. That is what I said in my article that is objected to. I think he should have a reasonable expectation of profit, otherwise what is the use of trying to manufacture?

Mr. Clark. I know, but he does not guarantee a profit of any sort

to anybody else on earth.

Mr. Miles. That was my idea. Everybody has a fair chance at a

profit in this country.

Mr. CLARK. But I am asking you if the United States Government ought to turn itself into an insurance company to insure, or to assure, as Sherman said, a profit to anybody in any business?

Mr. Miles. That proposition insured the American  $1\frac{1}{2}$  to 2 profits. That was what I was objecting to.

Mr. Clark. I want an answer to a simple question?

Mr. Miles. The Government can not guarantee a man a profit.

Mr. Clark. That is precisely what that Republican platform means, if it means anything at all. The language of that platform is that to the labor cost shall be added a reasonable profit. That is what that stands for.

Mr. Miles. As I said before, that is an absolute guaranty of a profit to a trust, because a trust can make its own price—that is, a

price to suit itself.

Mr. Clark. How many times do you turn your money over every twelve months in the wagon and buggy business?

Mr. Miles. A little less than once in the wagon business. Mr. Clark. It does not take a year to make a wagon?

Mr. Miles. Some of our stock has to be carried three years—the umber.

Mr. CLARK. I know that kind of stuff does, but the steel that you put into a wagon does not. Do you not turn your money over twice on an average every twelve months?

Mr. Miles. We do not turn our capital over once a year in the

wagon business.

Mr. Clark. There are two six-month periods in a year.

Mr. Miles. Yes, sir; and the notes are six, eight, and ten months on sales.

Mr. Clark. You just now said six, and when I asked you about that you changed your answer. If I ask a question based on one answer you give me another answer. What I am trying to get at is the profit on the thing. Don't you turn your money over at least twice a year in this business?

Mr. Miles. I answered that promptly and at once, that we do not turn it over once a year. Is that an answer—that is, in the wagon

husiness ?

Mr. Clark. Now, what about the carriage business?

Mr. Miles. In the carriage business I turn it over maybe once in ten months and the plow business once in ten or fourteen months; I should say once a year maybe.

Mr. CLARK. What percentage of the whole cost of a wagon is the

steel?

Mr. Miles. I would say one-third. I do not know how close that is, but about one-third.

Mr. CLARK. There is a trust in steel; that seems to be one of the

settled facts.

Mr. Miles. Yes, sir.

Mr. CLARK. Everywhere, except in the Attorney-General's office. Now, is there any trust on the other material that goes into a wagou!

Mr. Miles. There is the linseed-oil trust and the lead trust.

Mr. CLARK. That is three.

Mr. Miles. And there is a gentlemen's agreement on lumber, which around the office we call the lumber trust occasionally. When they get a chance, up go the prices on lumber.

Mr. Cockran. Do you mean loose in morals or loose in banking

business?

Mr. Clark. Both. That is four trusts that you have in the wagon business. Is that all?

Mr. Miles. I do not know, sir. I would have to go through the whole list of trusts. I do not know whether there are any others or

Mr. Clark. Is there any trust on wagons?

Mr. Miles. No, sir.

Mr. Clark. When you strike a buggy or carriage, you have this steel proposition over again, and the wood proposition and the lead proposition and the linseed-oil proposition, and on top of that you have leather?

Mr. Miles. Yes, sir.

Mr. CLARK. Is there anything else?

Mr. Miles. We have a strange tariff on the cloth that goes into it, but there is no trust that I know of.

Mr. Clark. Is there a leather trust?

Mr. Miles. There is a hide trust; I have six or eight such items as that, but there is no time to go into it to-night. Do you want me to talk of leather?

Mr. Clark. I want you to answer my question. Mr. Miles. Yes, sir; there is a leather trust.

Mr. Clark. This Boston concern runs the whole business, does it not?

Mr. Miles. Is that the United States Leather Company?

Mr. CLARK. Yes. Mr. Miles. That and the packers jointly.

Mr. Clark. Well, there is a leather trust, then? Mr. Miles. Yes, sir.

Mr. Clark. That makes five trusts that you have in a buggy. Are there any more? There is a piece of glass in the average buggy.

Mr. Miles. Yes, sir.

Mr. Clark. And the gentlemen's agreement on the timber? Mr. Miles. Yes, sir.

Mr. Clark. Is there anything else?
Mr. Miles. There are gentlemen's agreements on many of the small pieces that go into the manufacture.

Mr. Clark. A gentlemen's agreement is another name of a trust compact to plunder the people?

Mr. MILES. That is all.

Mr. CLARK. Now is there a buggy trust?

Mr. Miles. No, sir.

Mr. CLARK. There is no gentlemen's agreement among buggy makers?

Mr. Miles. No. sir; buggy men do not come together, even.

Mr. Clark. They absolutely compete? Mr. Miles. Absolutely.

Mr. CLARK. When you buy the fellys and the spokes and hubs, they are all in the trust, are they not?

Mr. Miles. I think not; there was a kind of agreement on them, but I have not heard of it during the last twelve months or year.

Mr. Boutell. What does your competition result in to the ultimate consumer of buggies and wagons?

Mr. Miles. It lowers the price all possible, of course.

Mr. Boutell. You make all you can for a buggy and all you can

for a wagon and all you can for a plow?

Mr. Miles. Yes, sir; where we get any competition in any trade we sell almost without profit, but we pay for the linseed 30 or 40 per cent more than we did a year ago and 100 per cent more for the steel, etc.

Mr. Clark. If you and Mr. Van Cleave and Perry & Co. have not been trying to cut down wages, what was the difficulty between you

gentlemen and the labor union?

Mr. Miles. I have never had any difficulty with the labor union

and never said anything against labor in my life.

Mr. Clark. Mr. Van Cleve has been hammering the labor unions ever since I have heard anything of him, and so has Parry.

Mr. Mulhall. Mr. Chairman, may I be permitted to answer Mr.

Clark?

Mr. Clark. What is your name?

Mr. Mulhall. Martin L. Mulhall. Mr. Van Cleve has nothing but union labor employed, and the only difficulty in his shop was that the brass finishers were getting too much wages and getting more than they were paying in St. Louis, and some of the labor agitators, because Mr. Van Cleve is a good Republican and is president of the National Association of Manufacturers, particularly Mr. Samuel Gompers, did not agree with Mr. Van Cleve politically, and for that reason he has been saying everything he possibly can against Mr. Van Cleve and his friends. Now, I will answer any question you have to ask.

Mr. Clark. You are not on the witness stand to begin with.

Mr. Mulhall. I simply asked, as an associate of Mr. Van Cleve, being connected with him in business and connected with him in the National Association of Manufacturers, to reply.

Mr. Clark. Was the matter in controversy a question of wages?

Mr. MULHALL. I wanted to explain the situation.

Mr. Clark. I know, but I was asking this man some questions.

Mr. Mulhall. I desire, as a member of that firm, to answer you and correct an erroneous idea that you were trying to get before this committee.

Mr. Clark. Don't talk so much, but answer my question. Mr. Mulhall. I will answer any questions you desire to ask.

Mr. Clark. Was it a difference about wages?

Mr. Mulhall. No, sir; it was not. Mr. Clark. What was the difference?

Mr. Mulhall. It was was a difference about politics. Mr. Van Cleve had been saying in this last campaign some things, promising the business men of this country to bury Bryanism.

Mr. Clark. Mr. Van Cleve was hammering these labor unions

and---

Mr. Mulhall. You can not show me by any evidence, either from Mr. Gompers or any labor union in this country, that Mr. Van Cleve has been hammering labor.

Mr. CLARK. I can read, and I read Van Cleve's speech.

Mr. MULHALL. So did I.

Mr. Clark. Van Cleve has stated—

Mr. Mulhall. Have you any authority for that?

Mr. Clark. Yes.

Mr. MULHALL. Then I would like to have you read what the public press has said.

Mr. Clark. I did not come here with the documents and speeches

of Van Cleve to be able to read them.

Mr. Mulhall. Well, I have; I have them in my pocket.

Mr. Clark. You may have any set of speeches.

Mr. Mulhall. No, sir; I have the right set of speeches.

Mr. Clark. What was the row between Van Cleve and the labor

unions?

Mr. Mulhall. I have just told you. I explained why it was. I say that Mr. Van Cleve has continued to run a union shop and the only difference between Mr. Van Cleve and his people is that Mr. Van Cleve is a protectionist and a Republican and he was elected by the unanimous vote on the 3d day of August as president of the National Association of Manufacturers.

Mr. CLARK. You have not stated yet what was the difficulty be-

tween Van Cleave and these labor unions.

Mr. Mulhall. I am trying to explain it to you.

Mr. Clark. But you go off and make a political speech. Now,

what was that difficulty about?

Mr. Mulhall. The brass finishers wanted 10 per cent more wages than were paid in St. Louis.

Mr. Clark. That is one thing.

Mr. Mulhall. Yes, sir.

Mr. CLARK. Van Cleave did not want to pay it?

Mr. Mulhall. No. sir.

Mr. Clark. And therefore Van Cleave was going to put the wages down?

Mr. Mulhall. I wanted to explain to you that in all the speeches that Mr. Gompers made it showed that it was a political move by the labor agitators and nothing else.

Mr. CLARK. They wanted the wages raised, and Van Cleave wanted

to cut them down.

Mr. Mulhall. Do you know any firm in St. Louis that pays more to their men than the Buck Stove and Range people?

Mr. Clark. I do not know anything about it.

Mr. MULHALL. Then you should not try to get the impression amongst these people that you do.

Mr. Clark. I was not asking you anything about that.

Mr. Mulhall. I am asking you, now.

Mr. Clark. But you have no business to do it.

Mr. MULHALL. I, as a member of that association, and being connected with Mr. Van Cleave, desired to make that explanation.

The CHAIRMAN. One moment, I—

Mr. MULHALL. I asked you, Mr. Chairman, for the opportunity to do it.

The CHAIRMAN. When I ask you to stop, stop. If you want to answer Mr. Clark's questions, do so; if not, sit down.

Mr. Muliiall. I will answer the gentleman any question that he wants to put to me.

Mr. CLARK. Every time I ask you a question you make a political

speech.

Mr. Mulhall. Thank you, sir; I did not think I was capable of doing it.

Mr. Clark. And there are several expert Republican speechmakers around here. The fact that I want to ascertain is this naked fact, if the row between Van Cleave and the labor unions was not on a question of wages?

Mr. Mulhall. No, sir.

Mr. CLARK. You have just stated that it was with regard to these brass finishers.

Mr. Mulhall. I said it was one organization of labor. The other was perfectly satisfied, and are still in Mr. Van Cleave's shop.

Mr. Clark. It does not make any difference whether it was one

or two.

Mr. Mulhall. Mr. Van Cleave has had no trouble with labor outside of the labor agitators. I believe I have answered that.

The CHAIRMAN. Are you through, Mr. Clark. Mr. Clark. I am through with that fellow.

Mr. Dalzell. Mr. Miles, I want to ask you a question. I happened to be in London last August and I read in a newspaper that there was a conference of free-trade advocates called at the instance of the Cobden Club, and that you were a delegate to that convention. Is that so?

Mr. Miles. I went to that convention, yes, sir, with the distinct understanding that I differed from them all, but was willing to go over there and hear them and tell them that the United States was for protection and would not have a thing to do with free trade in this generation or any subsequent one.

Mr. Dalzell. I just desired to know. It was a convention of the advocates of free trade, called at the instance of the Cobden Club, and you were there as a delegate. I just wanted to know whether you

were there. You say you were?

Mr. Miles. Yes, sir. Mr. Gaines. You say that there are international trusts; you mentioned a rail trust. The steel makers of what countries are parties to that international trust?

Mr. Miles. I understand they all are, but I have no proof of that;

all the steel makers of the world are in that trust, supposedly.

Mr. Gaines. Are the United States steel makers? Mr. Miles. Yes, sir.

Mr. Gaines. And those of England? Mr. Miles. Yes, sir.

Mr. Gaines. All of the great nations, are they? Mr. Miles. Yes, sir. Mr. Gaines. What other international trusts are there?

Mr. Miles. I can not name them. There are some relating to chemicals, and I do not know what else. I have not tried to remember them. I heard a good many over there talking about it.

Mr. Gaines. Are the steel makers in England, who already have

free trade, also in that trust?

Mr. Miles. Yes, sir; supposedly on rails.

Mr. Gaines. I have seen stated in the newspapers that an effort had been made to organize an international trust and that the steel company had remained out of it; but for the action of the so-called "American trust" an international trust would have been organized; that already there was in existence one that comprised the steel makers of the principal European countries. Do you know whether that is true or not? You think it is not true that the steel trust is in an

international trust now, do you?

Mr. Miles. Our steel people do not agree, as I understand it; that is, to making any "agreement" in restraint of trade. They have a very fortunate way of "severally declaring" instead of agreeing, and they severally declare one and the same thing.

Mr. GAINES. But without reference to the devices for evading an appearance, the fact is, broadly, that you think that they are in such

an agreement?

Mr. Miles. A large producer in Europe told me that there was a contract for years between the European people and our people whereby the foreigner would not ship rails into this country. So I think there has been an understanding on rates for many years back covering our producers.

Mr. CLARK. Do they divide up the territory?

Mr. Miles. All that the foreign producer told me was that he was sorry he was in an agreement that would not let him bring rails into this country. What the compensation in return was I do not know.

The Chairman. Have you any knowledge of an international trust except what we have all seen in the papers within the last few days?

Mr. Miles. I did not see those papers.

The Chairman. The paper announced it one day, and the next day a very unusual occurrence happened—they contradicted it.

Mr. Miles. I do not know about that.

Mr. Cockran. If there is an international steel trust, what worse can happen to us? What is the use of putting the product on the free list, or doing anything else, if we pass merely from the control of one department of the trust to another?

Mr. Miles. They might help us independent fellows in that we would have the same prices that the Belgians and the English got,

anyway.

Mr. COCKRAN. Oh, then, your idea is not to suppress trusts, but simply to get the effect of an international trust as distinguished from a national trust?

Mr. Miles. I tell you I do not know whether we are going to have

a trust or not.

Mr. Cockran. I thought you said there was one?

Mr. Miles. An international trust?

Mr. Cockran. Yes.

Mr. Miles. On steel rails. Mr. Cockran. Only on rails?

Mr. Miles. There was one, the last I knew, on rails. Mr. Cockran. But not on the other products of steel?

Mr. Miles. No, sir; not that I know of.

Mr. Cockran. I misunderstood you. I thought you said there was an international trust on steel products generally. It is only on steel rails!

Mr. Miles. There has been one on steel rails, as I understand from experts, for I do not know how long—two or three years. That is all I know about it.

Mr. Cockran. Is it in existence now?

Mr. Miles. It was in existence the last I knew.

Mr. Cockran. Did I understand you correctly on your direct testimony—your first testimony—to state that this list of trusts that you

gave were all sheltered behind a tariff and that you attributed their existence to that tariff?

Mr. Miles. These trusts here?

Mr. Cockran. The trusts that you mentioned on that list which you

gave us.

Mr. Miles. They are all sheltered behind the tariff. I do not attribute their existence at all to that, but I attribute about one-third of their profits to that.

Mr. Cockran. Those trusts do not exist in any industry except one protected by a tariff. There is not a single trust in any of the articles

that are on the free list, is there?

Mr. Miles. No, sir; not that I know of.

Mr. Cockran. And therefore it is at least a coincidence that wherever you have a trust you have a tariff on the article?

Mr. Miles. You have trusts in England, of course. The Chairman. What trusts have they in England?

Mr. Miles. I can not name them, but they have a good many.

The CHAIRMAN. Have they got a single one that you would be prepared to testify to—a trust I mean that depends upon high prices? To have a trust that rests on the domination of the market and an abundant production is one thing, and a trust that rests upon the domination of the market and high prices exacted under the shelter of a tariff is another.

Mr. Miles. Yes.

Mr. Cockran. So that when we speak of a trust here we mean a trust that exacts high prices under some artificial advantage enjoyed under the law. Is that your understanding of it?

Mr. Miles. Why, a trust does not necessarily enjoy artificial ad-

vantages. It is simply a monopoly in restraint of trade.

Mr. Cockran. Yes; but whereas the monopoly that depends upon the excellence of the production, the cheapness of price, is one thing; where it is a monopoly depending upon conditions established by law, it is another. Now, these trusts that you speak of are not trusts that exist by reason of any superiority of production and therefore cheapen the price, but they exact high prices under the shelter of the tariff, I understand.

Mr. Miles. They have all the advantages of a trust in cheapening

production and efficiency.

Mr. Cockran. They have cheapened production?

Mr. MILES. Yes, sir.

Mr. COCKRAN. Have they lessened prices? Mr. Miles. No, sir; they have raised prices.

Mr. COCKRAN. That is just what I say. These trusts you speak of—and let us see if we can understand each other—of which you gave a list, are all trusts that have advanced prices under the shelter of the tariff. Is not that so?

Mr. Miles. Yes, sir.

Mr. Cockran. That is all I have to ask you.

The CHAIRMAN. Did you ever hear of a trust in Great Britain?

Mr. Miles. Yes, sir.

The CHAIRMAN. And they are not sheltered by a tariff there, are they?

Mr. MILES. No, sir.

The CHAIRMAN. And there was a trust in Standard Oil long before there was any tariff on oil?

Mr. MILES. Yes.

The CHAIRMAN. That is all I want to ask you.

Mr. Cockran. Wait a moment. Name that one in England. Mr. Dalzell. There are a dozen of them. Mr. Cockran. Do you recollect one that has raised prices?

The CHAIRMAN. Bread, for instance.

Mr. Cockran. They have raised the price of bread?

Mr. Miles. I have heard of concentrated efforts to make excessive profits by selling short-weight loaves, etc., but nothing that can really

be called a bread trust, which I would consider impossible.

Mr. Cockran. I want to know one that has raised the prices, that could raise the price where there is an international supply. Now, let me tell you about Standard Oil. The Standard Oil Company did not enjoy protection until one of these paragraphs of the Wilson bill was perpetrated, but did enjoy, I believe, according to the evidence now being unfolded, special rates of transportation from the railroads, did it not?

Mr. Miles. Well, you know all about that.

Mr. Cockran. You say it did, as a matter of fact? Mr. Miles. I have heard so.

Mr. Cockran. And that company established its monopoly by one form of government favor-that is, special rates.

The CHAIRMAN. The Government gave them special rates?
Mr. COCKRAN. No. But a public agency, exercised by private corporations, gave them favors analogous to other favors extended directly by the tariff. You can not show a trust in the world that has raised prices that has not enjoyed special favor of some character, either tariff favors or favors of transportation at special rates.

The CHAIRMAN. The farmers raised the price of the oil. Why do

you not blame them for it?

Mr. Cockran. I think we might show how it started; that it was by special rates and rebates, by which it exacted the extortionate price from its rival for transportation were paid direct to the Standard Oil Company by the railroads.

The CHAIRMAN. Have you anything further, Mr. Miles?

Mr. Miles. I have some schedules here that I was asked to present. The CHAIRMAN. Just hand those to the clerk; we can not print all of them.

Mr. Miles. I would have to explain them. Some of the textile people asked me to explain to you something about tops, and some people asked me to talk about leather.

The CHAIRMAN. Do you want to talk about them?

Mr. Dalzell. We had better hear Mr. Miles at a later date.

Mr. Miles. I have only talked to you to-day on the trusts and those

that should be reduced.

The CHAIRMAN. We have had these subjects before us for four weeks. If it is just as convenient for you to come back here on Monday—in the morning we have got to hear some people on the leather schedule. but I think in the afternoon or on Tuesday morning we could hear you. In the meantime, if you would see the clerk and give him the addresses of those witnesses you said you would give us, you would aid the committee as much as you can in any other way.

Mr. CLARK. Could you not set the hearing for Tuesday, because there are so many things to look after on the first day of the session? The CHAIRMAN. You can come just as well Tuesday as Monday?

Mr. Miles. I guess so, sir. May I leave it with the clerk?

The CHAIRMAN. Then we will hear you Tuesday at 9.30 a.m., and suspend now.

Mr. Miles. All right, sir.

## ADDITIONAL STATEMENT OF H. E. MILES, OF RACINE, VIS., RELATIVE TO PROTECTION FOR VARIOUS INDUSTRIES.

Tuesday, December 8, 1908.

Mr. Miles. Mr. Chairman and gentlemen, Saturday I stood for low rates, even with the free list as an ultimate, logical conclusion, upon trust-made articles where protection inures wholly to the benefit of trusts and infinitely afflicts the consumer by way of excessive prices and high cost of living, reduces the hours of work and the wages of the laboring man, and the profits of the nontrustified manufacturer. The low rates I called for are demanded by the Republican national platform and by the principle of protection as defined by the successful candidates of the Republican party. The principle must be followed if it leads to a low rate, and equally if it leads to a high rate.

If there is any industry in the United States that deserves protection, in my judgment, it is the textile industry, and there is no question but most industries do need very considerable protection. The need of the textile industry for protection does not, however, call for exorbitant or unreasonable rates, nor rates that signify misjudgment and miscalculation. I am opposed to that sort of tariff which the Supreme Court of the United States describes as "none the less robbery because it is done in the name of the law and is called taxation," but the putting of steel at a very low duty or on the free list is no reason for reducing the rates, for instance, on hosiery, which, as far as I know, are necessary as now imposed, being 65 per cent and less.

The textile industry appeared before you a few days ago. It did seem as if the United States Government, as represented by yourselves, might have secured the necessary information, but the memory and knowledge of the chief representative of the textile industry was inversely as his profit in the tariff. You asked him about "tops." I have in hand a statement of the superintendent of a woolen mill taken from his cost books, which shows as follows: Upon the purchase and use of 10,000 pounds of raw wool at 20 cents a pound—

The CHAIRMAN. I want to ask you a question right there. The only object the committee had in asking you the names of parties who have information is that we may be able to subpœna them, bring them before the committee, and question them first-hand. I would like to ask if your confidential relations are such that you can not

disclose those names to us?

Mr. Miles. There is no fear in particular, sir, so far as I am concerned, and I hope upon the part of no one. There are some gen-

tlemen, with whom I have not been able to communicate, who have given me information from their cost books, and so forth, and I would like to ask their permission before giving their names to you.

The Chairman. Suppose you give the names to the stenographer, who will make a note of their names. Of course, your information will not be of value to the committee unless we can call such men before us and get their testimony on the subjects.

Mr. Miles. I have some of these names to-day, and I shall give

them to you.

The CHAIRMAN. I hope you will be able to give them all to us.

Mr. Miles. I have two or three pieces of cloth here—but I will explain as I go along and shall give you authority for everything that I say.

The CHAIRMAN. Please proceed. I only mentioned that so that

you would not overlook giving us those names.

Mr. Miles. Ten thousand pounds of wool, with a duty of 11 cents a pound, making \$1,100 total duty. The superintendent of this mill in bringing that raw wool up to tops had a shrinkage down to 5,600 pounds, and the labor in bringing that to tops was \$184.80; but the duty was increased from \$1,100 on raw wool to \$2,912 on tops, an increase in the duty of ten times the labor put in, leaving you to estimate the shrinkage. This is not a complete problem, but I think you will find it of interest—\$184.80 added to labor and \$1,812 added to the duty.

In the next process, bringing tops up to yarn, there was a shrinkage, as shown by the table, of about 10 per cent in weight and an increase of \$360.36 in labor. And against these two items of cost the tariff was lifted only \$36.40, or one-tenth of the actual wages put into the stuff, with no allowance for the shrinkage in weight. These exhibits show in one operation ten times the pay roll added and in

another one-tenth of the pay roll.

Now, in the next process, bringing the yarn into cloth, weaving and finishing, there was a further shrinkage of a little more than 10 per cent and \$942.01 in labor invested, and against all this the tariff gave only \$538.01, a good less than half of the additional cost

to the manufacturer.

Ten thousand pounds wool in grease.

	Increase of labor cost.	Total labor cost.	Increase of duty.	Total duty.
Wool, 10,000 pounds 'Tops,'' 5,600 pounds Yarn, 5,040 pounds Cloth, 4,389 pounds	\$184.80 360.36	\$184.80	\$1,200.00 1,212.00 36.40 538.91	\$1,200.00 2,912.00 2,948.40 3,487.31

Cloth produced—4,932 pounds woven; 4,389 pounds finished. Value of product, \$1.60 per yard—piece dyed, worsted serge, cross-bred wool.

The tariff on "tops" of this grade is 33 cents per pound, plus 50 per cent ad valorem. The 33 cents was given upon the erroneous belief on the part of the tariff-making body that it took 3 pounds of wool in the grease to make 1 pound of "tops" of this grade. This exhibit is in line with many others and shows that upon this grade

of wool it takes less than 2 pounds; also, that the labor is almost inconsiderable in making tops, so that a tariff of 25 cents to 30 cents per pound would amply cover the difference in cost plus the total wage and greatly reduce the present duty.

Mr. CRUMPACKER. Mr. Miles, there is a relative increase in cost, and substantially the same shrinkage, when this work is done abroad?

Mr. Miles. Yes, sir.

Mr. CRUMPACKER. Do you recommend that we increase the rate in making the cloth out of the yarn to cover the entire labor cost here, or only the difference between the labor cost here and abroad?

Mr. Miles. Only the difference between the labor cost here and abroad, liberally figured, as I explained in my former testimony.

Mr. Crumpacker. But you do not give us that difference. You give us our labor cost and their labor cost of making cloth out of yarn and say that the tariff is only about one-half of it. I understood that in illustrating that fact you thought the tariff was too low.

Mr. Miles. I give this only to show the inconsistency in many

respects of the wool schedule.

Mr. Crumpacker. You make no recommendation as to what the

rate ought to be in the various processes?

Mr. Miles. No, sir. I only show this as giving at times one-tenth and at other times ten times the total wage cost, unreasonably high on tops, scant on weaving, and generally unscientific.

The Chairman. I think, as both myself and Mr. Crumpacker have now interrogated Mr. Miles, and one offsets the other, that he had better be allowed to proceed with his statement to the finish, as our

time is limited this morning.

Mr. Miles. I will say that many men in the textile industry have bitterly complained at any objection made to the textile schedule. They have insisted, and I believe before you, upon the schedule being left alone. And yet some members of that industry, as this problem shows, have very little in the way of protection; for instance, those who buy the tops to weave. Some came to me saying that the rates were wrong, and were exceedingly angry and hurt because things like this were not developed in the testimony, and requesting me to bring this up.

No wonder Mr. William Whitman's memory failed him utterly, as he is one of the biggest makers of "tops" in the United States, and no wonder that other textile men who sat back of him were chagrined and declared that to stay at your hearings for a week would makerank free traders of them, although they can justify for high rates.

The Dingley bill, therefore, adds \$1,812 for \$184 of labor and a shrinkage in weight, which I leave the committee to estimate, and then, as shown by the exhibit, for a further shrinkage of 10 per cent and an addition in wages of \$360 the duty is increased only \$36.40. The first increase is ten times the wage cost; the second increase is one-tenth of the wage cost. Then comes weaving and finishing and further shrinkage in weight of more than 10 per cent and an addition in labor of \$942.01 and an offsetting increase of only \$538.91 in the duty. Is there any wonder that some men rail at the unfairness of the textile schedules, and others insist, so far as their particular factories go, they can not endure a reduction in the tariff? Those who make "tops" have very much more tariff than they need;

those who buy "tops" and varn and only weave are now operating upon very close margins, and though they may not know the reason of their trouble, are to be forgiven for complaining against those

who are aware of the inconsistencies of the present tariff.

I give you herewith a description of Huddersfield district (England) woolen goods, as published in the Textile World Record November, 1908, an approved trade journal, which speaks very highly of the findings and the work of the author of the article, Mr. W. A. Graham Clark, United States special consular agent. This district is celebrated as having the lowest costs in the world on goods of this kind.

Sample No.	Total wage cost.	Tariff ad valorem.	Number of times the total wage cost.	
One		Per cent. 97 100 106.6 99.5 90.7 100.5 138.05	Four. Three and a half. Do. Four. Three. Two. Five.	

<sup>&</sup>lt;sup>a</sup> This is a high proportion for wages, which, in these cloths, usually run one-fourth of the total cost.

I also submit a Colne Valley low-grade tweed, selling price 37.3 cents, with duty 61.88 cents, or 166 per cent ad valorem, with wages only 16.7 per cent, the duty being therefore ten times the total, as the cloth is cotton, being made almost wholly of American cotton and shoddy.

I hand you also sample of blue Bradford serge, the total wholesale selling price being 18.5 cents, total wage cost 13.4 cents, total duty 111.3 cents. The duty is therefore eight times the total wage cost

and about six times the total wholesale selling price.

Also a red Bradford cashmere, wholesale selling price 16.6 cents, total wage cost 15 per cent of selling price, duty 89.7 per cent. The total wage cost is therefore one-sixth of the selling price; the cloth is 45 per cent cotton, and yet upon importation duty tax would be added at three times the actual weight of cotton and wool, plus 50 per cent,

the tariff being nearly twice as high as need be.

I hand you also a sample sheet with four samples upon it of worsted goods, Yorkshire make, the first two being about one-half cotton, the last two all wool, with both English and Massachusetts costs. The exhibit shows upon sample A a difference in cost of 67 per cent, with a difference in duty of 108.06 per cent; upon sample B a difference in cost of 67 per cent, with a difference in duty of 117.03 per cent. These two are the cotton-warp cloths worn by people in moderate circumstances, who, throughout the cloth schedule, are very severely taxed as compared with materials worn by the wealthy.

Cloth C, all wool, difference in cost 127 per cent, 115 per cent duty,

showing a protection that does not cover the difference in cost.

Cloth D, difference in cost 156 per cent, duty 122.06 per cent. It seems to me that these exhibits show that the textile schedule, which to-day is very likely the most important on the list, is a hodgepodge. Congress put a special committee or commission at work upon the

paper and pulp schedule for months. Only a special commission could work out a reasonable textile schedule, and that after many months of

serious endeavor.

While you were given to understand that the textile schedule could not be lowered, I have it from men very well versed in the business that it could be if only it could be done intelligently and with sufficient care and that such a revision might materially lower the cost of goods worn by the poor and lower the duty on "tops" and give to those who weave a better margin of tariff protection than they have now. The total wages paid by the textile mills of Massachusetts in a recent census was \$50,000,000. The value of the output was \$200,000,000, wages being 25 per cent. A leading manufacturer in New England assured me that the census report accords with his experience.

And yet the duties run from 75 per cent minimum to 165 per cent,

although many of the low-rated goods are nearly half cotton.

One hundred and sixty-five per cent, being the maximum protection shown in the government reports, marks only the point of prohibition. I have purchased abroad in times past cloth which, if now imported, would bear a duty of 207 per cent, the cost of the cloth in England being 14 pence, the duty being 29 cents, making the total value of the cloth 43 cents, while I am buying it from makers in this country at 25 cents. A tariff unreasonably framed provokes comment, though not in this case working any injury that I know of.

You were given the impression that the cotton rates could not be lowered. I am informed by capable spinners that the rates could be lowered in important particulars, more especially upon the lower grades, where poor people would be benefited. On higher and finer grades some duties might properly be advanced. I have looked over figures from foreign and domestic mills indicating that the United States is the equal of the world in the cost of production of sheetings, drills, prints, ducks, and flannelettes. These are made out of American cotton, with a total wage cost of about 25 per cent, the tariff running from 18 to 33 per cent.

I have canvassed thousands of manufacturers upon their tariff rates and find no schedule upon which some are not willing to accept of a considerable reduction, while some are desirous of an increase, the increase being more especially on fine embroderies, laces, and things of that kind which have not heretofore been produced in quantity in this country. The feeling of the manufacturers who have not appeared before you is, on the whole, for a reduction in rates, and is, I believe, fairly indicated by 224 letters received by me, the writers advising as follows with reference to a reduction in their rates:

Want whatever is equitable	28
Reduce from 5 to 30 per cent	
Reduce 50 per cent	
Reduce 100 per cent	54
Don't know	
Indifferent	18
No reduction	
Increase	3
_	

224

This makes about 20 per cent wanting the present rates or an increase, the balance indifferent or ready to accept from 5 to 100 per

cent decrease. All this being on the basis of a tariff to be estimated

upon the difference of cost of production here and abroad.

I asked the textile manufacturers who were dissatisfied with the presentation of their case before you why they did not express themselves freely to you. Their answer was that they had been so busy making cloth and trying to make money that they really didn't know how to advise you; that there were gross inaccuracies in their schedules; that only a commission or body of experts appointed by yourselves and subject to your authority could help them to determine the needs of their industry.

The gentleman is in the city now who made that statement to me,

and I think in hearing of my voice.

## PRESSED GLASS.

The unfairness of the present tariff is fairly illustrated by the pressed-glass schedule. I have letters from several makers of pressed glass that their schedules may be reduced almost any amount. One maker of glassware says he wants no protection; another manufacturer of bottles and window glass says no protection; a third, making bottles, wants none. Pressed glass is made as cheaply in this country as anywhere in the world. President McKinley, when chairman of the Ways and Means Committee and framing the Mc-Kinley bill, knew this and recommended accordingly, and yet pressed glass bears a duty of 65 per cent, an absolutely unwarranted rate, as will be found upon any sort of fair investigation.

I know a gentleman who sells a very great deal of pressed glass

abroad at better prices than he charges his home consumers.

Mr. Longworth. Is pressed glass the ordinary window glass?

Mr. MILES. No, sir; that is blown glass.

Mr. Longworth. You referred to window glass a moment ago.

Mr. Miles. To one window-glass man; "Bottles and window glass"—that is what his title is, so I put them both in. I am giving the information as I got it from other people. I understand that most grades of the pressed glass need no protection.

Mr. Longworth. But you do not find that with respect to most of

the window glass?

Mr. Miles. No, sir. Mr. Fordney. You, of course, do not know how reliable the infor-

mation you get is?

Mr. Miles. Well, these manufacturers give their information to me, and if they do not know their business, then I certainly do not.

Mr. Fordney. They are facts as they know them. Why do they not come before us and give those facts?

Mr. Underwood. The witness is giving the names of certain people

to the stenographer so that we may summon them.

Mr. FORDNEY. Oh, I did not understand that. I only thought it was a little queer that a man could send a messenger and not come himself, when he was advocating changes in the tariff.

Mr. Miles. This is my general correspondence on the tariff, and my information comes from letters that I have received, and which I

will send to you.

## PLATE GLASS.

The president of the greatest plate-glass institution in the country challenges my sincerity with reference to protection. I beg to pay my compliments to him by informing you that the plate-glass schedule is extremely unfair, and that it must be corrected unless the wretched opportunity is continued to the plate-glass trust to rob the people.

On the larger sizes, being those tariffs which determine the business situation in the plate-glass industry, the duty is about 80 per cent of the selling price. Before the industrial commission a former president of the Pittsburg Plate Glass Company testified that the total wage cost is about 48 per cent of the selling price, or about one-half of the tariff. The material costs little more in this country than in Europe. Labor is 50 to 70 per cent higher. When 80 per cent tariff on the important sizes was given, this trust, like all others, very properly took it as permission from the United States Congress to raise their prices to the consumer. They added 100 per cent to their selling prices in about two years' time, giving one-sixth of the advance to their laborers and five-sixths to their stockholders. With a cost of production not far from that in Europe, the difference in wage cost, which is very considerable, being offset by saving in fuel and materials, they made the American consumer pay nearly \$2 for every \$1 worth of glass he bought. They raised their prices so high that importers were able to pay the excessive tariff and bring plate glass in to advantage. Whereupon the plate-glass trust showed a new phase of trust management in writing importers that they must not bring in glass or they would be cut off from home supply upon such sizes as could not be imported to advantage, and the importers had to discontinue their effort to save the home consumer and advantage themselves, and leave that consumer wholly at the mercy of the trust upon an increase of price of 100 per cent.

I have the price list, and would be glad to leave it.

About five months ago the plate glass people got into a little quarrel among themselves and cut their prices 35 per cent. The factories have been running full time at this lower rate. If Congress will insist upon proof of costs they will save the American people from possibility of further extortion upon their purchases of plate glass. The home makers during the past year under the excessive tariff held 85 per cent of the home market. These figures, however, do not indicate the extent of their control, because they hold substantially a complete control upon those larger sizes of glass upon which the success of the business depends, the smaller sizes being only cuttings or salvage from defective or broken large sheets, wherein the profit lies. Nor does their past hold up of the buyers indicate present overcharge, but only the opportunity you still leave open to the makers under the Dingley law.

In conclusion, if I may be permitted to say to you what is the desire of 90 per cent of the manufacturers of the United States, in view of the infinite difficulties of the situation and the perplexities of the manufacturing problem, I can only say this: There is a thorough appreciation of the American system of government in all its phases. But the manufacturers of the United States feel that it is absolutely impossible, except upon ceaseless endeavor, either for them or for

Congress to discover what are the needs of each and all industries in the way of protection while the consumer is as certain that it is impossible for him or for Congress hastily to determine what are his rights or his privileges in the matter of his purchases and government regulation thereof. Cutlery, earthenware, and pottery-each and all of our various industries—are now operating under a tariff that is extremely inexact, and as Germany and other foreign countries have tariffs that are a thousand times more carefully worked out, it is, in general words, the extreme and insistent desire of those who manufacture and of those who consume that the next tariff be not hastily framed, that it be based upon the absolute fruth and the disclosure of all the evidence of the case. It is absolutely clear to such manufacturers and consumers that such disclosures can be made only as the Congress appoint a committee or commission, or whatever it be called—a body of men who will devote themselves absolutely to the problem, will go to the factories, investigate the books of cost, compel the submission of testimony, administer oaths and act upon the principle of a just and fair protection as defined by the Presidentelect and by the Republican party, through its leaders, and that this body shall, upon the conclusion of its investigations, upon either an early or a remote period, bring back and lay before your honorable committee the full and final data as such a commission only can determine it. Agitation will never cease, the hurt and discomfort of an inaccurate and unfair tariff will never cease, until this commission plan is worked out and made effective. Those who trifle with public opinion and with public patience do it at a very serious risk. matter has been thought out and worked out with such extreme care and under such compelling circumstances as makes it, in the judgment of all, a necessary step in the solution of the question.

Now, I am going to make a statement that is a little involved, but if I make it with sufficient clearness I believe you will find it sug-

gestive and helpful. It is upon meat and hides.

I have consulted for two years with the national representatives of the stock raisers and of the packers and of the tanners. From what I have heard from these three I beg to suggest as follows as concerns

hides and meats:

The best solution of the question is one that makes money for all and loses it for none. The figures I give are close approximations for the average animal as handled at any of the great western packing houses. The average hide, as taken from a thousand-pound steer and salted, being the hide as it is ordinarily bought and sold, weighs about 55 pounds, and has a commercial value of about 11½ cents per pound, or \$6.25. The tariff being 15 per cent, amounts, therefore, on the average steer to 90 cents or \$1. As the steer is worth, delivered at the packing house, from \$40 to \$50, the tariff on the hide is about 2 per cent of the value of the steer.

It is entirely uncertain whether the farmer gets any of this 90 cents or not. He may get some of it, and at times he may get all of it, but there is a strong probability that the packer gets all, for the making of prices, both on live stock and on meat, rests as a matter of fact with the packing trust. The packers and the growers are both thoroughly aroused and dissatisfied because of the restriction, unnecessary as they believe, of the foreign market, and many stock raisers and all the packers are willing to give up the tariff on hides

if only they may have an enlarged foreign market, developed through governmental negotiations.

The statements above made are approved by Judge Cowan, who appeared before you Saturday in the interest of the live-stock raisers

of the United States.

This 2 per cent protection, as estimated upon the value of the live animal, is small. Judge Cowan and others believe that an enlarged foreign market would add from \$2 to \$4 to the value of every steer in the United States. How easy, then, to remove the tariff on hides, increase the value of the live stock by enlarged foreign markets, and save those independent tanners whose existence is imperiled by the packing trust through the trust ownership of tanneries. In doing this we should make a foreign market for \$50,000,000 more of our

meats per year.

As I pleaded Saturday for the continued existence of tens of thousands of independent nontrustified manufacturers whose existence is threatened by trusts from whom they must buy their materials, so I plead to-day for the independent tanners. I am informed by some of the strongest of them—men who have made a great success of their business in the past—that the ownership of many tanneries by the trusts and the insistent request of trusts that the independent tanners now tan hides by the piece, as employees, as it were, of the trust, imperils the existence of independent tanners, who must soon

go out of business unless they get relief.

It works this way: The independent tanner asks the packer for a price on hides. The packer names a higher price than the independent tanner feels that he can pay. The latter declines to make the purchase; he tries again a couple of days later, as it were, and is then told that the packer has disposed of the hides which he formerly priced, the fact being that the tanner has sent the hides to one of his own trust tanneries. The independent must then shut his shop down or take hides at such a price as is offered. The packing house insists upon a high price upon the hide and makes a price on the finished leather so little above the hide price as to give no adequate margin for the independent tanner. The independent must take his chance upon this narrow margin or must yield to the tanners' suggestion that all hides be tanned "piecework." If he tans piecework the packer has his inspectors going through the tanner's factory and in a short time the tanner has lost his independence and the control of his business.

One of the oldest and most successful tanners of the United States told me a couple of weeks ago that he would now sell his factory at anything like a fair price and go out of the business. If he ever went back into the business, he would do it in Antwerp—a free port. He took me into his storage rooms, where were many thousands of foreign hides. The home supply is insufficient; hides must be imported, and the packing trust is being allowed to add the tariff to such hides as they produce and control the situation in all directions. Ships from South America carrying hides usually go to Antwerp—a free port—and from there make inquiries by wire of possible buyers, so that the hides wanted in this country from South America usually have to come roundabout from Antwerp or other European ports. The trade is handicapped in every way, and there is every probability that a continuation of the present rate on hides is nothing

less than a death warrant to independent tanning in the United States. The farmer gets so little from the tariff in any direction that it seems cruel to suggest the removal of a tariff from which he may get even the slightest advantage. The statements, however, from the national representatives of various farming organizations indicate that the farmer is more anxious to be relieved as a consumer from trust extortions under the tariff than to secure a continuance of the tariff on hides and such other items as are of doubtful assistance to

The consummation most desired by stock raisers and packers alike is the enlarged foreign market. We now ship neither meat nor live animals in quantity to any European countries except Great Britain and Belgium. Germany imports \$200,000,000 of foodstuffs, only \$50,000,000 of this coming from us. She has clearly indicated that she might give us a greatly enlarged market for our meats if our meat inspection were brought up to her standard (which the packers could easily do), and if we would make her a concession on sugar such as we give to Cuba. If this statement covers difficulties that seem considerable, I beg to say that they are no greater difficulties than the business man finds every hour of his life in the conduct of his affairs, and no greater than Germany is delighted to meet at any time through her very competent tariff commission, which is willing to have more than one phase presented at once in a trade complication, and who, by such consideration of many phases to one problem, reached that consummation which most relieves her industries and to the greatest extent extends her commerce.

The difficulty with our entire stock and meat problem is that the American consumer insists upon eating only the best cuts; when choice cuts sell for 17 cents retail the whole carcass (dressed) sells for 63 cents and cheap cuts at from 4 cents to 8 cents. The poorer two-thirds of each carcass finds an unwilling market in the United States, but would be most welcome to the common peoples of European countries, who seldom eat meat, and we are being constantly advised through our consular reports and otherwise of the willingness with which foreign nations would negotiate if we would meet them upon

the basis of a fair reciprocity.

If we would but give a little concession to Germany on our sugar, it would give us a chance on our meat. We would have to do just two things to get it—give reciprocity and the meat inspection that Germany requires in her own abattoirs.

Mr. Fordney. In other words, you think that if we give Germany everything that she wants, then she will play with us?

Mr. Miles. What she wants in two particulars only, as I have told

Mr. Fordney. But those two particulars will destroy the sugar in-

dustry in order to increase our sales of meat in Germany?

Mr. Miles. Absolutely not. I have it from members of the Government that if you will make a concession putting Germany on the same basis as Cuba, it would be greatly to our advantage.

Mr. Gaines. That is, let sugar from Germany in on the same basis

as the Cuban sugar?

Mr. Fordney. Suppose we put Cuban sugar back up to the ad valorem rate of duty of 1.681 per pound; what would Germany do about that?

Mr. Miles. I am not recommending that, Mr. Fordney; but I believe that this problem ought to be, and could be, worked out, if you want to benefit the farmer—to give him a foreign market and

a greater profit for what he raises.

Mr. Fordney. Would you aid the meat packers in their market in Germany by reducing the duty on sugar? Do you not believe that the beet-sugar industry has had enough bumps without giving it any more?

Mr. Miles. I think I have answered your question, sir.

Mr. Fordney. You said that you would destroy the beet-sugar industry, or that you would endanger it, in order to give a better market on meat.

Mr. Miles. I did not. I am not in favor of destroying any indus-

try or materially injuring any industry in this country.

Mr. Fordney. But such injury as would follow from what you

suggest would be the first step to destroying it.

Mr. Miles. If they had excessive rates I would make this concession. I am speaking of the 20 per cent reciprocity allowance on sugar. I am not talking of the destruction of the beet-sugar industry.

Mr. Fordney. Do you think it could stand a 20 per cent duty with

Germany?

Mr. Miles. I am not sufficiently conversant with the subject to pass upon that, but from what I hear I believe we could.

Mr. Fordney. And you recommend it?

Mr. Miles. I recommend the consideration of my proposition. Mr. Spreckels was here and said that we could have free sugar.

Mr. Fordney. But Mr. Spreckels is a refiner of foreign imported

Mr. Miles. And he knows about the sugar industry, the cost of

sugar and other things.

Mr. Fordney. But he would destroy the beet-sugar industry absolutely in order to increase his business of refining foreign imported sugar. He stated that here the other day. Do you say "Amen" to a proposition of that kind? I presume you do, because you bring in his name.

Mr. Miles. I say that I do not believe it would destroy it, and I

do not know of an industry on earth that I would destroy.

Mr. Fordney. Then you would not recommend just what you have recommended if you knew that that was true.

Mr. Miles. I do not believe that a 20 per cent reduction on sugar will destroy that industry.

Mr. Fordney. The beet-sugar industry?

Mr. MILES. No.

Mr. Fordney. Do you know what it costs to manufacture beet sugar?

Mr. Miles. Now, if you are going to talk sugar, I will read from

the report of the United States Census upon that subject.

Mr. Fordney. Well, you introduced the subject of sugar, and that

is why I mention it.

Mr. Miles. I will talk, then, along that line. The beet-sugar wages paid in the industry are \$2,486,702. Value of product \$24.393,794, the wages being 10 per cent of the value of the product, and the duty being 75 per cent. That, of course, does not cover the cost of raising the beets, it being only the wages in the refinery. But here is an

interesting point for consideration. The entire cost of converting the beets into sugar, "including the cost of beets, and of other materials used in the operation, together with the cost of all labor involved," is only 461 per cent of the value of the sugar. (Census, 1900, vol. 6, part 2. p. 495.) The average wholesale price per pound of sugar in England in 1905 was 2.65 cents.

In New York it was 5.26 cents, being more than double. (United

States Statistical Abstracts, 1906, p. 683.)

Mr. Fordney. And upon that you base your argument?

Mr. Miles. No, sir. You asked me to consider sugar, and I offer this as an interesting statement. I also say that the manufacturers will be glad to come here if you will give the manufacturers a fair chance to answer. But they do not know as much about their own business with reference to the tariff as they would like to know. And they do not feel that you gentlemen have the time nor the machinery to enable them exhaustively to give information, and get it, and balance up by way of a fair and helpful conclusion.

Mr. Fordney. Do you imagine that anybody on earth knows more

about a man's own business that he does himself?

Mr. Miles. As to the textile men, I thoroughly accept their statement when they say that their business is so intricate that it should be cared for only with the greatest exactness. Many of them tell me that they know very little about the general application of the tariff, but they do know about the making of the cloth all that they need to, we may be sure.

Mr. FORDNEY. Do you say that a man who has money invested in his industry and devotes his entire time to the production of some article does not know as much about the cost of production of that

article as a man somewhere else knows about it?

Mr. Miles. Each man knows all about what is inside of his own shop, presumably, but when it comes to the tariff, and to bringing you information, to giving to you and getting nothing back from you, and to making recommendations that do not touch his own shop but relate to competitors, he is frightened.

Mr. FORDNEY. Do you think that there is anybody on earth more competent to give the cost of production of corn than the farmer

who produces it?

Mr. Miles. No.

Mr. Fordney. Then what you apply to the farm products, would

apply equally to the manufactured products, would it not?

Mr. Miles. I have given you, I think, a perfectly clear proposition here: That those who make cloth in the later stages do not know much about the earlier stages, because they do not make and are not interested in the entire process of production of cloth nor in the

tariff on cloth. They say not, and it seems to me not.
Mr. Fordney. Well, I can see that we are drifting away from the subject that we took up in the first place. You say that you would recommend a reduction of 20 per cent duty on sugar in order to please Germany, so that Germany would take more of our meats; and you believe that the sugar industry of this country would stand a reduction of 20 per cent. What makes you believe that? What do you know about the cost of production of a pound of sugar in a beet factory in the United States? Do you know what it costs to make sugar in a factory?

Mr. Miles. No. sir.

Mr. FORDNEY. Then you do not know whether the industry could stand a 20 per cent reduction or not?

Mr. MILES. I am told so by Mr. Spreckels, and men like that.

Mr. FORDNEY. Oh, yes; we heard Mr. Spreckels here the other day, and he stated that he was a refiner of foreign imported raw sugar, and that if the beet sugar industry in this country was crushed out it would increase the business, which he would like to have done.

Mr. Miles. You bring me up to the proposition of the American manufacturer seeking an enlarged foreign market, which I was discussing. And I say that upon the proposition of enlarging the market for meat that it can only be worked out with a corps of expertsyour experts—and by those who come to give you help, to learn, from

you also, and work it out with you on reciprocal lines:

Mr. FORDNEY. We are asking every man in the United States to come forward and give some valuable information to the committee that we may act wisely when the time comes. Why do they not come, if there is any information that we ought to have and that we could get? That has not been so yet. Why does he not come, do you know?

Mr. Miles. I know that they feel that the committee has not the machinery with which to help them, and they feel that they might do

harm instead of good.

Mr. Fordney. But it is the same kind of machinery that has al-

ways been used before in the preparation of tariff measures.

Mr. Miles. Yes; but heretofore the tariff has been very high, twice too high in many respects, and there was not much harm, because there was competition inside of the walls. The situation was not as it is now, with trusts everywhere.

Mr. FORDNEY. What time is that that you are referring to?

Mr. Miles. We did not have trusts until about twenty years ago, and you know that as well as I. And there have been very many new ones created within the last ten years.

Mr. Fordney. To what extent does the trust go in the making of

the tariff schedule?

Mr. Miles. The trust uses the protective tariff by adding the tariff to its prices to domestic consumers and sells its goods abroad

at low prices and small profits.

Mr. Fordney. Do you think the tariff alone makes it possible for a large corporation to wipe out another one, to wipe out a smaller industry making a similar product? Is that your candid opinion? Do you want the committee to understand that that is what you believe?

Mr. Miles. The tariff alone, no. I do not stand on one leg; I have two. I say that the trust can add every particle of tariff to its price, while the competitive man can not add a particle of it above necessary protection; and that fact puts 25 per cent of the manufacturers of the United States on one side of the table and 75 per cent on the other side.

Mr. Fordney. Mr. Miles, do I understand you to say that you believe that the tariff on imported articles operates in favor of one American producer as against another in the same line of business?

Mr. Miles. I should think not, so far as they are competitive.

Mr. Fordney. And the tariff permits the strong to crush out the

Mr. Miles. Yes; it permits the steel trust, for instance, to crush the smaller people, because the finished product of the steel trust is the raw material of the independent competitive man.

Mr. Fordney. In what way do they use the tariff to crush out the

smaller competitor?

Mr. Miles. I will give you a firm of steel-wire men who have written to me.

Mr. Fordney. But that is not the thing; I want to know what

you know about it.

Mr. Miles. I will give you the names of the farm-wagon men in that business. And I will further say that I am being crushed in three of my departments by a trust.

Mr. RANDELL. The question is, in what way does it prevent foreign competition and in that way helps the big man to crush out the

smaller man?

Mr. Miles. I, for one, might get recourse from abroad were the tariff not excessive. I am in the hands of a trust as it is.

Mr. Fordney. What do you mean by "getting recourse from abroad?"

Mr. Miles. I mean—what I started out to tell you, with regard to the steel-wire proposition, and it runs into many different trades. The steel men have an export price at which they sell wire at a profit, but at much less than the domestic price. When they sell to the steel man whose name I have given, who makes wire, they add the tariff to their export price. Their price on this raw material is very high to the domestic wire mill. Then the steel trust has subsidiary wire mills of its own where it makes wire and puts it on the market at a little more than they charge the competitive wire men for their raw material, so that the wire man has no margin. That system goes in the tanning business in the same way.

Mr. Fordney. Does the manufacturer of wire have to come for raw

material to his competitor in the United States?

Mr. Miles. Yes; he goes to the big steel producers who are competitors of his own wire mill. and so he buys of his competitor.

Mr. Fordney. But the tariff hasn't anything to do with it, has it? Mr. Miles. Yes; it puts him where he can not buy of anybody but the competitor, and he is therefore in the hands of his competitor. Mr. Fordney. Well, he knows that when he goes into business?

Mr. Miles. Thank God! He went into the business when that condition did not prevail, and he made lots of money until the act of Congress in the tariff was used by the trust against him. He went in

a free man, and he is not a free man now.

Mr. Fordney. I do not know anything about the manufacture or production of steel. You steered me off a few moments ago, and I want to get back to the question of sugar. I know something about the manufacture of sugar. I lived in the midst of a beet field where they make a great deal of sugar, in my State, and I want you to say whether or not you will substantiate your statements made a few moments ago, when you said that sugar can stand a reduction of 20 per cent and not be injured.

Mr. Miles. I never said it could. I never would do anything to

injure an industry of the United States.

Mr. Fordney. You said a few moments ago that sugar could stand

a reduction without hurting the industry.

Mr. Miles. I have been told by a member of the Government that the interests of the United States and of Germany could be furthered by a reduction in the rate of duty on sugar, and another member of the Government has told me that we would have to give the same concession that we give to Cuba in order to get our meats into Germany. I do not know whether it should be all off or half off.

Mr. Fordney. Then if Germany paid what Cuba pays, there would

be no complaint at all; is that it?

Mr. Miles. And you might settle it still easier. You might negotiate with Germany in a way that would get our stuff in there in great volume, and still leave sugar where it is.

Mr. Fordney. We want to save sugar by all means; it is a great

industry.

Mr. Miles. I have letters by the thousands from manufacturers stating that they do not want to stand on stilts in the present tariff, but that they want it adjusted so that the trade will be greatly enlarged. They do not know what to give off; but they have got to give something off to get those factory chimneys smoking again as they all should smoke.

Mr. Fordney. What factory chimneys in this country are not

smoking now?

Mr. Miles. The average factories in the United States are not running 75 per cent; do you think they are?
Mr. FORDNEY. Yes; I do.

Mr. Miles. I do not.

Mr. Fordney. You know a great deal more about it than I do, but

I differ with you very materially.

Mr. Miles. I get hundreds of letters a week from people who tell me that the American factories are not running more than 75 per cent.

Mr. Fordney. Do you represent the Manufacturers' Association? Mr. Miles. Not here to-day; no, sir. I am a member of the association, connected with it the same as a good many others.

Mr. Fordney. You read a statement there prepared by some one

man where he said he had consulted thousands of manufacturers.

Mr. MILES. On what?

Mr. Fordney. You read a paper a few moments ago, or that part of the statement, where he said that he had consulted and visited

thousands of manufacturers—did you not say that?

Mr. Miles. I think I referred to myself as having had communication with manufacturers, as indicated by their correspondence, with regard to readjustment in some instances upward, and in many instances downward.

Mr. Fordney. You named one man who produced pressed glass, I

think, and stated that he did not need any protection.

Mr. Miles. Yes, sir; several men said that. Mr. Fordney. Plate glass and such like?

Mr. Miles. Several men on pressed glass. I have it here. Mr. Fordney. Do you think that he is right about that? Mr. Miles. I know he is.

Mr. Fordney. You know that he is right?

Mr. Miles. Yes; if I know anything on earth by human testimony. He has a place in London that costs him \$10,000 a year to manage, and he charges that \$10,000 up against Europe, and ships large quantities of pressed glass abroad at the American prices plus the. cost of running the establishment.

Mr. FORDNEY. Is the plate-glass industry making money?

Mr. Miles. I said pressed glass.

Mr. Fordner. But you mentioned the plate-glass industry too.
Mr. Miles. I don't know. They had very nice profits the last I

knew. I do not think anything is troubling them.

Mr. FORDNEY. There is an industry in my State making plate glass, having been in business seven or eight years. They have assessed their stockholders twice for the amount of their capital in order to keep running. I do not know anything more about it than that. know that the stockholders of that company have twice contributed the amount of the original capital in order to keep the industry running. That does not speak well for the industry to me, although there may be something about that institution that is out of the ordinary. But I know that it is so.

Mr. Miles. I think they are making handsome profits.

Mr. Fordney. You say the tariff permits the manufacturer to put prices up at will. Do you believe that that is right?

Mr. Miles. If it is a trust, yes.

Mr. Fordney. That is a different proposition.

Mr. Miles. A great part of the manufacturing output of the United States is not upon that basis, but you do not make that distinction, and the manufacturers are lost on this.

Mr. Fordney. And from that proposition, any trust that controls

a product has it in their power to advance prices at will.

Mr. Miles. Yes, and do advance prices, as a matter of fact.

Mr. Fordney. Perhaps that is so. How about the Standard Oil

Company?

Mr. Miles. The government representatives say that they charge the American consumer 35 to 60 per cent more than the foreign con-

Mr. Fordney. Does the tariff permit them to put up the price at

will?

Mr. Miles. Wholly.

Mr. Fordney. There is not any duty at all on that. What have

you to say about that?

Mr. Miles. I thought you had heard of that, probably. They have been permitted since the Wilson bill passed to have 100 per cent and more of protection.

Mr. Fordney. But the tariff says no duty on petroleum.

Mr. Miles. But the Democrats gave the Standard Oil 100 per cent in the Wilson bill.

Mr. FORDNEY. Maybe you are right about that. Certainly they

can put up the price at will because they control that article.

Mr. Miles. Oil came in at a less price, a ship load came in, but it was caught by the tariff. We would buy our oil at about one-third less if it was not for the tariff.

Now, may I say a word about specific duties and other valuations? The textile people are very much disturbed about undervaluation. You would do away with undervaluation entirely if only you would make specific rates. I wonder if we could not do that. We are the only first-class nation in the world that has not specific rates. Take gloves, for instance. We had undervaluation on gloves until a specific duty was put on, and there has been no trouble about undervaluation since. Germany, France, and all the other big nations take a yardstick or a scale and weigh the stuff or measure it, or count the threads of the cloth, etc., and this method of specific rates does

The Chairman. It has been a study in connection with the tariff for a great many years. You mentioned the tariff on products of wool, and you claim that the products were protected by ten times the value of the wages, and upon other articles only 10 per cent of the value of the wages. Your figures would hardly be justified by the facts, yet there is an unbalanced condition in that schedule. But the principle is the same, and it grows out of this condition, I think: Congress has put a specific duty on wool, on the pound production, and an ad valorem duty for the purpose of protecting the manufactured product in their processes. The pound duties were put there to equalize the duty on raw wool. Now, the wages in making raw wool into the finished product vary according to the kind of wool. It varies all the way from a waste of 16 per cent to 75 per cent on different kinds of wool, so that when we undertook to put a specific duty on we

came into those conditions of the tariff.

away with undervaluation.

Some of the foreign tariffs are based largely on the weight, and some of the duties are ridiculous in their unbalanced condition; heavy articles of low price bear a very high rate of duty, and lighter articles of similar goods of high price bear a low rate of duty. I have been at work all summer on that proposition to see if we could not get a correct application, and I hope the committee will be able to work out an improvement. The study has been, from the McKinley bill down to now, to put every article that possibly could be on specific rates. It was not so much the case with the Wilson bill, but more particularly with the McKinley bill and the Dingley bill. I think you are running up against some of the difficulties which legislators have in reference to the tariff, not so much from the lack of information, or correct information, as from the nature of the problem itself. As you continue your studies on the tariff, on some of which you have got into some of the difficulties which you have not plowed so deeply, you will find these difficulties confronting you all along the line, and while the committee is obliged to you for the information which you have presented here from secondary sources, and specially for the few names which you have given of people who can come here and give us facts from first knowledge, they would be more obliged if you would give them more of these names, so that we can have these people come here. We are endeavoring to get at the facts from any help from any quarter.

Mr. Miles. You could not consider the creation of a subcommittee, or something of that kind, that the manufacturers could come to, and want so much? Some board or committee where we could come and work persistently under your direction. I understand I am not to be permitted to say a word about a tariff commission. I think you gentlemen do not appreciate what the manufacturers mean. They do not want anything excepting in your service. They say that they wish they could come and give information, and work on

the problem. Eighty or 90 per cent of the manufacturers wish that we might have some sort of a bureau of that kind where we could

come and work together.

The CHAIRMAN. There are several difficulties in the way of that scheme. If you have a permanent bureau of that kind, they are all the time advocating the question of a change of rates, and there is not anything, unless it be free trade, that could cause a greater blight upon the business of the country than perpetual unsettlement as to the question of the tariff. In order to get confidence in the business future, the man who engages in business wants to know that that business shall be settled for a period of time and is not subject to agitation and change. I think it would be one of the worst things that could happen to this country to have a commission of men, or a body of men, who were constantly advocating tariff changes in regard to similar manufactures. That is one of the reasons why the committee. and I think both sides of it, and Congress on both sides of the Chamber are so largely opposed to anything of that kind. I think it is one of the wisest provisions of the Constitution of the United States that they lodged the power of levying taxes just where it was lodged, in order that changes could be made abruptly. They builded better than they knew. I think the result of the system has wrought great good to the country. I know that is opposed to your views, but I am only stating that as the view of others. I have been engaged in the work and the study of these questions, some of us, full as long as you have.

Mr. Miles. That is not in opposition to my views, however; I do not believe that it is. But 90 per cent of the manufacturers of the United States, as near as I can ascertain, both those who are standing pat in the sense of wanting the present duties to continue, and those who want reductions, and are prepared to give reductions on their own lines, plead almost on their knees that they may have a better

opportunity to come and present information to you.

The Chairman. Some information that has leaked out in regard to manufacturers would seem to indicate that the majority of the association that voted in favor of the tariff commission was very thin, and that there was not a full attendance of the members, and

was merely consented to by a great many of them.

Mr. Miles. Not at all. The expression was by correspondence over signatures, not in convention only, and other organizations are declaring for it every day. They ask for it only for the further assistance of yourself and themselves, and as your servants; absolutely as

vour servants.

Mr. Underwood. Mr. Miles, you have advocated a tariff commission. I must say that I agree with the chairman that I do not think a tariff commission is practicable for the reason that the Constitution has vested the power of levying taxes in the House of Representatives, and they placed it in a committee; and no set of men who have been given the power to decide this question are going to delegate it to somebody else and accept their conclusions. As to ascertaining facts, we can hire as many experts as we want; and for that reason I agree with the chairman upon the question of the tariff commission. But I want to ask you if this is not the trouble with the manufacturers. Is not the difficulty that they have experienced in the past, by reason of the system of changing tariff bills and writ-

ing tariff laws, due to the fact that Congress passes a tariff bill and then refuses to consider anything in reference to the question for a decade or more, and that the man whose business has got out of alignment and out of adjustment with that bill wants an opportunity to be heard, an opportunity to readjust his business affairs and the law with the conditions existing at the time. Is not that true?

Mr. Miles. At the time the tariff bill is made it is hurtful to a great many manufacturers because of lack of knowledge on the . part of the framers, etc. Take the automobile people. I understand that you have been asked to raise the tariff on automobiles. I have wires from several manufacturers stating that they think it a wretched proposition; that they would not stand for anything of the kind. Two-thirds of the present duty would be very ample. have a telegram here which I would be glad to deliver, and it is to the effect that you do not get all the testimony, but only half.

Mr. Underwood. I think you are right about that, absolutely. Right now, in writing this bill, we are not getting half the testimony we need and we haven't half time enough to digest the testimony that we do get. But is not that due to the system adopted in the past of waiting a decade and writing a whole tariff bill at one time instead of taking up separately the schedules or paragraphs out of adjustment and giving ample time to the consideration of them in

detail and separately instead of considering them en masse.

Mr. Miles. I do not see how by your present arrangement you can get exhaustive testimony and consider it.

Mr. Underwood. If we took up the schedule of textiles alone, and considered it from every standpoint, and had witnesses on every proposition before the committee, and passed a bill affecting the textile schedule, don't you think it would be more effective than our

present way of writing a tariff bill?

Mr. Miles. It would be more effective and absolutely satisfactory; but I beg to make a suggestion, and to clarify your statement by saying that I do not know of a manufacturer in the United States that would change the method of making a tariff who fails to appreciate the greatness of this committee and the greatness of Congress. There is no dream of infringement in any way, but simply that you should have a board of experts that would be able to collect, compile, and systematize your information. This you have not got now. Therefore you have to make your tariff without full testimony and full consideration. I can illustrate that by the automobiles. who came asked for an increase on the present rate on automobiles, and there were a great many manufacturers of automobiles who think that it was a shameful proposition to ask for that.

Mr. CALDERHEAD. Why did they not come and ask? Mr. Miles. They seemed to be afraid to come.

Mr. Gaines. What would they be afraid of?

Mr. Miles. Afraid that some one man who comes and tells all he knows will be "fixed," isolated, and that the rate be reduced on him, and he will be thrown out of line. That is one reason. fashionable to come here and talk about cutting rates.

Mr. Calderhead. But I do not quite understand some of your positions. You have spent some time in showing us that the tariffs are too high on many textiles; that is, that it is too many per cent of the cost of wages, and yet now you say that the textile manufacturers complain of undervaluation. Undervaluation is simply lowering the tariff. What harm does it do them?

Mr. Miles. That is another phase of the situation.

Mr. CALDERHEAD. Why do not these men who are interested in that come and make that complaint to the committee? What hinders them?

Mr. Miles. They had a meeting and considered that as a practical and general proposition they would not mix the thing up, but stand pat. Some are exceedingly sore at that position.

Mr. CALDERHEAD. Why should you or they complain of the present

method of making tariffs?

Mr. Miles. We want it written right over your chairs, "No proof, no protection." That would give as good protection as there is on earth. That is our proposition. You get hearsay and half truths now. Men sit right back there and listen to a statement made to you that a man must have 50 or 60 per cent duty, for instance, or die financially; and they who sit back there and know that it is wrong, must be sore.

Mr. Calderhead. When statements of that kind are made, why

do they not walk right up and ask to be heard?

Mr. Miles. We just wish that you gentlemen had somebody that could go further into this matter; that you might question and cross-question on a single item until it was in proper shape. I will answer you further, and say that it is not fashionable to come down here and ask for a reduction in rates. When people have accorded to them rates which they are pleased to keep, they do not want to come and ask you to take them off. But you do not require one particle of proof. If anybody is willing to come and talk to you, it is very nice. But if you should tell them that this is the place to which they must come, and that they can not have protection unless they give you proof, that would be different. That is what a bank cashier wants when you go to him to get money. He must have absolute proof, and so ought you to have absolute proof.

Mr. Longworth. Are these various letters written to you in some

official capacity, or as an individual?

Mr. Miles. I receive a great many as an individual and I get others as chairman of the central tariff committee of thirty or forty organizations, and as chairman of the tariff committee of the implement men, and others as a member of the tariff committee of the National Association of Manufacturers. They come in different ways.

Mr. Fordney. Mr. Miles, you spoke of the textiles a few minutes

ago. Is there a trust on those articles?

Mr. Miles. I think not, sir. They speak of the woolen trust, but

I can not see it.

Mr. Fordney. You say that there is an excessive tax, running up to 200 per cent, on some of those articles. If there is no trust in textiles, why is not one formed under those excessively high prices and the control of the price on these articles?

Mr. Miles. I suppose the manufacture is so varied that they can not get together. That is the trouble in my business. We might do

it to-morrow otherwise.

Mr. Fordney. You would do it if you could. You would control your article and form a trust on it, if you could, right away?

Mr. Miles. I think so, but I have not had the temptation.

Mr. Fordney. What are you complaining about other men's trusts

for, then

Mr. Miles. Because you have invited them, by high tariffs, into the formation of trusts, and I am against Congress going into the trust business.

Mr. Fordney. Congress has never thought of going into the trust

business, excepting to impose them when they are unlawful.

Mr. Miles. When you give the steel combination the privilege of adding the price that they do add—

Mr. Fordney. Now, please let us get back to textiles.

Mr. Miles. Well, standard oil and glucose and all the rest of them.

They have all got it.

Mr. Fordney. But do you not think it is due to some other reason than the tariff that causes those combinations to form?

Mr. Miles. I think combinations form for various reasons.

Mr. FORDNEY. A while ago you said that the tariff permitted them to do it.

Mr. Miles. The tariff permits every trust in the United States to add a third to the selling price, and each trust adds that particular third which you and the Congress permit them to add to it. That is all I say as to the trusts.

Mr. Fordney. I do not agree with you on that, so we will not go

any further.

Mr. Miles. I can name them all right here; all of them.

Mr. Fordney. You spoke about automobiles a few moments ago. The general policy of Congress in arranging a tariff is to put a duty on luxuries as high as we think the people will pay and still use those luxuries. Is not the automobile a luxury?

Mr. Miles. Not any longer. They are just as necessary as a horse

and buggy.

Mr. Fordney. Do you know of any common laborer working by

the day or the month who owns an automobile?

Mr. Miles. No; nor a horsé and buggy—yes; I do some. The farmers are buying automobiles. I have one, but I never ride in it excepting when I have to. An automobile is a necessity to some, if they can afford it.

Mr. Hill. All luxuries are necessities if you can afford them?

Mr. Miles. Yes, sir. The automobile has now reached the farmer, and what you might call the poor man.

Mr. Fordney. Will the gentleman from Connecticut (Mr. Hill), or Mr. Miles, either one, say that an automobile is not a luxury?

Mr. Milles. Mine is not.

Mr. Hill. I think it is, and it should be taxed as such.

Mr. Fordney. Then I misunderstood you.

Mr. Miles. Farmers are buying automobiles and are using them to go into town and to attend to their business. They are not luxuries when so used. They are used in lieu of horses and buggies. Of course you have men who pay from five to ten and fifteen thousand dollars for automobiles and use them for pleasure. In that case they are strictly luxuries.

Mr. FORDNEY. I live in a farming community, and I never yet knew a farmer that works a farm who owned an automobile.

Mr. Miles. I am told by the men in the buggy business that they can not sell the same amount of buggies that they used to in the country districts, because the people there are buying automobiles.

Mr. FORDNEY. You say that somebody tells you that. I am talking about what I know. Do you know a farmer working on a farm, driving horses, and handling the plow, who owns an automobile to run back and forth between his farm and town?

Mr. Miles. Yes, sir.

Mr. CLARK. If Mr. Miles does not, I do.

Mr. Miles. Of course you do.

Mr. FORDNEY. I would not dispute my friend from Missouri under any circumstances.

Mr. Clark. One of the best farmers in my country bought an auto-

mobile four or five years ago, and he rides in it.

Mr. Fordney. One of the best; he is a rich farmer?

Mr. Clark. He is a resident farmer, and I presume he is worth \$20,000 or \$25,000.

Mr. Fordner. He can afford luxuries or he would not have it. Mr. Clark. I would not give, myself, a horse and buggy for any automobile on earth.

Mr. RANDELL. A great many doctors are using automobiles.

Mr. Fordney. Mr. Miles, there is an automobile factory in the city of Detroit, in my home State, that employs over 3,000 men, and they make a high grade automobile. They are now experimenting with or making a truck machine, which could be sold at a less price, of course, but their principal product is high-grade machines. As I have said, they employ over 3,000 men, and they support a population of 15,000 people. Do you want the duty lowered on that article so that foreign automobiles may come in here and in any way injure that industry, or affect the production or the earning power of these men in the factory?

Mr. Miles. I am a Republican, and I want the rate on automobiles to be different if at all only because they have a liberal figure now, but the tariff that they have asked for is from two to four or five

times the difference in cost.

Mr. FORDNEY. I am a Republican too, sir, and I want the duty made so infernal high that no foreign automobile can get into this country to destroy that labor. That is the difference between two Republicans.

Mr. Miles. The steel men like your kind of Republicanism best. Mr. Fordney. How much steel goes into an automobile, and how much does the steel trust get out of that?

Mr. Miles. I am talking about the principle, of putting the wall

up so high that nothing can ever come in.

Mr. Fordney. I see that you want to get back to steel now.

Mr. Miles. I am talking about the principle. You went over to

a principle, and that made sorry work of the automobile.

Mr. Fordney. Well, now, again. The piano is protected by a 45 per cent duty, and last year there were between twenty-five and thirty thousand American laboring men employed in piano factories in this country. The importation of pianos is very small indeed;

very light. Do you want the duty removed on pianos so that foreign pianos can come in here and lessen the production of those instruments in this country, and therefore lessen the number of men employed in that industry and of the amount of money paid to them? Would you do that? And what would apply to a piano factory would apply to an automobile factory, my friend. They are both luxuries.

Mr. Miles. I answer you by saying that there is a principle that governs the rate of duty, and upon that principle I do not believe-

Mr. FORDNEY. It is a pretty hard question to answer. Mr. Miles. No, sir; it is perfectly easy to answer.

Mr. FORDNEY. Why don't you answer?
Mr. Miles. I would have been very willing to have a few pianos come in rather than to raise the price excessively. I am no Chinese wall man.

Mr. Fordney. You would like to have pianos made by foreign

countries come into our market, would you?

Mr. Miles. There is no sense in the world of having pianos come We make pianos here to great advantage.

Mr. Fordney. Well, the duty on pianos is not for revenue, it is for protection absolutely. Would you change it?

Mr. Miles. I would make it protective. I would not make it exclusive nor prohibitive. There is a difference between prohibition of imports and protection.

Mr. FORDNEY. There are a few pianos come in with that high rate

of duty of 45 per cent. Would you change it? Mr. MILES. I do not know the cost of the piano.

Mr. Fordney. There are many grades.

Mr. Miles. They make them here about as cheaply as anywhere in the world. One of the executive committee of the Piano Makers' Association at New York told me that the piano rate could be low-

ered. That is my answer. If they do not know, I do not.

Mr. Fordney. Do you know the cost of production of a single article that you recommend the removal of the duty on or the reduction of the duty? Do you not give your opinion absolutely from hearsay? So far do you know of a single article that you produce, excepting steel—I do not know anything about that—that you are positively informed on that could stand a reduction and that you would recommend a reduction of duty upon?

Mr. Miles. Yes, sir; I make plows and agricultural implements, and in the hurry of making that last tariff some of them were put in at 20 per cent and some 45 per cent. The tariff equals all the wage cost ever put in. The tariff on some of them is from two to fifteen

times the difference in wage and absolutely prohibitive.

Mr. Fordney. Do you recommend the reduction of duty on plows

and agricultural implements?

Mr. Miles. Those that are put in at 45 per cent could be reduced to 15 per cent. If you are going to be fair and not allow us to form a trust that is talked of, which, of course, would increase the price one-third to the consumer-

Mr. Fordney. Again you go back to the trusts. If a reduction of the duty on these plows should transfer the industry to a foreign

country, would you like it?

Mr. Miles. You would not lower our duty enough to hurt us much on my products. You should want us to reduce our prices to the consumer, and extend our business everywhere.

Mr. Fordney. Do I understand you as saying that by reducing the duties, and giving the foreign countries a share in our markets here,

would increase foreign exports? Is that what you mean?

Mr. Miles. Making the duty accord with the principle of protec-

tion would give us a great deal larger foreign market.

Mr. Fordney. Why, my friend, don't you know that we consume and ship 25 billions of dollars' worth of stuff, and the whole foreign world does not consume half of that in imports? Would you give up our markets at home; give up two dollars for one dollar?

Mr. Miles. I would not give up our markets at all, no; but I would

do business with the foreigner.

Mr. Fordney. That could not be continued.

Mr. Miles. A great deal is imported.

Mr. FORDNEY. You would not do that by reducing the duty, would vou?

Mr. Miles. I do not know to what extent.

Mr. Fordney. Of course the reduction of the duty hasn't anything to do with it.

Mr. Miles. Yes.

Mr. Fordney. You spoke of a certain article that costs 42 cents abroad and 25 cents in the United States.

Mr. Miles. No, sir; I said it costs 14 cents in England. Mr. Fordney. I thought you said that it costs 42 cents.

Mr. Miles. No; I said that imported it costs 43 cents. The tariff

is 29 cents and the cost of the article in England is 14 cents.

Mr. Fordney. Then I misunderstood you, because I thought you said it costs 42 cents to produce it here and to produce it abroad 25 cents.

Mr. Miles. No, sir.

Mr. Hill. How are you going to carry into effect the recommendation of the Tariff Commission under our system of government? Congress is delegated with the authority to fix duties, and you can not put that power on a commission. That commission can only act in an advisory capacity and recommend changes from time to

Mr. Miles. Its duty would be only to gather exhaustible information to present to you as your servant, so that you would have that in an intelligible form.

Mr. Hill. And after that, what would be the next movement in order to get them crystallized into specific legislation?

Mr. Miles. They would get the absolute facts and truth, and

would lay them before you for action as the constituted authority. Mr. Hill. Then the course would be to send that to the House of Representatives, under the Constitution; that would be referred to the Committee on Ways and Means, and that committee, as an honest and intelligent body, would act upon it and report a bill to the House, taking the duty off salt, we will say, if such was their recommendation.

Mr. Miles. Yes, sir.
Mr. Hill. That would go to the House of Representatives, and under the tyrannical procedure would in due time go to the Committee on Rules and that committee would report a resolution providing that after a certain day, perhaps after an hour's discussion, the bill would be taken up and acted upon and the bill passed.

Mr. Miles. Yes, sir.

Mr. Hill. And that bill would go to the Senate, in which body there is unlimited power of debate and amendment; and can you give us any information, or can there be devised any recommendation that would result in anything like specific legislation without chang-

ing the rules of the Senate?

Mr. Miles. I hope I follow you. I say that 90 per cent of the manufacturers of the United States, making fifteen billions of dollars of products and paying two and one-half billions in wages, believing in the intelligence and in the wisdom of Congress, think that Congress will enact legislation which will be helpful to the American people if only it has the underlying information. If you think that the Senate of the United States will not legislate on that basis, I presume we might have to give up the Government. But I do not agree with you on this.

Mr. Hill. But there would have to be preliminary action by the United States Senate in changing its rules upon a specific proposition of that kind, as things are constituted at the present time.

Mr. Miles. I have the hope and belief that if the Senate were confronted with such a situation as that it would legislate honestly and intelligently. I do not know anything about their rules nor their method of changing their rules, but I do believe that both branches of the United States Congress would legislate fairly and intelligently

on the facts if they were clearly presented.

Mr. Hill. I want to call your attention to a sentence from the Consular Report of 1906, in which it is said that the two greatest trusts in the world to-day are the United States Steel Corporation and the German Steel Syndicate, known as the International Rail Syndicate, having the control of the output of 4,000,000 tons. If that is true that they maintain prices on the output, what would be the effect of taking off the tariff. Can not such a combination as that laugh at all tariffs in all countries? If prices are controlled under an international agreement, is it not useless to make or unmake any tariff so far as having an effect on that organization is concerned?

Mr. Miles. As to the International Rail Syndicate, I think that there is no doubt that every man that touches it pays tribute to it

without regard to the tariff.

Mr. Hill. And the prices in England where there is no tariff on rails, and in America where there is a tariff, show that the tariff has no effect whatever upon prices and has not had for a dozen or more

years.

Mr. Miles. That is upon rails. May I finish my reply? I hope I grasp what you mean. On rails every country of the world is a slave to that trust, and pays whatever the trust asks anywhere, whether it is high or low. They pay that price and must continue to do so.

Mr. Hill. Then the tariff would not affect the situation?

Mr. Miles. It is just the same whether prices are higher or lower. Mr. Hill. That is your understanding of the matter as to rails?

Mr. Miles. Yes; and now may I take the subject of bars?

Mr. CALDERHEAD. If Mr. Hill has finished his line of inquiry, I would like to propound a question.

Mr. Cockran. Let the gentleman finish his answer.

Mr. Miles. I wanted to say that there is a very great difference between rails and many other products. The countries of the world are absolutely helpless on rails. On the article of bars there is no trust and the tariff is therefore against the American consumer. Pittsburg steel is sold to the American consumers at the foreign price plus the tariff.

Mr. Hill. You have referred to bars, and I want to direct your attention to wire nails, which is a highly-finished product, and which are made in Belgium and Switzerland where they have this agreement. The German wire nails are under this international arrangement.

Then the tariff on nails has nothing to do with the price?

Mr. Miles. We are gone on that proposition.

Mr. Hill. Then the tariff on tin plate has nothing to do with the

Mr. Miles. A short time ago it did apply on tin terne plates, and they were sold at Pittsburg at \$11, under home prices, to Welsh

Mr. HILL. The tariff on rubber hasn't anything to do with the price, since it is generally understood that even in the Kongo they have pools, which are controlled by this international agreement.

Mr. Miles. Wherever they have an international trust we are gone

absolutely. That is all there is to it.

Mr. Hill. Then we must make a complete change in order to affect

the situation with such an agreement existing.

Mr. Miles. No; not altogether. I am talking about American manufacturers only. I am talking about the home trust and not the international trust. We find that Pittsburg prices are always the foreign prices plus the tariff. If Congress would act quickly we might get some benefit. Their action will not avail against the steel trust if we wait until it has the advantage of an arrangement by which there is some day formed an international trust.

Mr. Boutell. I would like to ask you a few questions, the answer to which will add to or will detract from the weight of your argument and I hope it will add to the weight of your argument. You have made much use of the word "trust" all through your argument; and I believe that the universal consensus of opinion is that it is the most abused word in the English language to-day. We have now been here going on five weeks, and to all of the manufacturers who have appeared before us, I or some one else has asked the question as to whether they believed there was a trust or combination in the business, and they answered invariably that they did not know of any such thing. I believe that every member of the committee will bear me out in this assertion.

Mr. Cockran. No trust seems to appear.

Mr. BOUTELL. No trust has showed its face in this room.

Mr. Griggs. One gentleman came very near admitting that he was a trust all unto himself.

Mr. Cockran. But even he retracted the assertion.
Mr. Boutell. Two days were devoted to steel, and there were some very intelligent gentlemen who appeared before the committee, but none of them seemed to be connected with the steel trust. There is one question that I want to ask before getting back upon the general subject. When you speak of the steel trust crushing out its competitors and at the same time raising prices to those in the United States who use steel there is confusion in my mind as to the force of your argument. All of these gentlemen who appeared before us say that they do not belong to the steel trust. If the steel trust dictated and raised prices, all of these estimable gentlemen who say they do not belong to the steel trust would at the same time get the benefit of those prices:

Mr. Miles. Yes, sir.

Mr. Boutell. It is your opinion that there is practically a steel trust, and that it absolutely absorbs and controls the entire product; that while it only controls a fraction of the output, still it dominates the price, because the other manufacturers who are not in the trust maintain prices up to that of the trust, and thus get the benefit of the trust prices?

Mr. MILES. Yes, sir.

Mr. BOUTELL. The mystery to me is that in that case competition does not work. Here is a man named Mr. King, representing the Jones & Laughlin Company. He said that the output on his product as to price coincided with the prices of the products of what is denominated as the steel trust.

Mr. Miles. He is a part of the steel trust. Mr. Boutell. He says that he is not. Mr. Miles. He is, just the same.

Mr. BOUTELL. The man himself says that he is not, and you come before us and make the argument that he is. If he is, then all of this argument falls to the ground. Other gentlemen, manufacturing various articles, came before us and said that they were manufacturing things that the steel trust manufactured, but that they were not part of the steel trust.

Mr. Miles. Yes.

Mr. BOUTELL. Then what you call the "steel trust" is something different from what they consider the steel trust to be.

Mr. Miles. Yes, sir; but if we were all sitting together in a room

informally we would all consider it a trust.

Mr. Boutell. Do you mean to say that Mr. King, of the Jones & Laughlin Company, when he made the statement that he was not a member of the steel trust, did not make a correct statement?

Mr. Miles. Not according to the accepted meaning of that term.

Mr. BOUTELL. That is what I wanted to call your attention to. What is your conception of the popular term "trust?" In what sense do you use the word? You seem to use it in an entirely differ-

ent sense from the sense in which it was used by Mr. King.

Mr. Miles. The sense in which we use it is slightly different. What I call a trust is any combination or agreement that controls the product of any article as against the consumer in the matter of prices. If the representative of Jones & Laughlin and others meet in a room and in anyway agree as to selling prices, I would say that is a trust.

Mr. BOUTELL. He says that it is not. Mr. Miles. May I tell you why?

Mr. Boutell. Yes, sir.

Mr. Miles. Because these gentlemen will meet and after discussion they "severally declare" what prices shall be. They do not

make a combination. They simply "severally declare" as to prices, each making the same declaration. That, in my idea, constitutes a trust.

Mr. Boutell. Let us now go back to my original interrogatory. Then, your argument is based upon the opinion that men who are producing steel in this country, great and small, big, little, and intermediate, who have undertaken to fix prices on their output of steel produced in the United States, are a trust. Is that a concrete image in your mind as to what a trust is?

Mr. Miles. That is a concrete image, yes; but I do not pretend to say and I do not know as to every man on the face of the earth who

may be making steel.

Mr. Boutell. We are simply trying to get at an accurate use and definition of the word "trust." You spoke of the beef trust. Now, give us a concrete image of what is conjured up in your mind when you use the words "beef trust." You are not connected with that trust and you do not know anything more about it than we do.

Mr. Miles. It is a combination of from four to six men who fix

the price of beef as against the consumer.

Mr. BOUTELL. Who are they?

Mr. Miles. You have heard, probably, of the "big four" in the packing business—Mr. Armour, Mr. Swift, and others—the International Packing Company, etc.

Mr. BOUTELL. I do not know them.

Mr. Miles. Schwarzschild & Sulzberger are in that.

Mr. BOUTELL. Your idea in reference to the beef trust is somewhat of a shadowy one, is it not?

Mr. Miles. I presume I will have to leave that to you.

Mr. Boutell. I do not want you to place too much responsibility upon me.

Mr. Miles. I should not say that it was shadowy to put up prices on 1,000 or more manufacturers and users of steel.

Mr. BOUTELL. We were speaking of the beef trust.

Mr. Miles. I do not know so much about the beef trust.

Mr. Boutell. Do you say you do not know so much about the beef trust? But you have used language that would leave the impression or the conception that it was a trust.

Mr. Miles. Yes, sir.

Mr. BOUTELL. On your statement I think that it would detract greatly from its weight when you say that you do not know anything about it.

Mr. Miles. I know that there is but one price.

Mr. Boutell. How do you know there is but one price?

Mr. Miles. By buying.

Mr. BOUTELL. Do you know anything about the beef trust except what you see in the newspapers?

Mr. Miles. Yes; from association with men who are in these insti-

utrons

Mr. BOUTELL. What institutions?

Mr. Miles. I know people who are in the Swift and Armour companies.

Mr. Boutell. Have they told you anything about the beef trust?
Mr. Miles. I think that those gentlemen told me that there was no beef trust.

Mr. BOUTELL. So that the most reliable information that you have in reference to the beef trust is from the very people who should know, and they say that there is no such thing as a beef trust.

Mr. Miles. Well, I read between the lines, and also I get my understanding from its effect on prices. I call that combination a

trust

Mr. Boutell. You say it is a trust, but the gentlemen who belong to it say that it is not. Now, to come to the final question that I wanted to ask you, and I think you will agree with me, that when you come to read your argument as it is printed, the inference will be very clear that in your opinion the imposition of the present tariff has almost automatically created certain of these trusts, and that therefore the policy of lowering the tariff would result in automatically decreasing these trusts. Is that what you believe?

Mr. MILES. I do not think I said anything of the kind.

Mr. Boutell. I say that that would be the inference from the reading of your testimony, that the present tariff has almost automatically created certain trusts and that the lowering or repeal of these duties would almost automatically end the trusts.

Mr. Miles. I can not say what the impression is. I have said nothing about the tariff as making trusts. I have only said it gives to trusts an opportunity to add 25 per cent or more to their sales

prices because of the tariff, and of course they add it.

Mr. BOUTELL. That is very clear.

Mr. Miles. In England they have no tariff to add and therefore the price is less.

Mr. BOUTELL. Then if we lower these duties these trusts would not

be destroyed.

Mr. Miles. Surely not.

Mr. Boutell. Very well; I am very glad to have this concise answer, because I am sure that the reading of your testimony would create a different impression from that which you intended.

Mr. Miles. I thank you very much.

Mr. Boutell. I think that we must apply some more heroic meas-

ure than the changing of the schedules.

Mr. Miles. Take the case of the tobacco trust. They bought a factory for \$488,000. They capitalized the factory for \$3,500,000. On that capitalization they declared dividends of 20 per cent, which was paying 140 per cent per annum on the cost price as paid for the stock, factory, and everything. They could not have done that had not the tariff been in force and prevented competition from abroad. They had the trade in their own hands and had the country under their control.

Mr. Crumpacker. In relation to the beef trust, the gentleman asked you what knowledge you had respecting the beef trust as to its existence. You knew as a matter of common knowledge in this country that the so-called Big Four were indicted in the federal courts, and many plead guilty to the charge of having maintained a trust, and were fined?

Mr. Miles. Yes, sir.

Mr. CRUMPACKER. One of the cases went to the Supreme Court of the United States and the judgment of conviction was upheld by a decision of the Supreme Court. It charged the Big Four with maintaining an illegal combination under the Sherman antitrust law, so

that there is not much doubt from a judicial standpoint of the fact that at least there has been a beef trust in the city of Chicago.

Mr. Miles. No, sir. As to the trust matter generally, I can speak with specific knowledge of the trust that concerns me, and I speak of others by way of illustration.

Mr. Boutell. The trust of which you have specific knowledge is

the steel trust.

Mr. Miles. Yes, sir; I have been concerned with that because I have waited for their word after their meeting.

Mr. Boutell. And yet some of these men did not believe there was

Mr. Miles. I suppose we will have to act on the basis of this new trick of how to be a trust and yet not be a trust. Their proposition is to meet and "severally declare." They do not agree. I call that a trust, because they control the market. They say: "We are not a

trust. You can not catch us."

The CHAIRMAN. The manufacturers thirty years ago had a habit of getting together and agreeing on prices and they would enter into an ironclad agreement with each other not to sell goods below a certain figure nor a certain discount. It usually operated about a week, when some one man would sell a little below the price agreed upon and another man would sell a little below him, and the arrangement never lasted through a season. That was an agreement between them instead of a gentleman's agreement. Generally it did not work long. I do not know but what they may have advanced in the matter of honor among a certain class of gentlemen whom I will not mention where such agreements are now kept. I know they were not kept at that time.

Mr. Boutell. That suggests a question which I want to put to Mr. Miles as a practical business man, as to why it is that a tariff seems to encourage combination of what are practically trusts to maintain prices. Under the old method of competition they sought profits naturally. We thought that putting a revenue tariff on a manufactured article was to the manufacturer like the discovery of a newer and cheaper method of production by which he could make a profit. Why is it that there seems to be something apparently in the tariff that leads to these combinations more compelling than any other source of gross profit?

Mr. Miles. You can make a combination to cover the United States, but you can not make a combination to cover the whole world. If you deliver 80,000,000 people to the steel trust you have done quite

a good deal. You have done all you can.

Mr. BOUTELL. Here is the duty on automobiles, which you say is one-third higher than it ought to be.

Mr. Miles. Some of the makers desire it reduced.

Mr. Boutell. They have no trust and they have been improving them and they have been going down in price. I have ridden out on Michigan boulevard and could see 500 or 1,000 advertisements of There is an illustration of something where it must be that by reason of the high duty there has been no trust nor combination formed. They are working naturally under competition. They are working a less number of hours and have a fair chance of a profit. From a practical point of view is there any reason why a tariff should stimulate competition or combination?

Mr. Miles. Only as the rates are excessive.

Mr. Cockran. Has it not been the history of the trusts that combinations have been preceded by periods of violent competition in the business?

Mr. Miles. I believe so.

Mr. Cockran. And then it was discovered that raising prices to the consumer was more profitable than war which resulted in lowering prices?

Mr. MILES. Yes, sir.

Mr. Cockran. The tobacco trust was a case in point.

Mr. MILES. Yes, sir.

Mr. Cockran. The larger manufacturers form a trust and certain smaller men are now engaged in a desperate struggle to prevent being crowded into the trust on the terms of the larger concerns. That is the process that has preceded the formation of all trusts in this country.

Mr. Miles. Yes, sir. There is a very desperate feeling on the part of 150,000 manufacturers that they have a right to come here and ask that you help them. Most of them ask for the maximum tariff of 45

per cent.

Mr. Fordney. You are opposed to the formation of trusts?

Mr. Miles. No, sir. A trust can be a good thing. I am opposed to Congress enacting careless measures in reference to the tariff

Mr. FORDNEY. You think they are good things?
Mr. Miles. Theoretically they might be exceedingly good. Mr. Fordney. You do not think they are good for the masses of the people, and yet you do not oppose them.

Mr. Miles. I am doing all I can to get back to the old competitive

system.

Mr. Fordney. Do you say that you represent 90 per cent of the manufacturers of the United States?

Mr. Miles. No: I say that 90 per cent of them agree with me.

Mr. FORDNEY. Do you represent the lumber trust?
Mr. Miles. I think I have no association at all with the lumber

Mr. Fordney. Do you represent the sugar trust? Mr. Miles. No, sir; I represent the manufacturers.

## ADDITIONAL STATEMENT OF H. E. MILES, RACINE, WIS., RELA-TIVE TO REVISION OF THE TARIFF.

Friday, December 11, 1908.

Mr. Miles. Do you want to swear me, Mr. Chairman?

(The witness was sworn by the chairman.)
Mr. Miles. I thank you for swearing mc. It eases my conscience.
A representative of an organization of 100 importers and exporters wishes to present certain evidence to the committee. He tells me he would lose his standing and be financially ruined, possibly, if he appeared in person before you; and so, with this explanation, trusting the committee to protect him fairly, I present copies of invoices from his books, concerning which I believe I can satisfy the committee by affidavits or otherwise, as the chairman may desire, as to their authenticity and propriety.

The CHAIRMAN. Did you make the copies from his books?

Mr. Miles. No, sir; he handed them to me; and I will send you affidavits as to them or advise you otherwise. I hear from the Secretary of the Bureau of Commerce and Labor and from others that he is a gentleman of very high standing, and he represents an organization, as I say, of a hundred members.

The CHAIRMAN. The difficulty with all that business is that if the committee receives a confidential communication and prepares a bill and they are asked on what basis they acted, they can only say that it is on a confidential communication of some party. We will take

it for what it is worth.

Mr. Miles. Yes; of course.

The CHAIRMAN. But if the gentleman will come up here and stand behind it and make the statement, it will be worth a great deal more than when it is presented in this way, and I hope you can persuade him to come before the committee and verify it and let the world know what the facts are.

Mr. Miles. I thought it proper to bring the matter to the atten-

tion of the committee.

The CHAIRMAN. That is all right; there is no question about that. Mr. Miles. He says his appearance here would ruin his financial standing.

The CHAIRMAN. We will hear what you have to say on the subject.

Mr. Miles. All right, sir.

The Chairman. But if we had the man himself here, it would be much more satisfactory.

Mr. Miles. I am very sure that he will satisfy the committee pri-

vately.

The Chairman. I do not know that the committee will receive any private communications from anybody, if they do not care to make

them public.

Mr. Miles. A copy of the first invoice he gives me is for files, and shows a price made for export of \$193.28. The duty, if they had been imported, would have been \$248.75.

Mr. Underwood. That is the cost of files where, abroad, that you

are giving the figures on?

Mr. Miles. The cost at New York or at the American factory.
The Chairman. Does that show the quantities and sizes, and so forth?

Mr. Miles. It gives full particulars, sir; it is a complete invoice.

Mr. UNDERWOOD. Will you file that in the record?

Mr. Miles. Yes, sir.

The Chairman. Hand it to the reporter and he will put it in the record in the proper order.

(The invoice referred to is as follows:)

Mill bastard files:

Flat bastard files:							
a see built	10 6″	10 7"	5 8″	5 10″	10	5 dozen.	
		<del></del> -			12′′	14"	
	7/	8/6	10/6	15/—	21/6	30/— per dozen.	
Regular single-cut taper saw files:							
20		20 1				0 10 dozei 6''	a.
4/-				-		<u> </u>	
4/-	- 4/	- 4/	o 5/—	. 5/	6 6	/6 7/6 doze	n.
Slim taper saw files, single cut:  20 20 15 15 10 10 10 dozen.							
3		$3\frac{1}{2}''$ $4'$	$4\frac{1}{2}$	' 5	" · 5	$\begin{array}{ccc} 0 & 10 \text{ dozen} \\ \frac{1}{2}'' & 6'' \end{array}$	•
4/-	- 4/	/ <del>-</del> 4/6		_		3 6/6 dozen	
£143 14 —							
'/. 70.5. & 2 per cent, 39 18 88 At 4.84 \$193.28							
Duty:							
115 dozen 7" or longer, at \$1 per dozen							
85 dozen 5"-6", at \$0.75 per dozen							
248.75							
Mill basta	rd files	15	25	25	10	5 dozei	
	6"	7"	8"	10"	12''	14"	.1.
\$:	3. 50	\$3.90	\$4.30	\$5.60	\$7.50	\$10.70 dozer	1.
Flat bastard files:							
	10 6′′	10 7''	5 8"	5	10 · 12"	5 doze	en.
	0,,			10′′	12"	14''	
\$-	4.30	\$4.80	\$5.30	\$7.00	\$9.70	\$13.30 doze	en.
Regular single-cut taper saw files:							
20 3''	20 3½"	15 4"	15 41//	10 5''	10 5½		en.
<b>\$2.</b> 10	\$2.10	\$2.20	\$2.40	\$2.60	\$3.	00 \$3.40 doze	en
Slim single-cut taper saw files:							
20	$\frac{20}{3\frac{1}{2}}$	15 4"	$\frac{15}{4\frac{1}{2}''}$	10 5''	$\frac{10}{5\frac{1}{2}}$		en.
\$2,10	\$2.10	\$2.20	\$2,30	\$2.5	\$2.	90 \$3.10 doze	an a
ψω. 10	ψω. 10	Qu. 20	ψ2. 00			3. and 2 nor co	\$1, 282. 50

Increase over export price, \$193.28-40 per cent.

Mr. Miles. The duty, if they had been imported, would have been \$248.75. The price against the American consumer, if they had been bought to be used in this country, on the basis of a discount from the list of 70 per cent, and 10, and 10, and 10, and 2.

 $\frac{1}{10}$ ,  $\frac{3}{10}$ , and 2 per cent,

Mr. Dalzell. Will you tell us what kind of files they were? I find in the tariff here provision made for different kinds of files at dif-

ferent rates of duty. This reads:

156. Files, file-blanks, rasps, and floats, of all cuts and kinds, two and one-half inches in length and under, thirty cents per dozen; over two and one-half

inches in length and not over four and one-half inches, fifty cents per dozen; over four and one-half inches in length and under seven inches, seventy-five cents per dozen; seven inches in length and over, one dollar per dozen.

Will you state what kind of files they are?

Mr. Miles. Yes, sir; they are of 26 different lengths and sizes. The price to the domestic consumer on this invoice would be \$274.0, or 40 per cent more than the price for export. This could be verified very easily if the committee would investigate what is called the file trust, the Nicholson File Company, said to control the file business of the United States.

He also gives me his price for export, as I understand, from the United States Steel Products Company on corrugated galvanized sheets, the domestic price being \$3.20 and the export price \$3.01 delivered in Asiatic markets, making a price for export on the basis of New York delivery of \$2.71, as against \$3.20 to the domestic consumer, or  $18\frac{1}{2}$  per cent more against the domestic consumer than against foreign users. Also on bar steel.

The CHAIRMAN. Right there, in connection with that, on files, I find that there are very few imported of 7 inches in length and over. The price is about, on an average, \$2.40, although it runs down to \$1.72 and up to \$2.55, but the average imported price is about that,

and the duty 33\frac{1}{3} to 36 per cent.

Mr. Dalzell. The duty is ad valorem.

Mr. Miles. On bar steel the domestic price is \$1.56. That corresponds with my books and my cost at home. The foreign price delivered at Asiatic seaports is \$1.50, which, on the basis of 30 cents for freight, would be \$1.20 export, as against \$1.56 domestic, or 30 per cent more to the domestic consumer than for export.

He promises to give me many more invoices, all indicative of the fact that steel products are sold at much less for export than to the domestic consumer. As I say, I present that evidence upon his

request only.

A gentleman of the committee, as I understood, said the other day that almost everything is labor; that the value of manufactured products is mostly in labor. I thought it might be slightly helpful to suggest to the committee that the value of all the manufactured products in the United States, according to the last census, was \$14,800,000,000, and the total wages paid in the factories in the United States that year was \$2,600,000,000. In other words, the total wages in all manufacturing industries are 20 per cent only of the value of

the product.

The CHARMAN. That is on this basis. On the manufacture of pig iron, the total product and the total wages are inserted in the census. You follow that pig iron until it gets to be cutlery, and every process is stated as a separate manufacture, and the value of material goes in and also the value of the wages in that particular line of manufacture, and that is the reason you get so small a percentage of labor to the value of the material; whereas if you took the pig iron and followed it through the cutlery, you would get a very high percentage of wages. You see the point I am getting at?

Mr. Miles. Yes, sir; and it is in a general way only that I offer the presumptive evidence that wages are not by any means the total

of the product.

The Charman. I do not see how you can furnish us any evidence on that subject, for the reason that the piece of cutlery may represent 75 per cent or 90 per cent of wages, all the way from the iron ore until it gets into cutlery, and in the census it only figures for the wage in the cutlery factory.

Mr. Miles. Yes.

The Chairman. Taking the steel as it goes in there and the goods or the raw material. That is the difficulty with it.

Mr. Miles. Yes.

The CHAIRMAN. Now, if you put on only sufficient to protect the work in the cutlery factory on that article, then you would cut out everything below them and you would stop their business; do you see?

Mr. Miles. Yes, sir. I thought, Mr. Chairman, that it might be of some interest to apply that principle to my own business, with which I am thoroughly familiar, and so I wish to say that the total wage cost in my factory on a buggy which wholesales at \$75 is, as nearly as I can determine, \$20, or 25 per cent of the selling price. The tariff is 45 per cent.

The CHAIRMAN. That is the cost in your factory?

Mr. Miles. Yes, sir. Then to that, of course, you add the cost of mining the ore and cutting down the trees and making the small piece of cloth that I use, and so forth. But I can hardly think when you add the wages for all those things you equal the tariff.

The CHAIRMAN. Yes; all those clear through must be taken into

consideration.

Mr. Miles. Yes; and I come not with proof, but with evidence from my books that my wage cost is 25 per cent, upon a highly finished product, of the wholesale price, or less than 20 per cent of the retail price.

Mr. Cockran. You mean 25 per cent of your contribution to the

product?

Mr. Miles. Yes, sir.

Mr. Cockran. Because, of course, you have received the materials out of which your finished product is made.

Mr. Miles. Yes, sir. To that 25 per cent you add the cost— Mr. Cockran. That is the cost. You pay out directly in wages 25 per cent of what you contribute to it?

Mr. Miles. Twenty-five per cent of my selling price.

Mr. Cockran. Let us follow that.

Mr. MILES. Yes.

Mr. Cockran. Take some particular article which you manufacture, a plow, for instance.

Mr. Miles. If you do not mind, I have taken a \$75 buggy.

Mr. Cockran. A \$75 buggy?

Mr. MILES. Yes.

Mr. COCKRAN. How much of that is raw material? I mean, how much of that is material that you buy, of that \$75. You mean a \$75 buggy that you sell, or a buggy that costs you \$75?

Mr. Miles. Costs me \$60 or less.

Mr. Cockran. Could you give us the cost? What you sell it at gives us no light at all. What it costs you to produce is of capital importance.

Mr. Miles. Fifty-five dollars. Mr. Cockran. It costs you \$55? Mr. Miles. In labor and material.

Mr. Cockran. It costs you \$55 altogether?

Mr. Miles. Pardon me, you asked entirely. Must I add also the

interest I pay banks?

Mr. Cockran. Yes; I think so. I do not think you can estimate otherwise. In fixing costs you can not eliminate anything you pay out.

Mr. Miles. The total cost is what you want?

Mr. Cockran. Yes; the total cost would be what?

Mr. Miles. Including selling expenses, the expense of the salesmen on the road and the railroad fare of my salesmen, but not cash discount?

Mr. Cockran. I would put that out for the present.

Mr. Miles. Sixty dollars.

Mr. Cockran. Sixty dollars is what it costs you to put that buggy on the floor, ready for delivery?

Mr. Miles. Yes; in my shipping room.

Mr. Cockran. How much of that \$60 was paid for the materials out of which you constructed it?

Mr. Miles. Forty dollars.

Mr. Cockran. And then the other \$20 was what?

Mr. Miles. Labor.

Mr. Cockran. Labor. Well, you must have allowed something for the wear and tear in your establishment, your plant, and all that?

Mr. Miles. That would come in between the \$60 and the \$75 selling

price.

Mr. Cockran. Then you count that? I see what you mean. You charge up to wear and tear in the use of your factory and add that to the expenses of selling?

Mr. Miles. Yes, sir.

Mr. Cockran. Now, this \$40 was paid out for finished lumber—more or less finished?

Mr. Miles. Yes.

Mr. Cockran. And for leather and steel?

Mr. Miles. And cloth.

Mr. Cockran. And each of those materials in turn is a product of labor?

Mr. Miles. Yes, sir.

Mr. Cockran. And the labor cost of all these must be considered when you estimate the relative labor cost and material cost of that thing?

Mr. Miles. Yes, sir.

The CHAIRMAN. What you mean is that your contribution for labor to that total cost of \$60 is \$20?

Mr. Miles. Yes.

Mr. Cockran. Your labor cost?

Mr. Miles, Yes

Mr. Cockran. But each person who furnishes one of the other materials has in turn made a contribution quite as large as yours and probably larger?

Mr. Miles. Not so large by considerable, I should say; but that is

a factor that I would not for the world seem to eliminate.

Mr. Cockran. The point of my question is to show that the fundamental principle on which all economists agree is that the labor cost, the actual cost, is not seriously contradicted by these figures. It simply means that you have taken your contribution in the way of wages and of labor cost to this finished article, without considering the contribution made by other persons at the various stages of production through which it passed before it was finally ready for use in the community.

Mr. Miles. I am only stating definitely what is my cost, and leaving the committee to estimate those things, but I am not expecting

that they will overlook them.

Mr. Cockran. Oh, no.

Mr. Miles. But I come nearer than any other buggy manufacturer to including the entire cost, because I make my own springs and

wheels, and so on.

Mr. COCKRAN. Yes; and you know if you follow the matter out, when you come to consider the question of the cost of selling and wear and tear on the machinery, they go back to the labor cost in the long run.

Mr. MILES. Yes.

Mr. Cockran. So that I am merely suggesting that it is not very profitable to pursue what is in the nature of things a most elusive inquiry; that is, the difference between labor and material cost.

Mr. Miles. There are forty or fifty different profits in a \$50 buggy.

Mr. Cockran. That is the point.

Mr. Miles. Profit is not labor; that is sure.

Mr. COCKRAN. Yes. What you contribute to this discussion, and I think it is of essential importance, is this fact, entirely within your own knowledge—let us see if I understand you—that, given free steel and free leather, you can sell the finished article in the markets of the world without any protection whatever?

Mr. MILES. Yes, sir.

Mr. Cockran. That, I understand, is your contention.

Mr. Miles. Yes, sir.

Mr. COCKRAN. Now, that, of course, is a palpable fact that is at least, I should suppose, of great importance, and is certainly of great

importance to the committee.

Mr. Miles. The gentleman, as I understood, was rather dominated by the fact, as he believed, that the total cost of the article, the selling price of the article, was 90 per cent accumulated wage, and I know that it is less than 40 per cent, and less than 30 per cent, accu-

mulated wage on many things.

Mr. Cockran. I will have to differ with you on that, but I do not think it is worth while going into these speculations. The important thing that it seems to me this committee is anxious to ascertain is what the concrete effect upon your own product would be. You can testify to that with decisive effect, and you told me, as I understood, that with free steel and with free leather you would be able to furnish the plows and the buggies that you manufacture without any protective tariff whatever in this market and in the markets of the world?

Mr. Miles. Yes; and use more labor, and if anything pay higher

rates for it.

Mr. Cockran. And that by the increased output of your factories you would employ more laborers and have more laborers, and therefore, by the increased demand for labor which would follow, there would be a tendency to increase the rate of wages.

Mr. Miles. Yes, sir.

Mr. Cockran. That is clear.

Mr. Miles. Yes, sir. One of the gentlemen spoke of imports in connection with automobiles, saying, as I understood, that he would put the tariff so high that you could scarcely bring any automobiles That was the gentleman from Michigan. I think it might be worth while to mention, on the other hand, that the manufacturers of the United States use imported articles to the extent of \$750,000,000 a year, and that one-third of that, or \$254,000,000, or thereabouts, are dutiable. We can not run our shops without great imports, and we pay duty on imports. As for exports, we export for manufacture, for further use in manufacture, and manufactures ready for consumption, \$1,082,000,000 worth, and, as I figure, \$680,000,000 worth of our exports of manufactures are crude and semicrude materials, making 63 per cent; and what the manufacturers exceedingly desire is that instead of exporting the crude material we should be relieved of the duties on crude and semicrude materials and be allowed to ship abroad very much larger quantities of highly finished products our plows, for instance.

Mr. Dalzell. Do you mean the crude materials coming from

abroad?

Mr. Miles. Shipped abroad.

Mr. Dalzell. You say you would like to be relieved from duties on crude materials entering into the manufactures here; you mean imported crude materials?

Mr. Miles. No, sir; domestic materials; and to be allowed to ship abroad manufactured stuff that has from two to five times the amount

of labor in it.

The CHAIRMAN. The value of imported parts of automobiles in 1907 was a quarter of a million dollars, and the value of automobiles was \$4,000,000.

Mr. Miles. This gentleman spoke as though we had shut out automobiles. We would never have had an automobile industry in this country if we had not imported automobiles.

The CHAIRMAN. The automobile business increased very materially. In 1907 it yielded a revenue of \$1,250,000. Of course auto-

mobiles are a luxury.

Mr. Miles. I feel almost like begging your pardon for appearing before you a third time, but I can say for the gentleman for whom I appear that he offers me a great deal of evidence that our trusts are exporting large quantities of stuff at 20 to 40 per cent less than they are charging our domestic consumers, and he says, "I can not appear. You appear for me."

The Chairman. If you can do anything to bring about the appearance of this exporter before them, the committee will be obliged

to you.

The list that you gave to the reporter the other day contained a number of names which were very imperfect—that is, in some cases you did not give anything except a surname, and you gave no address. If you could take this list and complete that before you go

out and add any other names that you can and hand it to me or to the clerk, I would be obliged.

Mr. Miles. I gave to the reporter at the hotel a list which I thought

was complete.

Mr. Cockran. The chairman means that he would like to have the Christian names of these people, so that in case we want to subpœna them we can do so.

Mr. Miles. Yes, sir.

Mr. Dalzell. You have read over your own testimony, have you not, of the first day?

Mr. Miles. Yes, sir.

Mr. DALZELL. Have you furnished the names that you stated you would furnish, in answer to my interrogatory on that first day?

Mr. Miles. The stenographer called upon me at the hotel with a list, asking for certain names, and I gave him all of those, and I think this list has already been given. If it has not, I shall have to go over it with him again.

Mr. Dalzell. I just wanted to leave it to your own say so as to whether you had given the names I asked for. I have not gone over your testimony myself, so that I can not say whether you have or not.

Mr. Miles. I gave all the names that he suggested were necessary to complete the statement. I completed it so far as he suggested, and if it is not made to your satisfaction I shall have to go back to the clerk to find out.

The CHAIRMAN. If you can complete that statement and hand it in

this afternoon, please do so. Mr. Miles. Yes. sir.

Mr. Cockran. When you were here before I do not know whether I made it appear or not, but Mr. Boutell, speaking to you on the formation of trusts and effect of the tariff, spoke of the competition between these automobile men as an evidence that although a tariff was levied on that article of commerce no trust as yet had been formed in them. I think I asked then if it had not been the history of all these trusts that they began by just such fierce competition and then wound up with amalgamation, and I think you agreed with me that that was so.

Mr. Miles. Yes.

Mr. Cockran. Have you looked into the history of individual trusts—for instance, the steel trust? Do you know the circumstances that preceded the formation of the United States Steel Corporation?

Mr. Miles. Yes.

Mr. Cockran. Do you remember whether there was a fierce war

on or threatened at that time between the producers of steel?

Mr. Miles. Yes; I think there was. We bought our steel at about half the present price, and that was supposed to be about cost to the producer.

Mr. Cockran. That was about the time Mr. Carnegie was projecting great works at a place called Conneaut, which never were built?

Mr. Miles. Yes; but I do not believe that keen and destructive competition exists as it used to as a preliminary to the formation of The advantages of forming trusts are so great, especially where the tariff is high, that people seize upon the opportunity without waiting for trouble, in advance, in the way of competition and low prices.

Mr. Cockran. There was keen competition between the steel producers?

Mr. Miles. Yes.

Mr. Cockran. And there was fierce competition between the to-bacco producers just prior to the formation of that trust?

Mr. Miles. I think so.

Mr. Cockran. You remember there was an enormous expenditure for fascinating advertisements, which the police, I think, finally interfered to check in point of exuberance.

Mr. Miles. Yes, sir.

Mr. Cockran. And there were various other means of competition, which resulted finally in the formation of the tobacco company and the disappearance of that sort of competition?

Mr. Miles. Yes, sir.

Mr. Cockran. Do you remember any other of these great combinations which were not preceded, or were they not nearly all preceded, by just such a competition?

Mr. Miles. So far as I know.

Mr. COCKRAN. And there was competition between the sugar people before the sugar trust was formed?

Mr. Miles. Yes.

Mr. Cockran. And among the harvester people? Mr. Miles. Yes; and among the harvester people.

Mr. Cockran. So that the weapon by which the strongest of these producers has nearly always forced others into a combination has been a fierce competition. Is not that so?

Mr. Miles. Yes, sir.

Mr. Cockran. And has there been any such competition resulting in a trust where there was not a tariff wall, that you know of, in this country?

Mr. Miles. Not that I know of, sir.

Mr. Cockran. And in fact such a competition could not be effective for the purpose of forcing a combination if there was an exterior market, and if the whole world was accessible as a source of supply, anything that might be done here by producers would not be decisive as to who would control the market?

Mr. Miles. If we had an open market. A world trust is almost

impossible to form, I am told, and it seems so.

Mr. Cockran. It is conceivable? Mr. Miles. Yes; it is conceivable.

Mr. Cockran. But it is practically impossible?

Mr. Miles. Yes, sir; it seems to me so.

Mr. Cockran. It is certainly more difficult.

Mr. Miles. Decidedly more difficult, and beyond question it is desirable that the American Congress should require of people, if they form a trust, that they do it without the assistance of Congress and under the most difficult of circumstances; in other words, a world trust or no trust as against the American consumer.

The CHAIRMAN. Are there any further questions?

Mr. Fordney. You stated the other day that you represented 90 per cent of the manufacturing institutions in this country, did you not, or about that?

Mr. Miles. You asked me that question the other day, and I said no. I feel that I speak for 90 per cent, as determined by my correspond-

ence, but I have no brief from 90 per cent.

Mr. Fordney. Your only authority for speaking for anybody else is through correspondence? Are you a representative, directly or indirectly, in any way by credentials that you could present to this committee?

Mr. Miles. No, sir.

Mr. FORDNEY. Of any industry?

Mr. Miles. The implement and vehicle manufacturers only.

Mr. Fordney. Only?

Mr. Miles. Yes.

Mr. FORDNEY. And no other?

Mr. Miles. No other.

Mr. FORDNEY. Then, simply because you wrote to the different institutions or manufacturing industries around the country and got a reply from them—in that way you claim you are their representative, is that it?

Mr. Miles. I have said several times that I am not their representative, and I have emphasized that, but I have heard from so many manufacturers that the closest approximation that I can make to their desires is that 90 per cent of them stand where I do, and I am officially and semiofficially associated with most of the large manufacturing interests through other national organizations, but I would not take a brief from any one of them in coming here.

Mr. Fordney. I have been in business pretty near as long as you have, and you are the only man I ever heard talk along protection lines as a protectionist as you do. I want to ask you this. I do not know as I should ask you that question, but I will, and you can an-

swer it. I do not mean to be discourteous.

Mr. Miles. All right, sir.

Mr. Fordney. Are you, in your political views, a protectionist, a tariff revisionist, or a free trader, or in favor of tariff for revenue only?

Mr. Miles. I am a protectionist, according to Mr. Taft's definition,

for instance.

Mr. Fordney. What difference is there between Mr. Taft's definition and the Republican platform adopted at Chicago?

Mr. Miles. Mr. Taft and Mr. Sherman stand for a reasonable

assurance of profit to the American manufacturer.

Mr. Fordney. They stand on the Republican platform, do they

not, and no other?

Mr. Miles. Mr. Dalzell says, as I understand, that the Republican platform means that to the difference in cost shall be added a profit to the American manufacturer.

Mr. Dalzell. I simply read the platform to you, Mr. Miles.

Mr. Miles. I asked you, if I remember, if you meant plus a reasonable profit?

Mr. Dalzell. I read the platform that way.

Mr. Miles. Mr. Taft does not read it that way, as I understand from him.

Mr. Dalzell. I understand you read it that way.

Mr. Miles. Not "plus." A liberal difference in cost, liberally estimated.

Mr. Dalzell. At the meeting of the Manufacturers' Association you made certain statements. You planted yourself on precisely the same ground as the Chicago platform, as I read it to you the last time you were on the stand. I think I have that here. There need

not be any doubt about it.

Mr. Miles. There may be doubt as to the platform, but not as to what I said. I am a thoroughgoing protectionist, and believe that protection should be liberally figured in the interest of the American manufacturer. That is the position taken by the National Association of Manufacturers and by 15 or 20 other organizations whose names I will be glad to leave with the secretary.

Mr. Fordney. Were you present when the Manufacturers' Association voted to recommend a revision of the tariff and a tariff

commission?

Mr. Miles. They have voted in that direction for six or eight

years. I have not been present always.

Mr. Fordney. No; but at some particular occasion. A meeting of theirs has been referred to by Mr. Van Cleave, where he stated, as I saw in the papers, by an overwhelming majority that course was

decided upon.

Mr. Miles. That was decided upon at a meeting in New York last May, with I know not how many voting in the affirmative. One man had 80 proxies in his pocket, so that I should say there were many hundreds voting in the affirmative and one negative. That was last May, in New York, and the year before that, in May, there was a large vote and no dissenting vote.

Mr. FORDNEY. Last year in May was the one I referred to, in New York. Now, there was a gentleman here who was in the room at the time and who belonged to the association, and he said it carried

by the most narrow margin.

Mr. Miles. The records of the association and 300 men who sat in the room will tell you there was one disagreeing vote, and all the rest were in favor, so far as they voted.

Mr. Fordney. Maybe that one dissenting vote had the majority of

proxies. Do you know anything about that?

Mr. Miles. I know he did not.

Mr. FORDNEY. You were there, and you know? Mr. Miles. Yes; he was a man from Boston.

Mr. Fordney. You were there?

Mr. Miles. Yes.

Mr. Fordney. How many voted? How many men were present,

do vou know?

Mr. Miles. I could show you a photograph, something like 300 present; and, as I say, one man had 80 proxies in his pocket, and there were other men that came with other proxies.

Mr. FORDNEY. How many voted? Did all present vote?

Mr. Miles. It was a good loud shout. I do not know whether every man present voted or not.

Mr. Fordney. It was not a yea-and-nay vote, or a written vote?
Mr. Miles. No. sir; but it goes back to correspondence where

2,000 members said yes over their signatures. Mr. Fordney. They said yes to what?

Mr. Miles. To a tariff revision on the basis I am talking about; to a tariff revision and a commission.

Mr. Fordney. I was not present the other day when the question was asked you, and if you will pardon me, I want to ask you again if you did not attend a conference at London, a free-trade convention?

Mr. Miles. Yes, sir.

Mr. Fordney. What interest did you represent there?

Mr. Miles. The National Association of Manufacturers and the principle of protection to American industries. I went over there and found us blackguarded by our best customers, the English, and by the representatives of other nations, for the excrescences, the unreasonable and unprotective features of the Dingley bill.

Mr. FORDNEY. You went there to advocate protection, and you come here before a Republican protective policy and advocate the

reduction of duty?

Mr. Miles. Yes; I have advocated protection in both places, a reasonable, ample protection, as necessary. I explained in that international conference that an abominable and unnecessary duty not a protective duty, and that if they would consider the trust problem they would find what it had done to the American people. I said to them, "I thank you for permitting an American protectionist to come here before you free traders and stand up for American protection, once and forever." And I was told not to come here for the same reason, that I would not be well received. I went there to stand for an honest, reasonable, American protection, and I am here for the same purpose.

Mr. FORDNEY. And you come here now and argue for—now and forever, for once and for all, and for good—a revision downward of

pretty near all schedules you have talked on.

Mr. Miles. A reasonable, fair protection to American industries on the basis of the Republican platform as interpreted by President-

elect Taft and Vice-President-elect Sherman.

Mr. Fordney. Mr. Taft and Mr. Sherman do not construe the Republican platform any different from a Member of the House that was elected on that platform, do they? Do you know of anybody

that construes it differently?

Mr. Miles. The Republican platform is construed differently by some of us here. I have one construction and Mr. Dalzell has another. Mr. Taft said in an authorized interview in Boston, which he asked me to read as expressive of his views, that he did not so understand the platform.

Mr. Fordney. Mr. Taft is a scholarly gentleman, and he under-

stood it absolutely.

Mr. Miles. He did not understand the Republican platform as giving the difference in the cost and adding thereto a liberal profit; and Mr. Dalzell does understand that you add a liberal profit.

Mr. BOUTELL. Did you not state in the beginning of your testimony that your idea of the amount of protection was 150 per cent of

the difference in the cost of labor?

Mr. Miles. So far as I have gone, I think it should be something like 125 to 150 per cent of the difference in cost; but you have got things that are a thousand times the difference in cost.

Mr. Fordney. Down, or up?

Mr. Miles. You have got 80 per cent of domestic cost on iron bars, and there is not a penny of difference.

Mr. FORDNEY. Let Mr. Dalzell read the platform.

Mr. Miles. I asked Mr. Dalzell, Does that mean "plus," and he said yes, and Mr. Taft says it does not.
Mr. FORDNEY. Let him read it, and maybe you will convert me.

Mr. Dalzell. I want to read this to you, which is reported to have been said by you at the meeting of the Manufacturers' Association, I think in May.

Mr. Miles. Yes, sir.

Mr. Dalzell. This is what you are reported to have said:

This underlying principle, which in the language of Secretary Taft requires that each tariff rate shall represent "substantially the permanent differential between the cost of production in foreign countries and that in the United States," is not to be applied in a niggardly way. Enlightened selfishness is a public as it is a private virtue. An "ample margin for safety" is as necessary in manufacturing and commercial enterprises as it is in engineering. Full allowance must be made for the contingency of bad times abroad and good times here, for "dumping," for reasonable profits, and for such stability as secures low costs and steady employment.

Is that a correct report of your language?

Mr. Miles. Yes; that is my tariff bible. I think it is fair and I

think it is protective.

Mr. Dalzell. Just one word more. At the time you were a delegate to the free-trade conference in London, your fellow-delegate was A. B. Farquhar.

Mr. Miles. Yes, sir.

Mr. Dalzell. Who was an outspoken free trader, and has been for vears?

Mr. Miles. Yes; I think he is. He is coming before you.

Mr. Dalzell. Were you the only two delegates?

Mr. Miles. Yes, sir.

Mr. Fordney. I believe I understood you to say that you were opposed to combinations of capital, corporations, trusts, rather, yet that if you could form a trust on your own product you would do it in about a minute?

Mr. Miles. I said I never had had the temptation to do it.

Mr. Fordney. You said the other day you would, did you not?

Mr. Miles. I do not remember.

Mr. Fordney. I do. It struck me as very peculiar in your position that if you had the opportunity you would form a trust on your product, but you did not want anybody else to do it.

Mr. Miles. I would not expect Congress to help me form a trust. It would be my business if I formed one without the aid of Congress.

Mr. Fordney. Did you ever know Congress to help to form a trust? Mr. Miles. I never knew Congress not to help form a big trust, according to my knowledge.
Mr. Fordney. In what way?

Mr. Miles. By shutting out foreign competition.
Mr. Fordney. Then you are not in favor of a tariff?

Mr. Miles. Yes; absolutely a protective tariff. But let me tell you this-

Mr. FORDNEY. Yes.

Mr. Miles. It costs about \$1 more to make bars than to make rails, and against that dollar you give \$4 protection.

Mr. Fordney. I never have asked you a question since you have been here but what you switched off onto steel.

Mr. Miles. An illustration will not hurt the proof.

Mr. Fordney. But you might hurt my feelings on the tariff ques-

Mr. Miles. But as a proof, you give \$4 as against \$1.00 that it costs. Mr. Fordney. No; I never was a big enough fool to give such a thing in all my life.

Mr. Miles. The Congress of the United States has done it.

Mr. Fordney. You are talking about Members now who are older than I am here, but I have never known such a thing since I have been a Member.

Mr. Miles. If you will look up the iron-bar schedule, you will find that the protection is about four times the difference in cost on iron

bars as compared with rails.

Mr. CLARK. To get this thing straightened out, now, politically, I understand that Mr. Fordney and Mr. Dalzell and yourself are all

three protectionists; is that correct?

Mr. Miles. I do not think Mr. Fordney is from my point of view. He would shut out importations. He says he would not let an automobile come into the United States. Why should they not form an automobile trust, then? An automobile man down here was asked privately, "What do you want this increase in duty for, so that you can tax the people \$1,000 apiece more on automobiles?" The man laughed. There is no other reason, so far as I can see. That is not my kind of protection.

Mr. CLARK. I thought you were all three protectionists, differing in degree like the stars do, in glory. I am sorry you shut Mr. Ford-

Mr. Fordney. No; I am the principal star.

Mr. Clark. That is what I thought myself. I was going to assign

you that honor, but Mr. Miles does not. [Laughter.]

Another question. How do you figure it out that Congress ought to act as an insurance company—that is what it amounts to, exactly to insure anybody a profit?

Mr. Miles. I say the Congress of the United States victimizes the

people of the United States when it does that for anybody.

Mr. CLARK. I did not ask you that. Mr. Miles. When they guarantee a profit.

Mr. CLARK. Wait a minute.
Mr. Mrles. I am going to answer your question. Mr. Clark. I want you to answer the question. Mr. Miles. When they guarantee a profit?

Mr. CLARK. Yes.

Mr. Miles. That is just what I am coming to.

Mr. CLARK. As I understand, if I can understand the English language at all, this tariff plank in the Republican platform undertakes to guarantee to the American manufacturer the difference of labor cost plus a reasonable profit. Now, the question I asked you, or which I have propounded to you because you happen to be here, is how do you reason it out that Congress should convert itself into an insurance company to guarantee a reasonable profit or any other kind of a profit to anybody?

Mr. Miles. It absolutely can not. If any Congress should do it, the American people would speak, and we would have another kind of

a Congress.

Mr. Clark. I have understood you twice to answer Mr. Dalzell's question that you are in favor not only of giving the difference of the labor cost abroad and the labor cost in the United States, but on top of that 25 to 50 per cent more than the labor cost, and on top of that a reasonable profit.

Mr. MILES. You have very much misunderstood me. In that article, which, as I understand, Mr. Dalzell objects to, I stated my belief in

the report before the Manufacturers' Association.

Mr. DALZELL. I do not object to it.

Mr. Miles. I thought you did, by implication, as I say. If it costs 90 cents to make a thing in Germany and it costs \$1 to make it in New York, if \$1 is the New York price, you have got to give the New York manufacturer 10 per cent or he must go out of business.

Mr. CLARK. What do you want to give him 20 per cent for, though? Mr. MILES. The German's price—

Mr. CLARK. Wait a minute, now. You have taken 10 per cent as

the difference. What do you want to give him any more for?

Mr. MILES. If you had not interrupted me, I would have had the complete reply out by now. You have got to give him 10 per cent or he must get out of business. Now, the German has a little cheaper freight rate from Berlin to Chicago than we have from New York to Chicago. A man will dump in a foreign country stuff at a half profit, at a price at which he could not live if he made it his universal selling price. Every manufacturer must figure liberally his cost as against contingencies, mistakes, and dumping and the things Mr. Dalzell quoted from my New York report. Now, 11 per cent would be the exact difference in cost. I only ask that to that be added a fairly liberal allowance to meet contingencies. That is only the enlightened selfishness that applies to everybody in his own business.

Mr. CLARK. You wanted that, plus a reasonable profit.

Mr. Miles. I said in my statement, though, that would make the tariff on a 90-cent article about 20 per cent more, and that would make \$1.08 the absolute cost to the foreign maker of the article delivered in the United States.

Mr. CLARK. You never did answer my question.
Mr. Miles. That gives the American a handicap favorable to himself of 8 per cent. Now, if the foreigner is to make a profit, he has got to make it above that 20 per cent, above the \$1.08 cost; but to guarantee a profit by adding to the \$1.08 another 20 per cent would make the foreigner's cost \$1.30, and if he made a profit—and he would not ship goods here without a profit—he would have to ask \$1.50 for an article that costs in New York only \$1 to make, and if the New Yorker is in a trust, you have substantially a guaranty, absolute, at the expense of the American consumer, of a big profit to a trust. You might as well write on every certificate of stock and every bond issued by a trust, "The Government of the United States is behind this trust by a guaranty of its principal, of its interest, and its dividends."

Mr. CLARK. That is precisely what that tariff plank in the Republican platform proposes to do.

Mr. Miles. If it does, it is absolutely shameless from the standpoint of American protection; but Mr. Taft says it does not mean that ..

Mr. CLARK. I say so, too. Mr. Miles. That is why I am not the same kind of protectionist as some other gentlemen.

Mr. Clark. We agree on that proposition.

Mr. Dalzell. There is no difference between Mr. Dalzell and Mr. Taft.

Mr. Miles. If you mean plus, Mr. Taft does not mean plus. Mr.

Taft told me so.

Mr. CLARK. Mr. Taft has said this, and said it repeatedly, that he was in favor of the difference in cost and a reasonable profit. have not got his speech here, but I am just as certain he said that as I am that I am living.

Mr. Dalzell. Of course he did, a number of times.

Mr. Clark. What I wanted is to ask you a question and have you unswer. You are a very agreeable and luminous talker, but what I want you to do is to answer me that question-why the Government of the United States should attempt to act as an insurance company to insure anybody in any business a profit.

O Mr. MILES. It can not do it.

Mr. CLARK. That is exactly what they propose to do.

" The CHAIRMAN. That is the very question—whether anybody has ever proposed that the Government should ever become an insurance company to insure profits or insure wages.

Mr. Miles. May I make a distinction there?

Mr. CLARK. Wait a minute. If that plank in the Republican platform, illumined by Mr. Taft's speeches, does not mean that, it does not mean anything. Another question: Where do you live; in Michigan?

Mr. MILES. In Wisconsin.

Mr. CLARK. You do not happen to be from Brother Fordney's district. Have you any knowledge during the recent campaign that the tariff was played both ends against the middle; that in certain districts they said it was for a revision of the tariff up, and in certain other neighborhoods they said it was what you are clamoring for, and what I am, a general revision of the tariff downward? Do you have any information on that subject or not?

Mr. Miles. No, sir; and I am not for hacking at schedules simply

to get them down, by a long shot.

Mr. Clark. I never asked you that. I asked you what was done during the campaign with the tariff plank. I would not have brought it in if the rest of you had not.

Mr. Miles. May I just say a word about this business of a guar-

anty of a profit?

Mr. Clark. Yes.

Mr. Miles. If you add to a liberal difference in cost a profit, you might as well draw checks on the United States Treasury in favor of trusts, because the trust controls the domestic market, and when you say it may add it does add; there is the government guaranty, and the consumers' money is handed to them by act of Congress. But here is the distinction. You could not add to my profit by an act of Congress, by any act you could pass, because I am on the competitive

basis. I consulted the Census Bureau and others, and estimate that about four-fifths of the manufacturers in the United States are on the competitive basis; so that if you say you guarantee profits, you do not, because you can not guarantee profits to the vast majority of competitive manufacturers. They can not take advantage of your very gracious permission; the trusts alone can take advantage, and

will. Consequently it is a trust proposition only. Mr. Clark. Now; here is the difficulty about it. Mr. Dalzell reads the Republican platform and he states what Mr. Taft says, and says Mr. Taft says the same thing that the Republican platform says. Then you come in and take that same platform and Mr. Taft's speeches, and say that he does not mean the same thing. Then you are against the trusts, and so am I. You say that the high rates make the trusts, and yet you come in here yourself with a proposition that anybody may form a trust inside of this tariff wall with. Now, if they can not form a trust when they get the difference of labor cost, as you construe it, 125 or 150 per cent of the labor cost, with this reasonable profit on top of it, I do not see what the tariff has to do with the trusts.

Mr. Miles. I stop away below you. I give them simply the difference in cost liberally figured, with enlightened selfishness, covering dumping and questionable items that you give them yourself. not add any "reasonable profit," and Mr. Taft does not do it.

Mr. CLARK. But you say that you are in favor of this Republican

tariff plank as construed by Mr. Taft.

Mr. Miles. I do that because Mr. Taft says, "If you want to know what I believe about that, read my interview in the Boston Herald," and there he says he does not add a reasonable profit. There I stand. I am one kind of a protectionist, and not another.

Mr. FORDNEY. He told me he did believe in adding a fair profit to the difference of cost between here and abroad. Now, what have

you got to say about that?

Mr. Miles. I know he means what I have said. There is a difference in understanding of his statement. But it is written in the Boston Herald, and he told me to go there and read it, and perhaps that is a pretty good place to read it.

Mr. FORDNEY. Perhaps he had not read it himself. Mr. Miles. He told me to go there and read it.

Mr. FORDNEY. I believe Mr. Taft when he tells me a thing. Mr. COCKRAN. You are not here to interpret Mr. Taft.

Mr. Miles. No.

Mr. Cockran. Mr. Taft can speak for himself.

Mr. Fordney. The other day we took up the question of automobiles. You were in favor of reducing the duty very much on automobiles. Here is a little pocketbook that I just purchased a few moments ago over in the House stationery room.

The CHAIRMAN. Mr. Fordney—

Mr. Fordney. Yes.

The CHAIRMAN. Have you any idea that you will convert Mr. Miles to your way of thinking? Mr. Fordney. No; not at all.

The CHAIRMAN. Well, what is the use?

Mr. Fordney. I pretty near agree with you, but I think I have him in a corner on this, and I want to demonstrate it. I will not take over a minute.

The CHAIRMAN. All right.

Mr. Fordney. I purchased this little pocketbook over in the stationery room a few moments ago, and that is made in Germany, with a picture of the Capitol of the United States on it, and brought over here and sold in the capital of the United States. Can you account for how that happened, why it was not made in the United States?

Mr. MILES. No, sir.

Mr. Fordney. As a protectionist and a man who has studied that question carefully and thoroughly, as you have, and knows the difference in the cost of labor abroad, as it has been stated, who has been abroad to investigate that question, and who knows the difference in the cost of labor abroad and in the United States, could you not tell that it is the cost of the labor, when there is not 5 cents' worth of raw material in this?

Mr. MILES. No.

Mr. Fordney. It is the cheap labor abroad that permits it to be brought here and sold in our capital.

Mr. Miles. Very likely you bought it because it had on it a picture

of the Capitol, without reference to its cost.

Mr. FORDNEY. That does not account for it being made abroad and brought over here. I bought it, as a matter of fact, just to bring it over here and show it to you.

Mr. Miles. If you bought it for that, that is the explanation. It

has caught the buyer's eye.

Mr. Fordney. I am the buyer, and I am not dead.

Mr. Miles. No; I say that is the reason; it caught the buyer's eye. Mr. Fordney. Oh, I thought you said the buyer died. [Laughter.] No; but the idea is right here: How can an article be made in Germany, which has on it as a decoration a picture of the Capitol of the United States, and be brought back here and retailed at a store in the capital of the United States when it can not be made here and sold in competition with this article at the price it sells for at the capital? Is it not because American labor is protected and demands higher wages in the market, when there is not 5 cents' worth of raw material in the article?

Mr. Miles. Why did 20 laboring men from England come to Massachusetts for work and go back because they could not stand the

Massachusetts scale of wages?

Mr. Fordney. They had tuberculosis and were sent back, perhaps.

Mr. Miles. No; they could not stand it.

Mr. Fordney. But I want to ask you about this. You do not offer any reasonable explanation. This article is sold here and you can find no reason why it can be sold here in competition with the same article made in the United States, and undersell the same kind of article made in the United States?

Mr. Miles. There are twenty different reasons, any one of which

may account for it.

Mr. Fordney. One would be enough for me. I want one from you and not twenty.

Mr. Miles. One may be the attractiveness of the article; that is German taste, and not American taste. Then you wanted to buy it. But if it costs less to produce in Germany than in the United States, you know what I would do about it; I would amply protect.

The CHAIRMAN. Your minute is up, Mr. Fordney.

Mr. Cockran. Let me see if I can get a little light on this. You are a protectionist, and you would have this revision downward, as I understand you?

Mr. Miles. Yes, sir.

Mr. COCKRAN. Now, do I understand you to say that you exclude Mr. Fordney from the ranks of the protectionists because he is more than a protectionist—he is an exclusionist—that is right?

Mr. Miles. He is an exclusionist.

Mr. Fordney. How do you know I am an exclusionist?

Mr. Miles. Because you said you would just about shut out every foreign automobile, and I know people that are making millions on

automobiles. What is the reason of raising the tariff?

Mr. Fordner. Now, who do you know that is making millions? How many people do you know that are making millions? Name a firm that is making millions.

Mr. Miles. Can I do that privately?

Mr. Fordney. No; I want you to do that here. They might not believe me if I were told privately and then went and confided the information to others.

Mr. Miles. I am told by a gentleman whom I implicitly believe——Mr. Fordney. That is not the point. You said you knew. Now, I do not want to go to anybody and tell them that this was told to me by somebody else as coming to them from some other person.

Mr. Miles. Well, the proprietor of an automobile factory told me that one-half of the present duty was all that he had any use for.

That was Captain Mitchell, of the Lewis-Mitchell Company.

Mr. Fordney. That is not the question at all. Do you know what it costs to make an automobile in this country, and how much profit he has made on that particular machine?

Mr. Miles. In general terms, yes; specifically, no. I am not an

automobile manufacturer.

Mr. Fordney. Then do not say that you know an automobile factory where there are thousands of dollars made on a machine.

Mr. Miles. I have a telegram from D. M. Parry that 30 per cent

is all he wants on automobiles, and you are here asking for 60.

Mr. COCKRAN. Let me see. I want to get a few of your answers straightened out. I think that you intend to be perfectly frank with the committee. You speak of your opposition to these high duties not as an antiprotectionist, but because you want to have the duties made reasonably protective?

Mr. Miles. Yes. sir.

Mr. COCKRAN. What you are opposed to, as I understand it, is the imposition of duties which you consider simply prohibitory. The only effect of those, you believe, is to enable them to exploit the commodity?

Mr. Miles. That is all.

Mr. Cockran. That is the distinction you make?

Mr. Miles. Yes, sir.

Mr. COCKRAN. When you say that the tariff is of no benefit to non-competitive manufacturers and is simply used by certain trusts for the purpose of exploitation—I mean these high tariff rates of which you complain—I suppose you mean that competition of these non-united or combined manufacturers tends to prevent the abuse of the tariff?

Mr. Miles. Yes, sir.

Mr. Cockran. Whereas where a combination is formed there is nothing to prevent that combination from exacting any prices that they choose?

Mr. Miles. Yes, sir; precisely so.

Mr. Cockran. That is the suggestion you make?

Mr. Miles. Yes, sir.

Mr. Cockran. I merely wanted to get some few things straightened out.

Mr. Miles. Yes, sir.

Mr. Gaines. Mr. Miles, you said a moment ago, if I understood you correctly—and by way of your answer to Mr. Fordney you indicated, at least—that a number of English workingmen had come to Massachusetts and could not stand the rate of wages, I believe you said; you indicated, as I understood you, that they got less wages than they got in England and went back to England on that account. Have you anywhere in your evidence or in the papers you have submitted given facts in connection with the transactions you have referred to, and will you give it so we can find out specifically to what extent you are correct about that?

Mr. Miles. That statement was given to me by Mr. D. A. Tompkins, a splendid high protectionist, who appeared before you a few days ago. He is at the hotel and I will ask him to give you the facts to-

night.

Mr. GAINES. I wish you would do so.

Mr. Miles. It is the efficiency of the day labor, it is not the day

rate; it is the cost of the piece produced.

Mr. Gaines. I understand; there is no use to submit that. The rate of wages does not absolutely determine the cost of labor. I can

see the point.

Mr. Miles. I have had European labor come into my shop and they could not live there on my American scale, because my American men are so much more efficient. I have had a bunch of European laborers brought to me hungry and asked if I would not employ them. I did employ them, but there was no rate so low that I could keep them. The efficiency of the American laborer is not appreciated sometimes. Mr. Sargent, deceased, who was the head of the J. B. Sargent Hardware Company, said that he could sell abroad readily those of his products that included the greatest amount of the most highly paid American labor. This is my experience in my shop.

Mr. Gaines. What you have said about employing European workingmen in connection with what you said, you could not find the rate of wages so low that you could afford to pay them, is important in connection with the question of labor cost. Now, will you tell me

what you employ those men to do?

Mr. Miles. I was asked to put them in my establishment anywhere I could.

Mr. Gaines. In this same kind of employment which they undertook, in which they were so much less efficient than similar Americans could afford whom you paid, their labor cost you more?

Mr. Miles. Their labor was in my machine shop. In those American machine shops we could not afford to keep their, and I could pay the American man two and three times the rate given the others.

Mr. Gaines. Is it not a fact that men who are not accustomed to machines and do not operate them could not operate them as well as a man who is accustomed to it?

Mr. Miles. Yes, sir.

Mr. Gaines. Just as a man who does not know how to run an automobile until he learns it?

Mr. Miles. Yes, sir.

Mr. Cockran. So it is just inefficiency from the lack of familiarity,

or was it inefficiency that you considered inherent?

Mr. Miles. It was partly lack of familiarity and partly inherent or hereditary; their motions are slower. We have men in our shops who are just as efficient as the men behind the guns at Manila, and they would like to get a crack at foreign trade just as the gunners got a chance at Manila. I do not believe we appreciate the wonderful efficiency of the American laboring man, and I do speak for him when I say I want foreign trade and a better chance to get it in his behalf.

Mr. FORDNEY. Do you fully appreciate the American protective

policy?

Mr. Miles. Cover the difference in cost amply. That is all I do appreciate in the American policy, that is sure.

## TARIFF LEGISLATION.

STATEMENT OF F. W. TAUSSIG, PROFESSOR AT HARVARD COLLEGE, CAMBRIDGE, MASS., RELATIVE TO TARIFF SYSTEMS.

Tuesday, December 15, 1908.

(The witness was duly sworn by the chairman.)

Mr. Taussig. Mr. Chairman and gentlemen of the committee, of course I can not pretend to have anything like as detailed knowledge of the particular industries concerning which you have heard as the gentlemen who are engaged in them, and I can not pretend to have as detailed acquaintance with the various paragraphs and schedules of the tariff as some of you gentlemen who have been compelled to pay attention to them. But at the same time, I have given a good deal of attention to the history of tariff legislation, and I have given some thought and inquiry to the principles of the subject, or what seemed to me to be the principles of the subject, and I venture, therefore, to say, in the first place, a few words upon the question of principle—

Mr. McCall. Will you please state your occupation?
Mr. Taussig. My occupation is professor of political economy in

Harvard University.

Mr. McCall. I understand you are at the head of the department of economics at Harvard University?

Mr. Taussic. I am the senior member of that department in Harvard University, and I have written more or less on various economic subjects, and among other works I have written a history of the tariff legislation of the United States, which may have been seen by some of the members of the committee.

I wish to begin, in the way of explaining my feeling of the question of principle, by pointing out that in this country there are two

great classes of manufacturing industries.

On the one hand, there is a range of industries which either are exporting products or else are carrying on their operations quite independently of competition from abroad. We know that there are exportations of all sorts of metal manufactures, household hardware and machinery, sewing machines, and electric apparatus. A list is given every year in the reports of the American Iron and Steel Association. We know there is exportation of such things as sewing silks, and some sort of pressed glassware, and so forth.

We also know that there is a great range of manufactures of which there is no importation and as to which there is no probability or danger of importations upon which the duties are moderate or low. For instance, there are boots and shoes. There are practically no boots and shoes imported into this country. There is practically no pressed glass imported into this country. There is virtually no pig iron imported nowadays, except special qualities, as the members of

the committee know.

On the other hand, there is a great range of industries more familiar as to which there is danger of competing imports and as to which it is said with plausibility, and in some cases doubtless with truth, that if there were not very high duties in those industries those

commodities would be imported.

Now, it is perfectly obvious that there must be a great difference in the relative condition of those two classes of manufacturing industries—that is, there must be a greater efficiency of labor in the one case than in the other. If we export pressed glass and pay high wages to the people engaged in making it (the rates of wages are general high rates of wages in this country in both classes of industry), if we sell it abroad or at home as cheap as it could be imported, it is perfectly obvious that the efficiency of labor in that industry must be great.

If, on the other hand, there is an industry such as window glass used to be, and perhaps still is, in which, notwithstanding high duties—duties of 60 or 70 per cent—importation continues, it is obvious that the efficiency of labor in that industry must be relatively

low.

In the one industry you have high wages and low prices of the commodity which is disposed of. In the other industry you have high wages and relatively high prices for the commodity which is disposed of.

Let me illustrate that, if you will pardon me for continuing for a moment on that train of thought, by contrasting some of the great agricultural industries or industries closely allied with agriculture.

The bulk of our exports is of agricultural products. They must be sold in foreign countries, in competition with commodities of the same kind produced in foreign countries. They must be sold in this country at a lower price than those commodities can be produced in

foreign countries and sold here. We know that wages in these industries are higher in the United States. If wages are higher and yet the prices of the commodity are low, it follows, of course, that the efficiency of labor in those industries is great; in other words, those are industries in which the labor of the people of the community is applied to greater advantage, with greater efficiency, with greater productiveness, than in those industries which call for protection. Now, there are some agricultural industries in which that is not the

case, and some agricultural commodities which are imported into the United States. It is somewhat curious to know that a country that ranks first in the production of agricultural commodities should nevertheless import some agricultural products, such as flax and hemp. Those articles are not produced here to any extent, but they are imported, notwithstanding there is a considerable duty on them. What does that mean? That means that labor in those industries necessarily, for some reason, is inefficient—or, for fear the phrase "inefficient" may bear some implication, I will say not productive, not vielding much.

What are the causes of efficiency? Why is it that in some industries in the United States we have high wages and low prices, and in other industries we can not have high wages unless we have high prices? The reason, of course, is that the efficiency of the labor unit is different in one case from that in the other. What is the cause for the difference? Our agricultural resources are very great. Our climate is advantageous. That is one cause of efficiency in agricultural production, and the combination of high wages and low prices.

I think, however, quite as important a cause in the United States is the mode in which agricultural production is carried on. This is a community in which the use of the latest improved agricultural machinery, of intelligent modes of applying labor to the soil, are more developed than they are in most European countries—in fact, in any European countries. When, on the other hand, you find some agricultural commodities as to which the application of our machinery is not feasible—and that happens to be so in the case of hemp and flax—there you find that the usual rule does not obtain, and that there the commodity is imported instead of being exported.

Turning again to the manufacturing industries, I think the general rule can be laid down that those industries in which there is opportunity for the application of improved machinery and for the substitution of machinery for hand labor, and in which that opportunity exists to the greatest extent, are the industries in which you find that combination of high wages and low prices per unit of product which brings about the establishment of the industry within the country and its independence of duties.

I think perhaps as striking an illustration as any can be given in a phrase which I found in the tariff hearings; in the hearings which were held before you. A manufacturer of musical instruments, Mr.

Pound, testified in this language:

We are just about holding our own in the better classes of instruments. In other words, where American skill, American ingenuity, and where adaptability to local conditions occur, and where there is a perfect factory organization, we have held our own, but not otherwise.

And I can use another illustration, which I found in another hearing, with reference to an entirely different subject. A manufacturer of woolen goods, especially ladies' goods, used this language:

In France the finest fabrics for ladies' wear are produced. These fabrics are of the very finest texture, decidedly light in weight, and very sheer. At that, the cost of labor entering into these fabrics is of a very minimum amount, as the work is largely done by the peasantry, who take the warps home with them and weave the fabric on hand looms, the whole family bending their energies on getting out the product, for which they receive only a few francs per week, which in American money amounts to a song. The same applies to Germany.

Now, anyone who is familiar or who has learned something—I can not say I am familiar, but I have learned something—of the difference in textile manufacturing in the United States and Europe will find that in regard to the finer quality of goods, specially those using very high count yards, automatic machinery, power looms at high speed, and with half a dozen of them attended to by one weaver, can not be used.

Where power looms can be used the weavers turn out a great deal per day, and those are the conditions under which American ingenuity is applied to advantage, and those are the conditions where the product is turned out in the United States, notwithstanding higher wages, at as low price as it is turned out in foreign countries.

Now, that leads me to say a word on the general question, which has been thrashed out doubtless before your committee, and still which I will refer to for a moment. We have a generally higher rate of wages in the United States. I think that higher rate of wages is generally due to the higher productiveness of industry in the United States, the generally higher productiveness of industry, which is another word for the higher efficiency of labor, which is due partly to great natural resources, chiefly to greater intelligence, greater skill, better machinery, carrying on of the processes of production under those conditions which are favorable to American conditions.

On the other hand, in those industries where those conditions do not obtain, you will find a demand for protective duties appears. Now, I think I state the opinion of all such persons as myself—students, teachers of economics—when I say that that is the fundamental cause of the maintenance of high wages in this country.

Those high wages appeared before we had any protective system. They maintain themselves, even although there is a protective system, and would maintain themselves if the protective system were done away with, although necessarily under that proposition, with changes in the distribution of labor, there would very likely be greater dis-

turbance than the eventual result would justify.

But, as I have said, our belief is that the general contention that the general high rate of wages in the United States is due to the protective system is unfounded. Where you have industries in which the efficiency of labor is not great, in which you have high wages, and yet do not turn out much per man, then, of course, you have to have the high price of the product in order to maintain the high wages. Those industries will not be maintained unless you have the protective system.

I wrote down as I heard the very interesting testimony of Mr. Schwab, a memorandum of a statement of his, which exemplifies,

perhaps as well as anything, the situation. Mr. Schwab was comparing the pig-iron furnaces in the United States and England. In the United States he said he had a better plant, he had one-half as many laborers, he paid those laborers twice as much, but the output per unit of labor was twice as much, and, therefore, he was able to sell his product as low as the Englishman.

He stated also that in Germany great improvement had been made in recent years, and he said, in his opinion, the technical conditions in Germany were not inferior at this time to those in the United States, to which the obvious answer is, I think, that it is time for the people of the United States to adopt those improvements where

they have not done so.

Now I wish to add one word more as to a state of things, or a possibility, which has played a large part in the discussions of the academic economists, and which has been of importance in the outcome of protection in the United States during the last twenty years.

Some industries which may not seem to be adapted to American conditions, that is, industries which do not seem to be amenable to the machine process, to the development of labor-saving machinery, may possibly be made so by being stimulated in this country through protective duties. In other words, the argument for protection to young industries, for developing young industries, may be applied, and I think there is ground for supposing that in the starting and development of the iron industry, which took place between 1880 and 1900, there was an outcome of that kind.

I think the silk manufacture, which has been established by protective duties in this country, presents another illustration of the same

kind.

When, however, you have an industry which has had a high range of duties for a series of years and is constantly clamoring for still higher duties, as well as a maintenance of the existing protection, and protests against any reduction of duties, then there is a prima facie case that no development is taking place or is likely to take place. Of that I think there is no more striking illustration than the case of the woolen manufacturers. As you know, in 1867, when the present tariff on woolen goods was established, the woolen manufacturers said they would be satisfied with a net protection of 25 per cent. There was a compensating duty then, and the duty in fact was 35 per cent. of which 10 per cent was to compensate for dyed stuffs and internal-revenue taxes, leaving a net protection of 25 per cent. That duty has been steadily increased, and the compensating duty has been increased, although, as is doubtless familiar to the members of the committee, that compensating duty contains a large element of protection.

The ad valorem duty has gone up from 35 to 40, from 40 to 45, to

50. to 55, and it is now protested that 55 is not a bit too much.

Now, that seems to me prima facie indication that the object which is said to be the object to be eventually attained, namely, the ability of the home market to supply the commodity at as low a price as it could otherwise be obtained, is not in prospect in such a case.

I suppose all those who talk about protection to young industries will admit that ultimately the consumer is entitled to his dividend. But in this case there seems to be no such ultimate object in view.

My point of view, therefore, is that the aim of all legislation should be to get the industry of the community directed in those channels where it is most advantageous, in those channels where you have the combination of high wages and low prices. That is the one indubitable piece of evidence of great efficiency of labor, and unless you have that you are not going to have a high range of real wages.

From that point of view, I venture to lay before the committee

some specific suggestions.

In the first place, I believe certain raw materials should be admitted free, partly because natural geographical conditions determine their advantages in production and partly because in the case of raw materials there is no such possibility of development of the protection to young industries-of introducing the application of American

industry in its most advantageous way.

Therefore I believe certain raw material should be admitted free. such as coal and iron ore. If up in the wilds of Maine there had been suddenly discovered deposits of iron ore, such as have been discovered elsewhere in the United States, of course we would have considered it a great blessing. It happens that such deposits are found in Cuba, and then for some reason we suppose that discovery is disadvantageous to the United States.

Up on the Pacific coast, on the other side of the border, there are good coal mines. If in 1840—was it 1840 or 1842? Anyway, the time of the Oregon controversy, when we claimed that country for our own-if our claim, our contention, had been decided in our favor, we would have thought it a great blessing to have those coal mines. But, for some mysterious reason, when the coal happens to be on the other side of the border it is a disadvantage to bring it in; the

mines are a disadvantage to us.

Now, coal, lumber, iron ore, hides, flax, and hemp should, in my opinion, be admitted free. I think, also, certain nominal duties might as well be swept away, which I conceive to be of no importance except for a slight trade across the border. We have duties on wheat, corn, barley, and oats. Those are commodities which are produced by American labor, and we have duties on them. I think they occasionally fetter a little border trade. I see no reason why those duties should not be swept away.

Mr. Fordney. Will you name anything you would like to see a protective tariff maintained on?

Mr. Taussig. May I finish first?

Mr. FORDNEY. Yes.

Mr. Taussig. I will take up the case of wool. I do not believe there is any sound economic reason for maintaining a duty on wool, I think, in principle, wool should be admitted free. At the same time the woolen industry of the United States and woolgrowing in the United States has adapted itself to so great a degree to the present duty on wool that I should not now advocate the immediate sweeping away of the duties on wool. I think the wise policy in regard to the duty on wool is to reduce the duties on clothing and clothing wool from their present rate, and I think no substantial harm will be done to the woolgrowers of the United States, not enough certainly to offset the advantage to the community by reducing those duties one-third, from 12 to 8 cents a pound.

I think the duty on carpet wool has less justification, especially the duty on the lowest grade of carpet wool. I believe there is a different duty on different grades of carpet wool, 12 cents a pound on certain grades and 7 cents a pound on other grades. I think the cheaper grade of carpet wool, which is not produced in this country at all, ought not to have any duty at all; the duty might as well be abolished at once. I myself believe that no substantial interference would come if all carpet wool were admitted free.

Doubtless it is true that there is some of the better grade of carpet wool which might be used in the manufacture of clothing. I think no harm would come, on the contrary, if some clothes were made a little cheaper thereby; it would be so much the better for the people

of the United States.

I think the duty on sugar should be reduced. The duty on sugar is an extremely burdensome one to the consumers of our country. It is, moreover, a duty in which the large part of the burden, while it falls upon the consumers, produces no revenue to the Treasury, as we know the duty on sugar is virtually a gift to those that produce it in Hawaii and the Philippines, and there is also a slight advantage to the producers in Cuba. I think it is slight.

Our beet-sugar producers, I think, would be very little affected by a reduction of the duty on sugar to 1 cent a pound. I think that would be a reasonable reduction, would be an alleviation of the burdens of the consumers, and would produce no excessive disturbance-

with domestic conditions.

I think there is no reason why pig iron should not be free. Mr. Schwab has testified to-day in regard to the cost of production of pig iron. I have listened to him with much interest. I think he is trying to be as frank and as honest as he possibly could be. I suspect, however, that the same sort of watchfulness should attach to his testimony here as should attach to that letter of his which he wrote to Mr. Frick about the cost of production of pig iron in 1899. At that time he had a little bias one way, and to-day I suppose he has a little bias the other way.

Oral statements of that sort had better be checked very carefully and carefully examined. In any case, I think it is admitted on all hands that the bulk of the pig iron in the United States would be produced in the United States under any circumstances largely under the same conditions, that the only difference would be some fall in price to the consumer on the Atlantic seaboard, and some gain accrue to him in that way, although I believe no appreciable disturbance to

I think the duties on steel products, ingots, bars, plates, wires,

should be reduced correspondingly.

the industry.

There are a number of textile commodities, and especially cheaper textile commodities, upon which I think radical reductions could be made. The cheaper wools, the cheaper cottons, the cheaper silks. Linens are, I believe, practically not made in the United States at all, except some towelings, and the duty upon those is virtually a revenue duty, and I should think the question of the rate of duty upon linen would be governed by the question of what produced the largest revenue.

When it comes to cottons, woolens, silks, the duties upon all those commodities in their cheaper grades are now prohibitory. They are

Ivery, very high indeed. I think a very considerable reduction could be made with a very slight increase in importations, and yet with an occasional increase in importations which would redound, upon cer-

tain qualities, to the advantage of the consumer.

The duties upon the higher grades of textiles suggests precisely the problem to which I ventured to call the attention of the committee at the outset, namely, that it has been wholly disadvantageous to the community that we should endeavor to make within the country commodities as to which it can be fairly said American labor and capital

are not applied to the best advantage.

I think the finer woolen goods, the dress goods particularly, supply as good an illustration as any. The duties on those are extremely high. The ad valorem is 55 per cent. The compensating duty is very much more than compensating, as I believe is freely admitted. The compensating duty on worsteds in 1867 was purposely made more than compensating from the circumstance that combing wools washed were admitted at the same rate as unwashed, whereas in 1867 you will remember that combing wools have paid a greater duty if unwashed than if washed. Yet the compensating duty has been adjusted upon the supposition that they paid full duty on the washed article. In addition, as you know, the compensating duty on those finer goods has always been a duty per yard, and the question as to how much is compensating depends upon refined calculations, in which the word of the producers has been taken, with the result, as I believe is admitted on all hands, that the compensating duty is more than compensating, and the net protection, instead of being 55, is 60, 65, or 75; who knows what it is?

That duty has been maintained for a long series of years, and notwithstanding the existence of that duty, importations steadily come in. I believe the explanation is that those are commodities in which American labor and capital are not applied to their best advantage, and as to which there is no prospect that at any reasonable time in the

immediate future they will be applied to advantage.

I wish to qualify that statement, or rather I wish to add to that statement by way of supplement something in regard to the situation in reference to silk goods. As you know, during the civil war we imposed a duty of 60 per cent on silk goods, and a great silk industry grew up in the way of manufacture. I think there has been—unexpectedly, it is true, because the duty was originally imposed for revenue purposes and not with a view of protection—but there has been a remarkable development of that industry, I think some development which brings some parts of that industry now within sight of the attainment of the object of protection to young industries. That is true in regard to ribbons and some other articles of silk manufacture—

Mr. Hill. I understood your previous proposition to be that the protection did not affect the wages of labor. In view of the fact that the raw material is free, where does the protection go except to

the laborers?

Mr. Taussig. I am not quite sure that I quite understand the question. I do not believe I said protection does not give protection to the laborer. The laborer who is engaged in those industries necessarily gets the high American rate of wages. Otherwise, he would not be engaged in that industry. The question is whether it would

be turning American labor into industry where it is advantageously applied. In those industries where the labor can use machinery

you have high wages and low prices.

Now, I would not advocate the immediate taking away of duties on silks or finer cotton, or woolen goods, or upon those articles which are now subject to protective duties. It would seem unreasonable and undesirable that there should be any sudden sweeping away of protective duties, and indeed I think there are some branches of the silk industry in which there is a reasonable prospect that in time they will be made amenable to American conditions, and the object of protection to young industries; and that object may be obtained. There are others in which I think there is no prospect, such as the manufacture of laces, for instance, and silk goods of the finest weave.

Anything that can be made advantageously on the hand loom we had better not try to make, because those are not the conditions under

which American labor can be applied to advantage.

On the other hand, in those industries where you have high duties, and an apparent need of high duties in order to maintain protected industries, I should strongly—I will not say protest, but I should certainly say feel, against any increase of duty, and I think in a great many instances a reduction of the duties could be made without serious disturbances, and with advantage to the consumer, we know.

Mr. Hill. Is not the silk industry the absolute product of the

protective system in this country?

Mr. Taussic. Entirely so. Not entirely so, no; I will not say that, since silks were made before the war; but in the main that is true.

Mr. Hill. Do you think it would have been wiser to have depended upon the hand loom of foreign countries than to have established.

lished the industry by the system of protection?

Mr. Taussig. I think whether it has been worth the price we have paid for it is extremely difficult to say; but in that case you have an example of long-continued protection, and I think it is time that the consumer should have his innings.

Mr. FORDNEY. I understood you to say that in your opinion the protective tariff had nothing to do with the high price of labor in

this country?

Mr. Taussig. Yes, sir.

Mr. FORDNEY. Well, is it not a very strange thing that wages have ranged higher under the protective tariff than under tariff for revenue only?

Mr. Taussig. Is it not a strange thing that wages in the United

States were higher before there was any protective tariff?

Mr. FORDNEY. When have wages been so high as in the past ten years: can you point out a time, except during the civil war?

Mr. Taussig. You are referring now to money wages?

Mr. Fordney. Yes.

Mr. Taussic. Of course, the rise in money wages which has taken place in the last ten years has been part of a world-wide phenomena, accompanied by a general rise in prices.

Mr. FORDNEY. The same abroad as here?

Mr. Taussic. The same abroad as here. Money wages in Germany have advanced, money wages in France have advanced, and money

wages in England have advanced, and that has been due, the most of us think, to the extraordinary increase in the gold supply.

Mr. Fordney. You say you would remove the duty on certain

agricultural products?

Mr. Taussig. Yes, sir.

Mr. Fordney. From 1893 to 1896 there was no duty upon potatoes. Do you think that that industry needed any protection at that time?

Mr. Taussig. I think if the American farmer can not produce potatoes as cheap as the Canadian farmer in the long run—I do not know what may have been the special circumstances in that particular vear-

Mr. Fordney. I know that that is the fact.

Mr. Taussig. The American farmer has abundant opportunities for turning his labor into channels where it yields large returns. He exports large quantities of things he produces at low cost and with large returns to himself, and those are the best things to which he can turn his attention.

Mr. Fordney. You spoke about sugar. Do you know what it costs to make a pound of sugar from cane or beets in the United States?

Mr. Taussig. I have read the testimony of Mr. Adkins—

Mr. Fordney. Oh, he is a purchaser abroad and a refiner here. Mr. McCall. I suggest that the witness be allowed to complete his answers.

Mr. Fordney. You may ask your questions as you see fit.

The CHAIRMAN. Professor Taussig will finish his answer if he has

Mr. McCall. He said he had read Mr. Adkins and somebody

Mr. Fordney. Let us try to get along together, Professor, and

let these other gentlemen leave us alone.

I asked you, do you know what it costs to make a pound of sugar either from cane or beets in the United States? I asked you that for this reason: You have stated that you believed the tariff on sugar ought to be reduced and that it could be done without injury

Mr. Taussig. Without great injury to the industry, as a whole. I think it possible that it might be with some injury to the industry in Michigan. The great bulk of the beet sugar production in the United States is in the arid and semiarid regions and under conditions which are peculiarly favorable to the growing of the beets.

Mr. Fordney. The State of Michigan produces pretty nearly onefourth of all the sugar that is produced from beets in the United

States.

Mr. Taussig. I have before me the figures for 1896-7, from which it appears that there were produced in the United States 433,000 tons of beet sugar, of which the State of Michigan produced 79,000 tons. It also appears that the State of Michigan produced more in that year than in any other previous year. From 1901 to 1905-6 the production of beet sugar in Michigan was about stationary. In that year-1906-7-the production was about 80,000 tons, about one-fifth.

Mr. FORDNEY. The United States or Michigan?

Mr. Taussig. The United States, Michigan compared to the total in the United States. I have not the figures for the year 1907-8.

Mr. Fordney. You base your argument on a statement made by Mr. Adkins.

Mr. Taussig. I am not aware of that.

Mr. Fordney. I think you said you did. Mr. Taussig. I beg your pardon. I said I read what Mr. Adkins

Mr. Fordney. But I understood you to say that Mr. Adkins said

Mr. Taussig. I will withdraw that then. I did not mean to say

Mr. Fordney. To get back to the question. When you say you believe the sugar industry can stand a reduction, do you know what it costs to produce sugar either from cane or beets in the United States?

Mr. TAUSSIG. No; I have no information upon that subject that would be worth anything to the committee; what information I have

is simply secondhand.

Mr. Fordney. You would not, then, recommend a reduction of the

duty if you thought it would injure the industry?

Mr. Taussic. Oh, yes; I would without hesitation. If I thought it would mean a considerable disturbance to the whole of the industry of the United States I should be extremely chary of making a recommendation of that kind. If I thought, for instance, that the abolition of the duty on pig iron would have the same consequences as it would have had, say in 1870, I should be very chary of making that recommendation. The abolition of the duty on pig iron now would leave most of the pig-iron industry of the United States about where it is; it would be a gain, however, in certain parts of the country. The reduction of the duty on sugar now would leave most of the beet-sugar industry of the United States little affected, perhaps not affected at all. The circumstance that it happened to affect the State of Michigan—that is one part of the country where, so far as I can make out, the production of beets is not carried on under the most advantageous conditions or under conditions which, upon the whole, it is desirable to promote.

Mr. Fordney. Where do you get your idea that beets can not be

cultivated profitably in Michigan?

Mr. Taussig. There has been a good deal of discussion of the relation of agricultural conditions to beet-sugar production. The production of beet sugar has a good many of the earmarks of what we call intensive cultivation—that is, trying to cultivate a good deal on a few acres of land, instead of doing what the American farmer usually

The Chairman. I would like to know whether you and Professor Taussig have converted each other yet?

Mr. FORDNEY. I am not going to try to.

Mr. Cockran. They are illuminating each other.

Mr. FORDNEY. I would like to know whether you know what it costs to produce a thousand feet of lumber or a pound of sugar, and if you do know what it costs to produce either one, would you still favor the reduction of the duty?

Mr. Taussig. If the members of the committee will permit me, I would like to say that I come here not on my own accord, but that I have been asked by the chairman of the committee to come here.

Mr. FORDNEY. I am glad to see you here.

Mr. Taussig. Thank you, sir.

In regard to the cost of a pound of sugar or a thousand feet of lumber, it is obvious that if the production of a pound of sugar or a thousand feet of lumber in the State of Michigan can not take place unless there is a duty so that the prices of sugar and lumber can be raised, that, therefore, lumber and sugar are not produced in the State of Michigan under the same advantageous conditions as those things are produced which the State of Michigan can raise and turn out at low prices.

Mr. FORDNEY. On the other hand, anything that can not be pro-Juced without protection you would not approve of producing here?

Mr. Taussic. That rises the question whether, in the long run, this country is worse off or better off by the application of the protective system—the application of protective duties—and that raises, of course, political and economic and social questions. I believe in the period from 1800 to 1840 there was certain reasonable ground for the application of the principle of protection to young industries. I believe since the civil war there have been some directions in which the community has gained by the application of the principle of protection to young industries. I believe when there is reasonable grounds to believe that ultimately the object to be sought by protection will be gained that it is proper to apply the principle. I believe that so far as sugar is concerned that the duty imposes a large burden upon the consumer, and that the present burden is made more undesirable by the circumstance that a large part of it goes to communities and modes of production which are not advantageous to the It goes to the planters of Hawaii and the Philip-United States. pines and Cuba.

If it is really desirable to protect the beet-sugar producers, it will

be cheaper to pay them a bounty.

Mr. Fordney. Did I not understand you to say that sugar was not

a revenue producer?

Mr. Taussig. Oh, no; I did not say that. Sugar is a very large revenue producer. If we reduce the duty 1 cent a pound, there would be some slight increase in importation and not a very considerable loss of revenue.

Mr. Clark. In some of these suggestions you make you seem to. without saying so, advocate a certain thought that was incorporated in the tariff bill of 1833, for a sliding scale, looking to ultimate free trade, or approaching free trade; is that so?

Mr. Taussig. No. That device in the act of 1883 never seemed

to me a wise one.

Mr. Clark. And you made another remark, that the tariff on corn and other agricultural products served no other purpose than to interfere with a little trade on the border. That is precisely what those tariffs are put in the tariff bill for.

Mr. Taussig. Very likely.

Mr. Clark. Now, another question. If it turns out that under the Dingley rates, prevailing since 1897, domestic potatoes sold one year as low as 4 cents a bushel in Wisconsin, and, maybe, in Michigan, and another year sold as high as 60 or 70 cents, then the inevitable conclusion would be that the tariff did not have anything to do with the price of potatoes, would it not?

Mr. Taussig. I do not know much about potatoes, but I believe seasonal changes are very important; and I am sure there is a common practice to ascribe all sorts of things to the tariff, when, as a matter of fact, the tariff has nothing to do with them. As, for instance, the panic of 1873, the panic of 1893, and the panic of 1907 have all been ascribed to the tariff—

Mr. Clark. Another thing. If corn sold for 20 cents a bushel, which it did in the field, and lots of it for 15 cents a bushel in 1893, under the rate then prevailing, and 15 cents a bushel on a tariff, as well as for 60 cents a bushel in the field now, with the same rate, then that proves it has nothing to do with corn; that the tariff has nothing to do with the price of corn?

Mr. Taussig. I think the tariff has nothing to do with the price

Mr. Clark. Not a particle, excepting in this roasting-ear trade on the Canadian border.

Mr. Taussig. A little bit, perhaps.

Mr. CLARK. Now, did you ever consider about this flax and hemp business, that they are crops that are exceedingly exhausting to the soil?

Mr. Taussig. Hemp is said to be. Mr. CLARK. And so is flax?

Mr. Taussig. Yes, and so is cotton. I do not think that affects the situation one way or the other. Cotton is an exhausting crop and flax is an exhausting crop.

Mr. CLARK. What was the first crop you named?

Mr. Taussig. Cotton.

Mr. Clark. Tobacco is exhausting to the soil, I know, but the reason I asked you that question was that I was raised in Kentucky, where the hemp industry is a large one, and since then I have lived in Missouri. When I first went there hemp was one of the largest farming crops in the northwest part of the State. The farmers have quit raising both flax and hemp there, and the reason they always assigned for it is that it wore the land out so fast.

Mr. Taussig. Nevertheless, if it had been profitable, as profitable as

cotton crops, they would have continued to raise it.

Mr. CLARK. If you are not in favor of a sliding scale, then how are you going to get at this result you desire gradually, of, for instance, reducing the duty on silk that Mr. Hill was asking you about?

Mr. Taussig. I think by carefully considering changes from time to time, not too often repeated and not too menacing when you go The extent to which the tariff affects the whole industrial system of the country seems to be greatly exaggerated. The extent of the change from any reduction in duty is not going to be so great. We are not going to ruin in either case, and I believe the proper method is by making gradual changes, and when we make a change let it alone for a while.

Mr. FORDNEY. You said you would put iron ore on the free list and pig iron on the free list, and you would reduce the duty on steel correspondingly. Did you mean that you would put steel on

the free list also?

Mr. TAUSSIG. Well, I think I should put ingots and steel rails on the free list.

Mr. FORDNEY. Why?

Mr. Taussig. Because, I am free to say, I believe that in regard to the pig iron, iron ore, steel rails, and ingots, the time has passed by when the change would be of great consequence to the community. It will probably affect somewhat the extent of the rise of the prices of steel products when another period of great demand comes in. If that period of great demand is one that shows itself simultaneously in all countries of the world, in England and France and Germany as well as the United States, it will not make any difference whatever. If there should be a condition, as has occurred before, when there is a period of great activity in this country and no corresponding change in other countries of the world, then the free admission of those commodities would somewhat moderate the rise in prices that would take place here.

Mr. Fordney. Did you hear what Mr. Schwab said, that by reducing the duty on steel American producers could maintain this market, but would be compelled to reduce the cost of production, and that labor entered into the cost of production more than any other thing, and, therefore, in order to reduce the cost of production wages would

have to be reduced?

Mr. Taussig: Yes; I heard him.

Mr. Fordner. What do you believe about that; what have you to say about that?

Mr. Taussig. Well, labor enters into the cost of production of

everything----

Mr. Fordney. Well, how about iron and steel?

Mr. Taussic. Of course, in the long run, notwithstanding the extraordinary advances that have been made in the discovery and exploitation of coal and iron ore in the United States, notwithstanding the great improvements in production, notwithstanding those puttings of new capital into plant, which Mr. Schwab has so carefully described, and which is familiar to everybody who has followed the course of the iron and steel industry, if the time has come when we can not make iron and steel as cheaply as we can get it from foreign countries, I think we had better go abroad for it. In the main we can make it, and I must say that I distrust his figures. You will remember that Mr. Schwab admitted that he had a bias in the statement he made in the letter to Mr. Frick. So, I say, he probably has some bias now. Of course I do not mean to reflect at all upon his frankness or sincerity or honesty. I think he has tried to tell the truth, just as he did when he wrote that letter to Mr. Frick. the committee really wishes to obtain the cost of the production of iron and steel, however, I believe that you ought to appoint men to make a careful and unbiased investigation of the facts. All this information that you are getting from the steel corporations and other companies is necessarily somewhat biased.

Mr. Fordney. Do you believe it would reduce the price of steel

rails in this country if steel was put on the free list?

Mr. Taussic. Now you are asking about steel rails. I doubt it very much. I thought you referred to steel.

Mr. Fordney. Say steel, then.

Mr. Taussic. Steel ingots and billets are somewhat different. The price of steel rails, as Mr. Schwab has pointed out, has been a very even price since 1901. Anybody that has watched the reports of the Iron and Steel Association will see that that price has been kept

steady at \$28 a ton. I doubt if that price would be changed if steel rails were admitted free of duty. I wish to say also that I have watched with interest and—if it does not seem a patronizing term with approval the policy which the United States Steel Corporation has followed in that regard. I think the policy has been to temper the great fluctuations of industry, which are one of the curses of modern times.

The price of steel rails has been about as high in England-

Mr. Fordney. Say structural steel, then. Do you think it would

lower the price of steel generally?

Mr. Taussig. Yes; I think on the Atlantic seaboard and very likely on the Pacific coast, which can be reached by water, it would lower the price slightly.

Mr. Fordney. Then, if this statement were true, that the price of production would have to be lowered in order to maintain the markets, he was correct when he said wages would have to be lowered?

Mr. Taussic. Yes. If it be true that such reduction in price as would take place in times of great activity, or such prevention of rising prices, of those commodities as to which the policy of a steady price has not been developed, and if he can not stand that, then I. think he has got to take the consequences.

Mr. Fordney. You would not advise it being done if it would lower

the price of labor?

Mr. Taussic. If it brought about a curtailment of the output of those works or a discontinuance of the operation of these modern plants, I should say yes. Why not?

Mr. Cockran. I would like to ask you a question or two.

First of all, I think we have had a good deal of confusion of terms about this question of prices. Now, do you regard high prices for commodities as an evidence of prosperity?

Mr. Taussig. No.

Mr. Cockran. On the contrary, would you not rather regard low prices as a sign of abundance?

Mr. Taussic. Low prices combined with high money income; yes. Mr. Cockran. For instance, take the case of a farmer producing corn. He is certainly better off producing a hundred bushels, we will say, and selling it at 50 cents a bushel than he would be producing 40 bushels and selling it at a dollar a bushel. Do you agree with that?

Mr. Taussig. Yes; I think your arithmetic is right.

Mr. Cockran. Well, in the one case he would get \$40 and in the other case \$50.

Mr. Taussig. Assuming he can produce it with the same labor.

Mr. Cockran. I mean, as a matter of fact, under normal conditions of production low prices are evidence of abundance and of prosperity, are they not? I just ask you to return to that question of wages about which Mr. Fordney has questioned you, concerning which Mr. Schwab has undertaken to give us some enlightenment. You were asked by Mr. Fordney if there ever was a time when wages were as high in this country as they were during the last ten years. I ask you if wages, measured by the purchasing power of a day's work, were not actually higher under the Walker tariff, from 1846 to 1857, than they are to-day?

Mr. Taussig. Nobody knows, but I think not. The world has improved immensely since that time. Great improvements have taken place the world over, and I imagine the workingman in the United States, and, in fact, in all other countries, is better off than he was fifty years ago; but I think that has nothing to do with the question

of free trade or tariff.

Mr. Cockran. Since wages are assigned as the basis for this protective legislation, it is very necessary that we should understand the conditions which govern wages. It is for that reason I am questioning you, Professor. As I understand it, your answer to Mr. Fordney is that you would be guite prepared to favor the abolition of a tariff on sugar?

Mr. Taussig. The reduction of the duties upon sugar, I mean.

Mr. Cockran. The abolition, I understood you to say, if it were clear that attempts to produce sugar in this country merely resulted in diverting capital from fields where it would be productive to fields where it is unproductive.

Mr. Taussig. Where it would be less productive.

Mr. Cockran. But that is your position?

Mr. Taussig. That is the long-run result, I should say; yes.

Mr. Cockran. Exactly; and when you state that, so far as Michigan is concerned, you would be prepared to inflict even on Michigan the necessity of going into some profitable business instead of continuing in the unprofitable business of raising sugar, you are governed by regard for the community, are you not?

Mr. Taussig. Yes.

Mr. Cockran. And it is the want of the community you are considering here, as distinguished from Mr. Schwab, who said he did not consider the necessities of the community at all. You heard him say that?

Mr. Taussig. I answer for myself, sir. I will not answer for Mr.

Mr. Cockran. Now, Professor, you have given us some striking instances of cases where wages are higher in unprotected industries than they are in industries that are highly protected.

Mr. Taussig. As high.

Mr. Cockran. In some you said higher, did you not?

Mr. Taussig. I did not mean to.

Mr. Cockran. In other words, you mean the standard of wages is about the same everywhere?

Mr. Taussig. Yes.

Mr. Cockran. And that you can not get persons to work in one industry rather than in another unless you pay them the general standard of wages?

Mr. Taussic. The going rate; yes.

Mr. Cockran. Now, I would like to ask you. Professor Taussig, this: Is it your understanding that wages can come from any other source than the product of the laborer?

Mr. Taussig. No; from the product of all industry.

Mr. Cockran. They must come from the product?

Mr. Taussig. Yes.

Mr. Cockran. If the laborer gets more than the value of his product, the employer will soon go broke, will he not?

Mr. Taussig. Yes.

Mr. Cockran. So that, in the last analysis, the conditions that make for high wages are not protection or taxes, but the volume of production?

Mr. Taussig. Yes; I think that is true.

Mr. Cockran. Very good. And when you answered Mr. Fordney you meant that under conditions which restricted production—that is, where a tariff operated to restrict production you would abolish it—you would divert the employment of capital from a field that is unproductive to one that is more productive?

Mr. Taussic. In the long run, that is what I would like to do.

Mr. Cockran. I understand you to have testified here really from the protectionists' point of view. I mean to say your testimony was really testimony in favor of a protective system; which imposes protection duties with a view to developing industries that will be self-supporting. That was the theory on which you gave your testimony, was it not?

Mr. Taussig. I think I said that the case of protection to young industries was that in which protection was mainly advantageous in

developing production.

Mr. COCKRAN. I understand that. That is to say, you have approved the levy of duties upon industries where there was a prospect that these enterprises might be developed to a point where they could become self-sustaining?

Mr. Taussig. Yes.

Mr. Cockran. Now, take the case of the textile you mentioned. We have had cases of steadily increasing protection levied by law, to which you have called attention, followed by a demand either for still higher duties or for the maintenance of existing. Your favor, as I understand it, a reduction of all these on the ground that maintaining the system is simply maintaining a system of doing business at a loss.

Mr. Taussic. I think in the case of those textile industries in which there seems no reasonable prospect of advance, improvement, gain, they mean a net loss to the community; and while it would not be wise to advocate, and no one would advocate, the immediate abolition of those duties, it seems to me it is time that the process of increasing them should be stopped and that a beginning of reduction should be made

Mr. Cockran. If they can not get along with less tariff than they have now, any reduction would mean their immediate extinction, of course.

Mr. Taussig. Not necessarily.

Mr. Cockran. Do you think there would be any way by which you

could gradually extinguish them?

Mr. Taussic. I do not know. I think in a good many of those cases those who are engaged in them are making a good deal of money, and a very considerable reduction could take place without any great change in the industry and without any effect upon wages, especially in those cases where there are a comparatively small number of establishments carrying on operations on a large scale, and not subject to very serious competition.

Mr. Cockran. There, your answer is based on a different conception of the facts. The reduction of the tariff would simply affect

their profit?

Mr. Taussig. Yes.

Mr. Cockran. But take the case which we have had testified to here again and again, that any reduction of the tariff will operate to destroy them, although the tariffs have been increased, as you have pointed out, steadily now for over a generation. In that case, where any reduction of the tariff would mean their total destruction, would you hesitate to apply it?

Mr. Taussig. Their total destruction? Yes, I should. Mr. Cockran. Why?

Mr. Taussic. Because I think that a sudden change in industrial

conditions is disadvantageous.

Mr. Cockran. I want to get just what you propose. Of course, any change in general industrial conditions would be disadvantageous, but I understood you to testify on your direct examination that where an industry shows it can not be made self-supporting, you are in favor of cutting it out, on the ground that there can be no justification for doing business at a loss?

Mr. Taussig. Yes.

Mr. Cockran. Even if the loss be made up by taxation? Mr. Taussig. Yes.

Mr. Cockran. Now, take one of those cases where the tariff has been increasing steadily for a generation or two generations and is now high, as you describe, and they say they can not stand any reduction whatever. Would you hesitate to reduce the tariff?

Mr. Taussig. No; I think I should reduce the duties and see what

they would do.

Mr. Cockran. You do not believe it is wise policy to encourage doing business at a loss, even if the loss is made up by taxation?

Mr. Taussig. No.

Mr. Cockran. You believe it is better to invest the money of the country at a profit and employ it where it is employed profitably than to do business at a loss, even if the loss is made up by taxation?

Mr. Taussic. I should not use precisely that language, but I think I mean the same thing. I should not say profit and loss, but modes by which it would produce a larger or more advantageous output.

Mr. Cockran. I thought you made the distinction that you are perfectly willing to continue protective duties on any industry that gives promise of becoming self-sustaining, independent of taxation. some time or other.

Mr. Taussig, Yes.

Mr. Cockran. And you are not even, as I understand it, very niggardly as to the length of time within which it shall become selfsustaining. What you want is a prospect.

Mr. Taussig. Yes.

Mr. Cockran. But where there is an industry that shows no prospect of becoming self-sustaining, but comes in here again and again asking additional tariff taxation or else the maintenance of taxation that has already been greatly advanced, there you consider that industry gives no hope of being self-sustaining, and you do not think it is wise to continue carrying it on at a loss through taxation?

Mr. Taussig. Yes; eventually I should agree to that.

Mr. Underwood. I would like to ask a question of the professor. You stated in your opening remarks that a great many of the present tariff duties were prohibitive.

Mr. Taussig. Yes, sir.

Mr. Underwood. I would like to ask you what effect, in your opinion, a protective tariff duty has on the question of making labor and

capital work to the best advantage.

Mr. Taussic. The prohibitive duty, of course, means the complete cutting off of importation. Where a duty is completely prohibitive and importations entirely cease, you have no certain clue as to the relation between supply by importation and supply by domestic pro-It is quite conceivable that your domestic producer is not supplying you as advantageously as importation would supply you, but you do not know it, because there is not the test of competing imports. Under those circumstances it seems to me it is wise to bring the duty down to the point where at least there is some possibility of importation, and in the cases where the domestic supply is as cheap as the foreign supply—and there are such cases—I see no reason why the duty should not be reduced once for all. There would then be no considerable change in domestic production and yet there might be some subordinate importation of particular qualities of goods which can be produced less cheaply at home than abroad, and they might as well come in. Under those circumstances there is not likely to be any marked change, any considerable disturbance of existing relations, and yet there is some gain to consumers. I suspect that is the case with cotton goods, for example, which are produced, in the main, as cheaply in the United States as they are in foreign countries. mean the commoner grades of cotton goods, as to which there would be no importation even if there were no duties, but as to which there are probably some sporadic qualities, fashions, kinds, that could come in advantageously, and they may as well come in.

Mr. Underwood. For the development of an industry of any kind do you not think it is necessary to have some competition in order to make the industry attempt to reach the highest ideal of production?

Mr. Taussig. I think it is desirable, and for that reason I think the duty upon pig iron might as well be reduced. Mr. Schwab said the German pig-iron producers had taken the lead in the utilization of by-products and in the application of their technical modes of manufacture. I think it is a good plan for Mr. Schwab to be put to his trumps, to see if he can not do as well, or even better.

Mr. Underwood. Then, where you find the present duty is prohibitive, you think it wise, for the development of the country and for the development of the manufacturing interests of the country,

to reduce that duty to at least a competitive basis?

Mr. Taussig. It seems to me quite essential—distinctly so.

Mr. Understood. As to the question of wages, I understood you to say that in the last decade, although wages have greatly increased in this country, they have correspondingly increased in foreign countries?

Mr. Taussic. It is extremely difficult to say whether the increase has been corresponding, because statistics of wages are very difficult to measure and very difficult to make out, but the general rise in money wages and money prices has unquestionably been world-wide. I think it has taken place a little more rapidly, both as to wages and prices, in this country than in Germany or England.

Mr. Underwood. You do not attribute that at all to the tariff

increase?

Mr. Taussig. Not in the least.

Mr. Underwood. You think it is due entirely, the world over, to the increased production of gold?

Mr. Taussig. I myself believe that is the main cause, but some

economists think that other causes contribute also.

Mr. Cockran. Professor, the rate in wages, you say, has gone up very much during the last ten years?

Mr. Taussig. The money rate of wages.

Mr. Cockran. Do you not think the cost of living has gone up even in higher degree?

Mr. Taussic. There are statistics upon that subject published by

the Bureau of Labor to which I can refer you.

Mr. Cockran. You do not start out in your general discussion with the assumption that the net rate of wages, by which I mean what a man gets for a day's work, has appreciated much in the last ten years?

Mr. TAUSSIG. I think I said money wages and money prices have both gone up. Therefore, wages have not gone up in proportion to

money wages.

Mr. Underwood. Did you consider the question of this tariff bill at all from a revenue standpoint, Professor?

Mr. McCall. I was just about to ask that question.

Mr. Taussig. I have, somewhat; yes, sir. I think such reductions of duty as I have suggested would probably mean a net reduction of revenue, provided the importations in general did not increase. Now, it is one of the great defects of our general revenue system that the revenue is absolutely incalculable. No predictions of any Secretary of the Treasury laid before you now are worth anything as to the revenue which is going to come in during this fiscal year, for the reason that it is impossible to say what the general course of industry is going to be, how large importations are going to be. All the indications are that trade will revive somewhat, that imports in this fiscal year will be greater than they were in the last fiscal year, and therefore the net revenue from the tariff will be greater than it was before.

I wish, however, to lay before the committee one consideration which it seems to me might be borne in mind in connection with the revenue aspects of the tariff. The United States now has on deposit in national banks \$120,000,000 over and above the amounts to the credit of disbursing officers. The exact figures are given in the last Treasury report. The net cash balance was something over \$158,-000,000. Of that, \$100,000,000 was deposits in national banks. That represents surplus of previous years, and that surplus is now available for spending. I think it is bad policy for the Treasury and bad policy for the banks that great sums of public money should be in the hands of the banks without their paying any rate of interest and under conditions where the withdrawal of that money is virtually not looked for. I think it is a great inducement to the banks to make loans in ways in which they would not make them if the money were not virtually put gratis at their disposal, and I think the existence of those very large deposits has been one of the factors which promoted the excessive speculative activity of the years 1905, 1906, and 1907, and also contributed to the crash of 1907. I think it is desirable that the United States should maintain a working balance, but should

not maintain a permanent surplus in the banks, and I should not be sorry if as a result of a decline in customs revenue or increase of expenditure the existing surplus in the banks were drawn on for a year or two and got rid of. The United States Treasury has that, so to speak, to draw upon, and ought to draw upon it, in my judgment.

Mr. Underwood. I want to ask you a question on this question of revenue. Looking at it from an economic standpoint, an equitable distribution of the burdens of taxation, I want to ask you whether when we put goods on the free list and remove the tariff duties entirely that does not have a tendency to prevent the equitable distribu-

tion of the burdens of taxation?

Mr. Taussic. Of course we rely, and are likely for long to continue to rely, mainly upon customs as a source of revenue. It is desirable that those commodities should be made the source of revenue which cause the least undesirable change in domestic products. It is desirable that those commodities should be made a source of revenue which can be allowed to compete in a healthful and stimulating way with domestic producers. I think the woolen industry, for instance, would, upon the whole, be managed in a better way for the community if there were more wool imports and if they furnished the healthy stimulus of having foreign competition. That would bring an increase of revenue.

Mr. Underwood. I quite agree with you on that line, but I do not

think you understand my proposition.
Mr. Taussig. Perhaps I did not, sir.

Mr. Underwood. I was looking at it from the standpoint of raising revenue and an equitable distribution of taxation among the people, so that the burdens of taxation could rest somewhat equitably. When we have a large number of commodities on the free list and limit our scope of revenue-producing articles to a few, do we not then narrow

the basis of taxation to fewer people?

Mr. Taussig. That depends entirely upon the character of those articles. It seems to me, for instance, if the duties which you maintain are duties upon the finer silks and finer woolens and finer cottons, those as revenue duties are pretty good kinds of duties. The maintenance of the duties upon sugar means the maintenance of a duty which is a bad kind of duty, because the same tax is levied upon the poor man in much larger proportion to his income than upon the rich man. For the same reason, the duties upon tea and coffee are socially disadvantageous. The duties upon wool, it seems to me, are socially disadvantageous. They bear more hardly upon the man with small means than upon the man with large means.

Mr. Underwood. What do you say about the duty upon iron?

Mr. Taussig. It is impossible to say. That lies at the base of all industries, like the duty upon lumber. Its ultimate incidence is in a slight increase, and in the present case, the duty upon iron, a very very slight increase in the cost of certain kinds of plant. It seems to me all you can say is that the likelihood is that that benefit would be distributed fairly equally among the whole community. It is like an increase in the price of steel rails or a decrease in the price of steel rails. That filters through all the processes of production. is finally very widely distributed, and I should say social considerations can be pretty well left out there.

Mr. Underwood. Looking at it from the question of taxation and an equitable distribution of the burdens of taxation, do you think it

advisable to have a large free list or a small one?

Mr. Taussig. It seems to me it is desirable to have a large free list of those commodities which are consumed in large quantities, like tea, coffee, sugar, wool. It is desirable to supplement that, if it can be done, by some processes of direct taxation. I think we have not enough of direct taxation in this country. That is, however, entering upon a very large field.

Mr. Underwood. I am inclined to agree with you upon that proposition personally, but as the Supreme Court stands in the path of this

committee I do not think we need discuss that proposition.

Mr. McCall. Do you consider, Professor, the great amount of

direct taxation that we have locally?

Mr. Taussig. Of course, most state and local taxation is direct. Mr. McCall. We are raising perhaps three times as much taxation in Massachusetts per capita for local purposes as we contribute per

capita to the National Government.

Mr. Taussig. That is true. That should be taken into account. Mr. McCall. The State is confined practically to direct taxation

and can not resort to customs duties.

Mr. Taussig. That raises the whole question of the distribution of taxes between the state local authorities and the United States. I do believe, however, the United States might judiciously make use of direct taxation in some larger degree than it does.

Mr. Cockran. You differ, then, from those English economists who think that the taxing of a few articles of general consumption is at once the fairest method of imposing the tax and the most abundant

in its results?

Mr. Taussig. It is not the fairest method of imposing the tax. is the one much the most convenient to administer. It is vastly cheaper to get a revenue from taxes on a few articles, like tea and

The Chairman. I hope we are not going very far into a discussion

of the British taxes.

Mr. Cockran. He is giving us here his idea of the best method of taxation.

The Chairman. I want to get down to some practical tariffs.

Mr. Cockran. This is very practical, because it will give you the experience of the country that raises the largest revenue from the fewest number of articles.

The CHAIRMAN. Other gentlemen are waiting here.

Mr. Longworth. Professor Taussig, do you think taking off the duty on lumber would have the effect to stop deforestation?

Mr. Taussig. A slight effect, yes; and "every mickle makes a

muckle." It is worth while.

Mr. Longworth. There is one other question. You favor the abolishing of the duties on objects of art?

Mr. Taussig. Yes; I do. Mr. Longworth. Would you suggest a definition of art which would enable us to accomplish that purpose?

Mr. Taussig. I am sorry to say I can not; no. I wish I could.

Mr. Longworth. Are you in favor of a maximum and minimum tariff?

Mr. Taussig. I think, considering the present stage of legislation in Germany and France, if the minimum tariff be not made too high, there are probably advantages in negotiation. I think if the result is to bring about a lower economic tariff in the United States and a lower economic tariff in Germany and France it would be advantageous. I regret to see that stage of commercial warfare between the civilized nations, but it seems to be one which we have to face.

Mr. Randell. Professor, taking off the duty on lumber and sugar, or at least on sugar—it is off lumber—would kill those industries in

Michigan, would it not?

Mr. Taussig. I do not believe it would.

Mr. RANDELL. What other industries do you speak of that they

could build up?

Mr. Taussig. I do not know enough about Michigan to be sure; but when I look at Massachusetts, and go through the deserted country regions and see how farm after farm has been given up, how the population has moved to the town or gone west, and how the industrial conditions of Massachusetts have mightily changed, I say to myself that is one of the inevitable accompaniments of progress.

Mr. Randell. I did not know but what you had something in your mind, some particular things, that could be developed in Michigan.

Mr. Taussig. No; I have no advice to give to the Michigan people. The Chairman. I guess that is all, Professor. I would like to talk to you about an hour myself, but I do not think it would make any difference in your views.

Mr. Taussig. And perhaps not in yours.

The CHAIRMAN. I think I could point out to you the practical difficulties of your position if I did.

## VALUE AT EXPORTATION.

## FULTON BAG AND COTTON MILLS, ATLANTA, GA., WISHES DUTI-ABLE VALUE FIXED AT DATE OF EXPORTATION.

ATLANTA, GA., November 12, 1908.

Hon. SERENO PAYNE.

Chairman Ways and Means Committee,

House of Representatives, Washington, D. C

DEAR SIR: Understanding that Congress will very early in the session consider the revision of the tariff, we, as importers of jute

cloth, desire to place before you certain views.

The Government has been assessing the ad valorem duty on the value of the article on day of exportation or on the invoice price, whichever is higher. Importers having an office in Calcutta have an advantage in that their foreign office can average the various lots bought at different times, but shipped at one time, and in this way probably bring the price to such a figure that it does not exceed the value on day of exportation.

It appears to us that it would be only fair to make the dutiable value more determinate, and that the value on the day of exportation would be the proper one to apply. This would eliminate the present discrimination in favor of the importers having offices in Calcutta.

Besides, it hardly seems proper that the Government should exact duty on a value higher than the actual market, which would mean the value on exportation date, or that the Government should in this way increase the speculative risks to the importer.

We understand that the dutiable value has been a matter of determination by the customs authorities, but in equity to the importers the method of deciding this value should be incorporated in the tariff.

We trust that you will give this matter consideration, and remain,

Yours, truly,

FULTON BAG AND COTTON MILLS. BENJ. ELSAS, Second Vice-President.

## WHEAT MILLING IN BOND.

HON. JOHN J. ESCH, M. C., FILES LETTER OF THE LISTMAN MILL COMPANY, OF LA CROSSE, WIS., RELATIVE TO PROVISIONS FOR THE MILLING OF WHEAT IN BOND.

LA CROSSE, WIS., November 18, 1908.

Hon. John J. Esch, M. C., La Crosse, Wis.

Dear Sir: Canadian wheat movement by Minnesota mills (among which we include ourselves) for export is a question which will doubtless have consideration in the next Congress. The maximum wheat growth acreage in the three spring wheat States, Minnesota and North and South Dakota, has been reached. If the millers of the United States are to obtain a share, or a reasonable control again of the export business, it will be possible only through a more comprehensive and liberal arrangement for the milling of Canadian wheat in bond than is permissible under present Treasury rules and regulations. Already a noticeable movement for building up larger milling capacity in Canadian Northwest is under way, and unless Congress pursues a more liberal policy toward the mills of the United States the opportunity for milling Canadian wheat in this country will have escaped us and the result will be the dismantling of a large portion of the milling capacity in the Northwest, as the present capacity was built up during a time when there was a fair volume of export business assured the Northwestern mills, together with an abundant supply of wheat.

Our idea is that a simple, workable arrangement that would permit milling Canadian wheat without necessitating the miller paying the import duty and waiting indefinitely for a refund should be put

The Canadian wheat is of the same character and quality as our own spring wheat. On this account it would be preferable, if it were permitted, to mix the wheat with our own, the millers being

required to export quantities equal to that imported.

The subject of jute bags is also something that should be taken into consideration. Inasmuch as there is no jute raised in this country, and it has not been possible to encourage this industry after several years' imposition of import duty, it would seem the duty should be removed from jute cloth. The jute cloth is used for packing of feed which is sold to farmers and dairymen as well as for putting up flour for the large use of the United States bakery trade. This duty, therefore, comes directly out of the pocket of the United States farmer and dairyman and consumer. It seems that no amount of encouragement in the way of import duty will establish the jute industry in this country, and therefore the imposition of the duty can not be put under the head of protecting the American workmen or growers. It is true the millers are obtaining a refund of the duty on jute bags exported, but by far the larger percentage of the jute cloth imported is used in supplying the requirements of the home market, only a very small percentage of that imported being used for export.

We have had no conference or interchange of ideas with our competitors bearing upon the above subject, but we believe that their views coincide with ours, and we are prompted to write you, feeling that movement looking to the revision of the tariff schedules will be opportune for consideration of a subject which is vital to the interests of one of your largest constituents as well as the interests of

a great industry very important to the Northwest.

Yours, very truly,

LISTMAN MILL Co., G. M. HEATH, Secretary and Manager.

HON. F. C. STEVENS, M. C., SUBMITS BILL AND TREASURY DEPARTMENT LETTER RELATIVE TO IMPORTATION OF WHEAT INTENDED FOR EXPORT.

Washington, D. C., December 19, 1908.

Hon. H. S. BOUTELL, M. C.,

House of Representatives.

My Dear Sir: I inclose copy of bill introduced by me relative to importation of wheat for export in bond. There was a very strong report made on this by Secretary Shaw to your Committee on Ways and Means a few years ago. I would be pleased if you would have this resurrected if possible and printed in your record. It would be a valuable contribution.

Very truly,

F. C. STEVENS.

[H. R. 11590, Fifty-eighth Congress, second session.]

A BILL To segregate the products of wheat imported into the United States for the manufacture of flour in bonded manufacturing warehouses.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That whenever wheat is imported into the United States to be manufactured in bonded manufacturing warehouses into flour, and intended to be exported in the form of flour under the provisions of section tifteen of "An Act to provide revenue for the Government and to encourage the industries of the United States," approved July twenty-fourth, eighteen hundred and ninety-seven, the bran and other by-products of such process of flour manufacture, manufactured from such imported wheat, not exceeding in weight twenty-five per centum of such imported wheat, may be withdrawn for domestic consumption upon payment of the duties that would have accrned thereon had such bran and other by-products been imported into the United States, the same to be appraised at the prices of such bran and other by-products prevailing in the foreign country whence the wheat from which they are preduced is imported, under such regulations as the Secretary of the Treasury may prescribe.

TREASURY DEPARTMENT, OFFICE OF THE SECRETARY. Washington, March 28, 1904.

Hon. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

Washington, D. C.

Sir: Referring to your letter of the 15th ultimo transmitting, for an expression of my opinion as to the merits thereof, a copy of H. R. 11590, providing for the withdrawal for domestic consumption, upon payment of duties thereon, of the bran and by-products resulting from the manufacture of flour in bonded manufacturing warehouse under section 15 of the act of July 24, 1897, I have the honor to state that the subject has been fully investigated by the department, and from such investigation I am of the opinion that the said act is meritorious and should pass, for the following reasons:

It appears that Canadian wheat can not be profitably milled in this country under the provisions of law now in force, for the reason that the exportation of the entire product of such milling is required. It seems to be the consensus of opinion, however, that such Canadian wheat can be milled in bond in this country, if exportation of the flour product only is required, and the by-products are permitted to be withdrawn for domestic consumption, with profit to millers, and without injury to any interests concerned.

It is said to be axiomatic that the price of wheat in the United States is controlled in the main by the price in the European markets. that being the general market of the surplus-producing countries, and so long as the product of the United States shows a surplus over domestic requirements we must offer such surplus in competition with other countries, and that the home demand for wheat can not materially affect the price until such surplus is disposed of. To illustrate this proposition. I inclose herewith a chart market "A," in which the fluctuations in the prices of wheat in the northwestern and English markets during the last two years are shown. It is urged that the effect on prices is the same whether the Canadian surplus goes to the foreign markets directly or indirectly, and as wheat or manufactured products, and that the proposed bill will give to the domestic miller who bonds his mill under its provisions precisely the same privileges as are now at the command of the Canadian miller, who markets his flour abroad and, if he wishes so to do, can export his by-products to the United States by paying duty thereon, assessed upon Canadian values, upon which basis the American miller will withdraw his byproducts for home consumption.

The capacity of the mills of the United States is sufficient to grind a crop of a billion bushels of wheat, whereas the average crop of the United States is between six and seven hundred million bushels. The Canadian Northwest is already an enormous producer of wheat and bids fair to be still more of a factor in the next few years, the supply being far in excess of the present capacity of the Canadian mills to grind. The Canadian wheat must therefore go abroad in the raw state to depress the price in European markets and furnish cheap raw material for European millers. The proposed legislation would tend to turn a portion of this wheat through the American mills and thence to foreign markets in the form of flour instead of the raw material. It would also "set a price on the Canadian crop and prevent it from going forward in large quantities at low prices during the season following harvest to glut foreign markets, drive out American wheat, and depress the price in this country to the detri-

ment of the farmer and allied interests."

Practically the only objection to the bill on the part of the country miller is that he can not bond his only mill and hold it exclusively for such use. His market will be improved, however, by the bonding of mills now in competition with his. A country miller states: "We are of the firm opinion that an arrangement enabling spring-wheat mills in the United States to grind Canadian wheat would not only be a good thing for the milling industry, but it would help the farmers. There is just so much grain produced and whether it goes to England and foreign countries in the flour form, or in its native condition, it affects the market. On the other hand, we believe that cheap wheat exported from Canada does more to depress our wheat prices than the exporting of an equal amount of flour from Canadian wheat."

It is urged that if the fast increasing crop of Canadian wheat should go to Europe on a basis that will develop the capacity of the English miller to supply the United Kingdom with flour, the American miller would be cut off from that market and be obliged to sell more at home. This would tend to make our milling unprofitable and to restrict that industry and the home market for wheat, affecting

the price unfavorably.

On March 3 in each of the years from 1893 to the present the prices of by-products and cash wheat were as follows, as shown by the files of the Minneapolis Daily Market Record:

Prices per ton in bulk on cars.

	Bran.	Shorts or standard middlings.	Cash wheat, per bushel.	
March 3—  1893  1894  1895  1896  1897  1898  1899  1900  1901  1902  1903  1904	6.75- 7.00 6.25- 6.75 10.00- 10.50 10.75- 11.00 10.75- 11.00	\$11.00-\$11.25 10.50-11.00 13.50-14.00 6.50-6.75 6.25-6.50 9.50-10.00 10.75-11.00 14.00-14.25 13.75-14.00 15.00-15.25	\$0.66 .60 .59½ .61 .73å 1.00½ .70¼ .64 .74½ .73å .77% .98å	

It will be seen that the prices of so-called millstuffs—bran and shorts—are not governed by the prices of wheat. They are controlled by the demand and the price of hay. They are unsuited for exportation because of their light weight and great bulk and tendency to lose grade and condition in transit. The by-products of the American mills are used by the dairy interests of the United States, and the demand is steadily increasing. The foregoing figures show that the prices of bran and shorts have almost trebled in the last seven years, and the increased supply that would result from milling Canadian wheat in bond would greatly benefit the American dairy-

man. The rapid development of cattle and dairy industries is creating an increased demand for "mill feeds" in the country dis-

tricts that can hardly be supplied by the local millers.

It has been well said that if the Canadian wheat crop in part is milled in bond in this country, the millers and their employees will be benefited; the mills will run more days in the year, increasing the supply of bran and middlings for domestic consumption. In addition thereto, the Government will gain in revenue in duties paid thereon; this increase of business will occur not only in the employment of more men in the flour mills, but also in the employment of more men to handle the wheat, more men to handle the freight, and more men to manufacture sacks and packages, and will have the same generally diffused beneficial results that come from any increase to the industries of a given section of the country.

Canadian wheat milled in bond in 1902 and 1903 yielded products

as	1	U	11	U	W	2	•	

Flour	71.5
Bran, middlings, and feed	
Shortage or absolute loss	1.2

During the periods of such milling the prices of such by-products per ton in Winnipeg and Minneapolis were as follows:

## From July 10 to 28, 1902:

tion only to to so, toos.	
Winnipeg—	
Bran	\$14.50
Shorts or standard middlings	16.50
Minneapolis-	
Bran	14. 50-13. 00
Shorts	17.00
Flour middlings	
From December 16, 1902, to April 7, 1903;	
Winnipeg—	
	13.00-14.00
	15, 00-16, 00
Minneapolis-	
Bran	13, 00-10, 00
Shorts	13.00-11.00
	10.00 11.00

Advices from various millers show that the flour product obtained in the mills varies from 65 to 76 per cent of the weight of the wheat ground, the by-products from 22 to 29 per cent, and the absolute waste or loss from 1½ to 2½ per cent. These figures undoubtedly vary with the quality of the wheat, whether harvested in dry or moist season, the presence of foreign seeds, and the character of the mill machinery and its supervision. In the larger mills the flour product obtained is about 73 per cent of the weight of the wheat consumed; 25 per cent consists of by-products and 2 per cent of absolute loss. It would, therefore, appear that the provisions of the bill limiting the amount of such by-products which may be withdrawn for consumption to 25 per cent of the weight of the imported wheat is just, and inasmuch as the milling of said wheat, the exportation of the flour, and the withdrawal of the bran and other by-products for consumption will be under the supervision of customs officers and under regulations prescribed by the Secretary of the Treasury, the bill appears to be sufficient to safeguard the interests of the Government.

Respectfully,

L. M. Shaw, Secretary. THE NORTHWESTERN COOPERAGE AND LUMBER CO., MINNE-APOLIS, MINN., URGES ENACTMENT OF PROVISIONS FOR MILL-ING OF CANADIAN WHEAT IN BOND.

MINNEAPOLIS, MINN., January 23, 1909.

Hon. SERENO E. PAYNE, M. C.,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: You will note from our letter head that our business is contingent upon the prosperity of flour millers in this part of the country. That is the writer's excuse for troubling you in regard to a matter which is very important to the success, and even the continued life, of some of our flour mills.

We refer to the present condition which makes it impossible for northwestern mills to grind Canadian wheat to advantage. Inability to do this restricts the mills to United States domestic trade almost entirely, and as a result a good percentage of the milling capacity

stands idle a considerable portion of the time.

The duty of 25 cents per bushel on foreign wheat is not objectionable as applied to the selling of flour made from it in the States. What we need is an arrangement whereby the millers can grind the Canadian wheat, exporting the equivalent amount of flour, but have the privilege of selling the bran, etc., at home, as conditions do not

often permit the exporting of the bran and by-products.

We write you in the interest of the millers, and the argument for the northwestern millers would also apply to those in other territory contiguous to other countries. In this connection we need hardly remind you of the benefits which will come to all milling communities from the steady running of the mills and the employment of the labor. The avenues into which the milling capital will distribute itself are many and various. These and kindred benefits must be apparent to you without argument.

One or two other features may not have presented themselves to your minds. One would be the benefit to dairy and other farmers in milling communities from an augmented supply of mill feed obtain-

able by the steady operation of the mills.

Another pertains to the large industries employing thousands of men in the manufacture of bags and barrels. We are especially

concerned with the latter.

There are in this city alone hundreds of men who have the savings of their lives invested in cooperative cooper shops for the sole purpose of supplying flour barrels to the mills. These men look to their people in Congress to afford consistent relief to the situation by a readjustment of the law whereby the grinding of wheat from across

the border is now prohibited.

The grinding of such wheat for export only could not in any way have an adverse effect upon the price of wheat grown by the American farmer. Under the arrangement requested, the flour from the foreign wheat would not be sold in the United States, where the homegrown product finds its market. It would go to foreign markets, where American-ground wheat is not now finding an outlet at all. To repeat, the flour from the American wheat would still supply the domestic markets, while the flour from Canadian and other outside

wheat would enable the American miller to get into the markets abroad, from which he is now excluded.

Our own industry would naturally share in the reasonable pros-

perity afforded the flour millers under this new arrangement.

This would benefit such people as ourselves and thousands upon thousands of workingmen and timber owners in our manufacturing districts. The latter are necessarily in the timber districts where land is being cleared and farms made. Our business enables the settler to make a good income while he is clearing his land. He can sell us his logs. He could also sell logs to sawmills, but by selling to us he can bring in logs which are crooked and otherwise defective, such as could not be marketed to sawmills or such other industries at all. He can also make bolts from the small timber and can get many of them out of the tops of trees.

In short, our business not only gives good employment to the men connected directly with the manufacture, but it furnishes a market to the settler for millions of dollars' worth of bolts, etc., which would otherwise go into the brush pile for burning. It thus means the creation of merchandise at a reasonable profit to all concerned, instead of the making of ashes and smoke from a good deal of the stuff in the woods, at about the same cost of labor and trouble, but at no

profit to the settler.

We would be glad to answer any questions which you might see fit to dictate to us. We have endeavored to give you a brief but comprehensive idea of the situation from a logical standpoint.

We ask that you use your influence and persistent endeavor to get such legislation as will relieve this obviously unnecessary situation. Hoping that you will see to it that the matter is vigorously pushed

and brought to a successful issue, we remain,

Yours, very truly,

THE NORTHWESTERN COOPERAGE & LUMBER CO.

By G. W. CRITTEN,

Minneapolis Manager.









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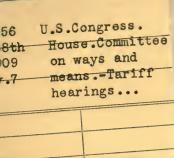
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