

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



1941



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UNITED STATES TARIFF COMMISSION

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UNITED STATES TARIFF COMMISSION

WASHINGTON, D. C.

LETTER OF TRANSMITTAL

UNITED STATES TARIFF COMMISSION,
Washington, December 1, 1941.

SIR: I have the honor to transmit to you the Twenty-fifth Annual Report of the United States Tariff Commission, in compliance with the provisions of Section 332 of the Act of Congress approved June 17, 1930.

Respectfully,

RAYMOND B. STEVENS, *Chairman.*

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

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TWENTY-FIFTH ANNUAL REPORT

INTRODUCTION AND SUMMARY

In the 25 years that have elapsed since the creation of the Tariff Commission, its activities, affected as they are by both national and international developments, have varied greatly from year to year. At no other period in its history have international developments caused so great a change in the Commission's activities as during the year just ended.

The territory now occupied or controlled by the Axis Powers, including Japan, accounted in 1938 for about 40 percent of the total international trade. Trade relations between this territory and the remainder of the world have been largely disrupted. The trade of the United States with the Axis countries, and the areas now occupied by them, representing prior to the present war (1938) about 25 to 30 percent of its total foreign trade, has now been entirely cut off. As a result, the United States has been forced, as have other non-Axis countries, to look to new sources of supply for certain varieties of goods or for substitutes for them.

The situation thus created has been intensified by the fact that wartime conditions and defense preparations have greatly increased the demand for many types of products. Under these circumstances, the governmental policies of many countries with regard to foreign trade have undergone radical change. In the past, such policies were usually directed, on the one hand, toward maintaining or increasing exports, and on the other, toward protecting domestic industries from too severe foreign competition. At present, however, exports are regulated, even prohibited, lest defense efforts be impaired by the sale abroad of essential products. Moreover, governments are directing their efforts to a large extent, not toward restricting imports, but toward securing greatly increased quantities of foreign goods needed for national defense or for maintenance of the civilian economy. For this reason, among others, tariff rates have become temporarily of less significance in the movement of goods in international trade than they formerly were. Furthermore, tariff structures created under other circumstances are frequently unsuited to the import and domestic-price policies now being pursued.

Under conditions such as these, the Tariff Commission, as would be expected, has changed the emphasis of its work. At present, that work is concerned largely with problems of national defense and of trade in a wartime economy. The demands of the defense agencies on the facilities of the Commission, added to those incident to its regular duties, have resulted in a volume of work greater than at any previous period in the Commission's history.

The defense agencies look to the Tariff Commission for information, expert advice, and assistance on matters concerning imports,

conditions of domestic competition, and cost-price relationships in certain essential industries which have been specially studied by the Commission. They look to the Commission for these services because of the accumulated information available in its files, and because of its long experience and the background, ability, and special competence of its staff. Although assistance has been given to all the defense agencies, the demands of the Office of Price Administration and the Office of Production Management have been especially heavy. The work done for the defense agencies is summarized in this report, insofar as the nature of that work permits.

Not only have the emergency defense agencies used existing agencies, including the Tariff Commission, as sources of information, assistance, and advice, but they have also drawn a substantial portion of their personnel from those agencies. The Tariff Commission has supplied its share of their personnel. Last year, and again this year, the Commission lost an unusually large number of employees by transfer to the various defense agencies. This has created a serious situation for the Commission, inasmuch as it must undertake to replace this personnel from a market which is greatly depleted because of the openings that have been and are being created in the defense agencies and in expanding private industry. In many cases, it has been necessary to replace high-grade senior personnel with inexperienced persons who must be trained in the Commission's background and procedure.

The Commission has avoided still more serious depletion of its staff by the part-time loan of some personnel, and by using its organization as an experienced, well-knit unit to assist directly in the national-defense effort. The Commission feels that it can most effectively render assistance in the defense program by functioning as a unit, without disrupting its staff, which must be preserved not only to meet current demands on the Commission, but also to serve in meeting the grave international trade problems which the end of the war will bring.

Besides activities in behalf of defense preparations, the Commission has continued its assistance to the Department of State in the work on the trade-agreements program and in its work for the Committee for Reciprocity Information. Since the Commission's last annual report was made, trade agreements have been completed with two countries—a supplementary agreement with Canada, completed in December 1940, and a new agreement with Argentina, which became effective November 15, 1941. Work on these agreements, however, represents only a small part of the total work on trade agreements. United States trade with practically all of the non-Axis countries has been reviewed in order to obtain the basic data for discussions of possible new trade agreements or revisions of those already negotiated. In fact, the Commission's activities on trade agreements, especially during the latter half of the year, have been more extensive than usual.

The data obtained by the Tariff Commission on various commodities must be kept current if the information supplied to defense agencies and to the trade-agreements organization is to be of the greatest value. For that reason, much field work has been carried on in recent months, some of it at the request of the defense agencies

themselves, but much of it upon the Commission's own initiative in order to maintain its standard of service. Information obtained in the field has been incorporated in summaries of tariff information, which are constantly being revised and brought up to date, or has been made available to defense agencies.

The Commission completed and issued during the past year its report on the Foreign Trade of Latin America and a report on Latin America as a Source of Strategic and Other Essential Materials. Shortly after issuance in July of the exchange-control regulations affecting Japan, the Commission issued a report on United States Imports From Japan and Their Relation to the Defense Program and to the Economy of the Country. Other reports include one on the Possibilities of Producing Rubber in the United States and Rubber Conservation, as well as one on Earthen Floor and Wall Tiles and one on Hogs and Hog Products.

There is pending in the Commission an investigation with respect to wood pulp and pulpwood, which was initiated in August 1939, in response to a Senate resolution. The investigation has been suspended because of the changes which have taken place in the trade in wood pulp and pulpwood since the date of the Senate resolution. However, much work has been done on this subject as the result of a request by the Office of Price Administration for a cost study of wood pulp. Another investigation requested by the Senate concerns red-cedar shingles. This investigation, ordered by the Commission in June 1941, is rapidly nearing completion.

In addition to the investigations requested by the Senate, the Commission undertook an investigation of the Puerto Rican needlework industry at the request of the Administrator of the Wage and Hour Division of the United States Department of Labor (this investigation was later discontinued); an investigation of wheat under section 22 of the Agricultural Adjustment Act of 1933, as amended, this investigation resulting in the placing of an annual quota on imports of wheat and wheat flour; and a supplemental investigation of cotton under the same section 22, resulting in the President's exempting from quota restrictions imports of cotton having a staple $1\frac{11}{16}$ inches or longer. Another supplemental investigation was instituted by the Commission on November 12, 1941, to determine whether import restrictions may be suspended on certain cotton and cotton-waste items. A public hearing will be held on December 10.

Under the so-called flexible provision (sec. 336) of the Tariff Act of 1930, an investigation of crab meat was instituted and completed during the year. As a result of this investigation, the duty on crab meat was increased by Presidential proclamation from 15 percent ad valorem to $22\frac{1}{2}$ percent ad valorem, effective September 21, 1941. Work on an investigation with respect to wool-knit gloves and mittens was instituted by the Commission under section 336, in October 1940. However, in the interval between the date the investigation was ordered and the date of the hearing, unusual conditions developed in the domestic industry, partly because of the Government's defense program, and these, together with a request by the interested parties, led the Commission to suspend the investigation.

There has been little activity under section 337 of the Tariff Act of 1930, relating to unfair practices in import trade, or under section

338, which deals with discrimination against the export trade of the United States. This may be explained mainly by the increased tempo of defense activities in the United States and by the radical change in the character of our international relations and trade.

Though it is difficult to predict with any certainty the future work of the Tariff Commission, it is apparent that as long as the present emergency exists, its activity must be centered to a large extent on defense problems. This activity will, in the main, take the form of assistance to defense agencies, under the provisions of section 334 of the Tariff Act of 1930, which directs the Tariff Commission to cooperate with other Government agencies.

The Commission will also undertake to keep up to date the basic information on which it must draw in any work it may be called upon to do. Far-reaching changes in world trade will inevitably follow the end of the present hostilities. The Commission foresees a difficult transition period, probably marked by an intensified struggle for world markets. It may be expected that in such a struggle many nations will participate, using both the old and the new methods of trade control. On the other hand, the Commission is also aware of the possibility that the post-war period may be characterized by greater freedom of trade, based on broader international collaboration. Whatever may be the nature of future trade developments, however, the Commission is mindful of the important role that the United States must assume and will endeavor to accumulate, correlate, and make available to the President and to the Congress the factual data upon which a constructive program may be based.

CURRENT WORK

COOPERATION IN THE DEFENSE PROGRAM

During the past year the Tariff Commission has shifted the emphasis of its work because of the demands upon its services by agencies administering the defense program and because of the special trade problems arising in a war economy. In its defense work, the Tariff Commission operates under a specific authorization, contained in section 334 of the Tariff Act of 1930, for cooperation with other Government agencies. The marked increase in the requests for assistance made to the Commission under this section added greatly to the work of the Commission in 1941, at times overtaxing its staff. Work related to national defense and to trade problems in a wartime economy predominates in the activities of the Commission at the present time.

One reason the Commission has been drawn upon so extensively for assistance in the present emergency is that it has gathered, over a long period of research and investigation, a fund of information on commodities, domestic industries, and international trade. An even more important reason, however, is that the Commission has a trained and experienced staff capable of analyzing and interpreting such information in its bearing on the many special problems which arise in the national emergency.

To be of maximum assistance, the information requested by the defense agencies must be furnished quickly, and to that end the Commission has established a number of special administrative procedures for expediting the assembling and interpretation of data. The form on

page 6 illustrates one of these procedures. On such a form, data have been assembled for each of several thousand commodities that usually are important in the import trade of the United States. The importance of the commodity to national defense and to the civilian population, the extent to which the United States depends upon imports for its requirements, the present and alternative sources of imports, the availability of substitutes, the domestic production, and other data which make possible a quick appraisal of the commodity and the part it plays in the national-defense effort are all briefly indicated on the form. With data assembled in this convenient form and kept up to date, the Commission is able to supply the information demanded of it as new problems arise or old ones become acute.

The Commission's work on national-defense problems varies widely, but consists principally of intensive and extensive technical and economic research, frequently including field work and the preparation of written reports; consultation with and expert advice to defense agencies, either by telephone, personal interview, or formal conference; cost-of-production and sales investigations, usually necessitating special field inquiries; statistical compilations and analyses; and the service of its personnel on interdepartmental committees. Because of the type of information obtained and the purpose for which it is intended, the work done by the Commission on defense matters is as a rule confidential, and therefore no detailed account of it can be given. Some of the subjects on which the Commission has furnished data are briefly sketched in below, roughly in the order in which the work was undertaken. (Where the data have been incorporated in a report for distribution to the public, that fact is indicated.)

Copper.—At the request of the Price Stabilization Division of the Advisory Commission to the Council of National Defense (a predecessor of the Office of Price Administration), the Tariff Commission made an extensive investigation of costs and operating conditions in the Michigan copper-producing area. The investigation necessitated field work in the East as well as in Michigan, in the course of which data were obtained on wages, labor productivity, labor costs, other out-of-pocket costs, depreciation and depletion charges and policies, prices, corporate earnings, mining techniques, and distribution, as well as a review of the relation of the copper industry to the general economy of the upper Michigan peninsula. The report prepared by the Commission assisted in the determination of the action to be taken with respect to Michigan copper under a multiple-price policy.

Long-staple cotton.—At the request of the Advisory Commission to the Council of National Defense, endorsed by the Secretary of Agriculture, the Commission undertook an investigation to ascertain the desirability of suspending import-quota restrictions on extra-long-staple cotton ($1\frac{1}{16}$ inches or longer) in order to provide larger supplies for defense purposes. This investigation is treated more fully in the section of this report concerning the activities of the Commission under section 22 of the Agricultural Adjustment Act, as amended. (The report is available for distribution.)

Foods.—In compliance with a request from the Advisory Commission to the Council of National Defense, the Commission designated several of its experts to serve on a number of interdepartmental

Par. No.
 Statistical No.

 Specification No.
 Federal
 Army
 Navy

SHEET A
Importance of United States Imports
GENERAL INFORMATION

SHEETS PREPARED
 A B C

Prepared by: _____ Date: _____

Reviewed by: _____

Name of commodity

Description

Uses: Military

Civilian

I. Imports are, with respect to (A. National defense: 1. Very important 2. Moderately important 3. Unimportant
 (B. Civilian requirements: 1. Very important 2. Moderately important 3. Unimportant

II. Is this commodity produced commercially in the United States. A. Yes B. No

III. Is the domestic product generally interchangeable as to use with the imported product. A. Yes B. No

IV. The dependence of the United States upon imports for raw materials to produce this commodity is: A. Complete B. Substantial C. Negligible

V. Domestic production could be increased sufficiently to replace current imports (assuming raw material available)

A. Degree of ease or difficulty. 1. Easily 2. With considerable difficulty 3. Not at all

B. Time required. 1. Within 3 months 2. Within 6 months 3. Within 1 year 4. Within 3 years

VI. Are reasonably satisfactory substitutes available or likely to be available. Yes No

| IMPORTS FOR CONSUMPTION | | | |
|-------------------------|------|----------|-------|
| Year | Unit | Quantity | Value |
| 1940..... | | | |
| 1941 (6 mos.)..... | | | |

VII. Substitutes are—

| 1. At present or within 3 months | | | 2. Three months to a year | | | | Over a year | | | |
|--|---------------|-------------|--------------------------------|---------------|-------------|--------------------------------|---------------|-------------|--|--|
| a. Adequate (for most uses) | b. Inadequate | | a. Adequate (for most uses) | b. Inadequate | | a. Adequate (for most uses) | b. Inadequate | | | |
| | i. Quantity | ii. Quality | | i. Quantity | ii. Quality | | i. Quantity | ii. Quality | | |
| A. From domestic sources..... | | | | | | | | | | |
| B. From non-Axis-controlled sources..... | | | | | | | | | | |
| C. From Axis-controlled sources..... | | | | | | | | | | |

- VIII. The use of substitutes will increase costs: A. Appreciably B. Not appreciably C. Not at all
- IX. Compared with 1935-39 average, total United States consumption in 1940 was: (Based on quantity Value) A. Higher B. Normal C. Lower
- X. Compared with 1935-39 average, total United States stocks on July 1, 1941, were: (Based on quantity Value) A. Higher B. Normal C. Lower
- XI. Is the Government: A. Accumulating stock piles. Yes No
 B. Committed in purchase agreements. Yes No
- XII. Cessation or substantial reductions of United States imports apparently would:
 A. Occasion significant problems with respect to unemployment 1. Locally 2. Nationally
 B. Occasion significant problems with respect to idle plants 1. Locally 2. Nationally
 C. Occasion problems with respect to prices that are: 1. Serious 2. Not serious
 D. Occasion serious problems with respect to rationing stocks 1. Yes 2. No
- XV. The transportation problem with respect to this commodity is:
 A. Serious B. Moderate C. Insignificant
- XVI. Stowage factor is: A. Less than 10 B. From 10 to 19
 C. From 20 to 39 D. From 40 to 79
 E. From 80 to 119 F. Over 119

XIII. Principal sources of imports: A. Prior to the war (1939) B. At present (1941)

| Country | Code No. | Country | Code No. |
|---------|----------|---------|----------|
| ----- | ----- | ----- | ----- |
| ----- | ----- | ----- | ----- |
| ----- | ----- | ----- | ----- |

- XIV. United States exports are: A. Unimportant B. Moderately important C. Substantial to:
- | | Country | Code No. |
|----|---------|----------|
| 1. | ----- | ----- |
| 2. | ----- | ----- |
| 3. | ----- | ----- |

COMMENTS (indicate by number):

.....

.....

committees set up to survey the nation's food supply. These committees made extensive studies and submitted a number of written reports.

Stock piles.—At the request of the Shipping Imports Advisory Committee of the Office of Production Management, the Commission made a study to determine the commodities of which stock piles may be needed, although they are not now being accumulated. The Commission's report covered about 50 commodities, for each of which are given the principal uses of the commodity, the imports since 1939, the principal sources of imports, the extent to which the United States is dependent upon imports to supply its requirements, the size of existing stocks in the United States, and the kind of transportation and storage facilities required. An interdepartmental committee on shipping, on which a senior member of the Commission's staff serves, regularly draws upon the Commission for information that serves as a background for its consideration of the trade in the various commodities.

Douglas-fir-lumber industry.—The Commission collaborated with the Bureau of Research and Statistics of the Advisory Commission to the Council of National Defense, the Bureau of Labor Statistics, and the National Defense Mediation Board in a study of the Douglas-fir-lumber industry of the Northwest. This study was concerned principally with the relationship between the trends of prices, costs, wages and profits in the industry. A report (available for distribution), embodying the data obtained on production, distribution, prices, and wages, contains also sections on the financial history of the fir-lumber industry, employment and pay rolls, and estimates for military and civilian requirements of fir lumber in 1941 and 1942. A few months after the report was completed, several members of the Commission's staff were lent to the National Defense Mediation Board to help gather more recent data for a supplemental report to be used by that Board in the arbitration of labor controversies in the fir-lumber industry.

Crude drugs.—At the request of the Army and Navy Munitions Board, the Commission made a statistical analysis of the imports in 1939 through the port of New York of miscellaneous crude drugs entered under paragraph 1669 of the Tariff Act of 1930. Details of the analysis are given elsewhere in this report. (The analysis is available for distribution.)

Rubber.—The Commission's expert on rubber, at the request of the Advisory Commission to the Council of National Defense, organized an interdepartmental committee to prepare a confidential report on the rubber situation and on the advisability of increasing the collection of scrap rubber. Scrap rubber, consisting of discarded tires and other rubber goods, is used principally in the manufacture of reclaimed rubber which in turn is used as a substitute for imported crude rubber.

The report prepared by the interdepartmental committee indicated the need of a field investigation to determine the possibilities of increasing the production of rubber in the United States. Subsequently, the Commission sent members of its staff into the field to interview producers of synthetic rubber, reclaimed rubber, and guayule rubber (produced from a desert shrub which is planted, cul-

tivated, and harvested like many other agricultural crops), and manufacturers of rubber goods. The results of this field inquiry have been published in a report (available for distribution) entitled "Possibilities of Producing Rubber in the United States and Rubber Conservation," described in greater detail elsewhere in this annual report.

Synthetic organic chemicals.—The chief of the Commission's Chemical Division is a member of the Interdepartmental Committee on Chemical Statistics, which is headed by a representative of the Office of Production Management. At the request of the defense agencies represented on this committee, the Commission has undertaken to collect and tabulate, during the emergency, monthly statistics of production, shipments, and stocks of about 140 organic chemicals. For this project, questionnaires are sent each month to about 125 manufacturers of chemical products in the United States.

Mica, graphite, and other strategic nonmetallic materials.—One of the Commission's experts on strategic nonmetallic materials is working on a part-time basis with the Office of Production Management to assist in the priority control of these materials and to serve as general consultant on them.

Refractory brick.—In connection with field work undertaken by the Commission concerning refractory brick, which is essential to national defense, certain data requested by the Office of Production Management were obtained from domestic producers. Through this field work and by questionnaire, information as to the supply of refractory brick was obtained from producers who account for more than half of the domestic output of brick of this type. The Commission also canvassed the iron and steel industry, by far the largest consumer of refractory brick, to ascertain whether the industry was finding it difficult to obtain adequate supplies of such brick.

Explosives and fertilizers.—The Commission has lent to the Priorities Division of the Office of Production Management its expert on the materials used in explosives and fertilizers. This expert acts as general consultant and chief of the unit handling these products.

United States-Canadian cooperation.—A senior member of the Commission's staff has been lent to the Office of Production Management, on a part-time basis, to assist in the coordination of the defense and economic programs of the United States and Canada. The Office of Production Management collaborates with the Joint Economic Committees and the Joint Materials Coordinating Committee of the United States and Canada. The Joint Economic Committees are concerned with the general and broader features of the economic problems in the relations of the United States and Canada; the Joint Materials Coordinating Committee has to do with specific problems relating to the provision and utilization of United States and Canadian supplies of defense materials and equipment. One of the Tariff Commissioners is a member of the Joint Economic Committees.

Wool textiles.—The Commission assigned a member of its staff to accompany two representatives of the Advisory Commission to the Council of National Defense on a field investigation, in order to obtain information on the supplies of wool and on the productive capacity of the domestic woolen- and worsted-goods industry. While in the field, the investigators interviewed leading manufacturers, selling agents, and importers of wool fabrics of various kinds. The

information thus obtained was summarized in a press release issued by the Office of Price Administration. Subsequently, at the request of the Office of Production Management, the Commission's expert on wool textiles prepared a supplemental report dealing more specifically with the productive capacity of the woolen- and worsted-goods industry.

Raw silk and silk waste.—A confidential report was prepared for the Office of Export Control on raw silk, silk waste, and synthetic substitutes for silk, with particular reference to their military use in the manufacture of parachutes and of cartridge-bag cloth for large-caliber ordnance. The report also analyzed the effects of a restriction of imports of silk on the economic life of the United States.

Following the order of the President freezing Japanese funds, the Priorities Division of the Office of Production Management requested the loan of one of the Commission's textile experts to assist in handling the critical situation that had arisen as a consequence of the shortage of raw silk and silk waste in the United States. The Commission's expert acted as general consultant and helped to prepare the questionnaires that were sent to members of the silk industry asking for information to be used as a basis for the control and allocation of domestic stocks of raw silk and silk waste.

Cork.—A member of the Commission's staff, detailed to the Office of Production Management, assisted in organizing the Cork Section of the Division of Priorities and in establishing a procedure for the allocation of cork under priority control.

Priorities.—At the request of the Priorities Division of the Office of Production Management, the Commission lent five of its accountants to assist with the issuance of A-10 preference ratings to certain producers under the "Defense-Supplies Rating Plan." The work included perfecting relationships between the Government and industrial firms and auditing the figures obtained in the field from records of the various producers.

Inventories of cost information.—In 1940 the Commission made for the Advisory Commission to the Council of National Defense an inventory of the commodities on which the cost-of-production data had been accumulated by the Tariff Commission. This inventory was subsequently turned over to the Office of Production Management. The list of commodities upon which the Commission had cost information was extensive, and there were many interrelations with the work of other agencies. The Office of Production Management keeps the inventory current and the Commission periodically advises it of additions to the list of commodities.

Labor problems.—At the request of the Office of Production Management, one of the Commission's experts has worked with that agency on a study of unemployment caused by the national defense program.

Manila fiber and cordage.—A member of the Commission's staff assisted the Division of Statistics and Research of the Office of Production Management in the formulation of plans for obtaining information needed in the administration of the general preference order on manila fiber and manila cordage. In addition to lending this expert, the Commission sent men into the field to obtain directly

from consumers up-to-date information on burlap, cordage, hard fibers, and soft hemp. These data, although obtained primarily for the Army and Navy Munitions Board, were also made available to other defense agencies.

Factors affecting prices of certain commodities.—In response to a request from the Office of Production Management, received through the Bureau of Labor Statistics, the Commission, in May 1941, made a study of factors bearing on the prices of a selected list of commodities. The objective of the study was to ascertain whether certain bids which had been submitted to the Army, and had been rejected, were excessive compared with prices for civilian use or with prevailing costs of production.

Petroleum refining.—The Commission has undertaken, at the request of the Office of Petroleum Coordinator, to bring up to date its investigation, made in 1939, of the costs of petroleum refining, including the quantities of crude oil processed, yield of products, wage rates, employment, and related data. The revised study will soon be transmitted to the Petroleum Coordinator.

Raw wool.—At the request of the Quartermaster Corps of the Army, the Commission made an investigation to determine the approximate amount of raw wool required for textiles purchased by the Army during the fiscal year ended June 30, 1941. As a preliminary step, the Commission sent two of its experts to canvass a number of wool-textile mills in the North Atlantic States. (The information obtained by the Commission is summarized in a table which is available for distribution.) The Commission found, among other things, that the amount of shorn and pulled wool required for the textile products purchased by the Quartermaster Corps during the 1940-41 fiscal year was 372 million pounds of wool in the grease, an amount equivalent to 83 percent of the total United States clip in 1940.

In addition to its inquiry into the quantity of raw wool needed, the Commission undertook an investigation to obtain data regarding changes in certain costs for the wool clip in 1941 as compared with 1940. This information was desired by the Office of Production Management and the War Department for use in revising price differentials which had been established in favor of domestic as compared with foreign wools used by American mills in filling contracts for wool textiles for military purposes. The Commission sent 4 of its experts to the principal wool-producing centers of Texas and into the 11 States of the far West, and a detailed report on the results of this investigation was submitted to the defense agencies that requested it.

Army purchases of fish.—A senior specialist on the Commission's staff served on a special committee established by the Office of Production Management in cooperation with the Army to advise the Director of Procurement on the revision of specifications for fresh and frozen fish purchased by the Government. To bring the Federal specifications into closer conformity with commercial practice, the Committee canvassed the fish trade of the country and worked closely with Army purchasing officers. The revised specifications were subsequently approved by the Director of Procurement and are now in use.

The Committee also cooperated with the Army in preparing a reference manual, the first of its kind covering fish, to serve as a technical aid to Army purchasing officers, mess sergeants, and the fish industry in supplying the military forces with fresh and frozen fish. This manual, a 40-page illustrated booklet, was published by the Fish and Wildlife Service as a supplement to its Fishery Market News of August 1941.

Lend-Lease purchases of fish.—A member of the Commission's staff assisted the Federal Surplus Commodities Corporation in the acquisition of fish under the Lend-Lease program. The Commission's expert and representatives of the Corporation held meetings with packers of canned fish in Maine, California, and Washington. From the packers, information was obtained on capacity, the possibilities for increased production, and other data required in planning and carrying out the Government program for the purchase of canned fish. On the basis of the data obtained, steps were taken to increase the supplies of fish available under the Lend-Lease program and to provide more efficient procedure for future purchases of fish.

Lead and zinc.—In order to obtain up-to-date information on the domestic production and marketing of lead, the Commission sent senior staff members into the field to obtain data from the leading producers in Missouri and in the Mountain States. Before the field work was completed the Office of Price Administration asked the Commission for certain specific information on lead and zinc, which the men in the field were instructed to gather. A preliminary report was submitted by the experts from the field.

Pulp, paper, and paper products.—The Chief of the Lumber and Paper Division of the Commission worked with the Office of Price Administration for about 5 weeks to assist in the organization of a section to handle pulp, paper, and paper products. The Commission's expert continues to act as consultant to the Office of Price Administration on lumber, paper, pulp, and related products.

Cooperation with the Office of Price Administration.—By Executive order, the Chairman of the Tariff Commission is a member of the Committee on Price Administration. A senior member of the staff serves as his alternate.

Studies of costs of production, prices, and profit margins.—The Commission has undertaken investigations to determine costs of production, prices, profit margins, and other data that will assist the Office of Price Administration in establishing ceiling prices on various products. The investigations thus far undertaken are on combed cotton yarns, Douglas-fir doors, wood pulp, pine sash and doors, fine cotton goods, coarse cotton goods, and petroleum. The data obtained indicate the relationship of costs, prices, and profit margins. The investigations necessitate extensive field work as well as office work. The Commission's long experience in cost-of-production studies under the so-called flexible tariff finds it particularly well equipped to make such studies.

In the investigation of combed cotton yarns, costs and related data were obtained from 16 representative mills, 14 of which are in North Carolina and 2 in New England. The field work was begun August 4, a preliminary report was submitted August 12, and the final report was transmitted to the Office of Price Administration

on September 5. The report contained sections on basic cost data, costs of specific yarns, elements of costs and related matters, and current costs in relation to selling prices. The data contained in this report were used by the Office of Price Administration in determining ceiling prices on combed cotton yarns.

The investigation of Douglas-fir doors covered 7 of the 12 domestic producers. Field work, limited almost entirely to the Pacific Northwest, began August 21 and ended September 13. A preliminary report was submitted to the Office of Price Administration on September 26. The Commission cooperated with the Bureau of Labor Statistics in this investigation.

Field work on the wood-pulp investigation, which began early in September, was completed in November. Data were obtained from producers of wood pulp in Northeastern, Lake, Southern, and Pacific Coast States. Four classifications of pulp were included, namely, unbleached and bleached sulphite and unbleached and bleached sulphate.

Field work on the investigation of pine sash and doors was begun late in September. Data are being obtained from some 25 representative producers located at various points distributed throughout almost the whole country except the extreme Southeast. This investigation, which will be more extensive than that of Douglas-fir doors, is, like that investigation, being conducted in close cooperation with the Bureau of Labor Statistics.

Cost investigations of fine and coarse cotton goods were only recently begun. Field work on fine cotton goods has been completed, both in New England and in the South, and the data obtained are in process of tabulation. The fine goods considered in the investigation are lawns, combed broadcloths, dimities, sateens, voiles, pongees, piqués, and marquisettes. The cost data being obtained for coarse and medium cotton goods, which constitute the bulk of the domestic output, will necessarily be much more extensive than for fine goods and will necessitate a canvass of mills in Alabama, Georgia, South Carolina, North Carolina, Massachusetts, and Maine. The investigation will include print cloth-yarn fabrics, carded sheeting, drills, twills, sateens, ducks, osnaburgs, wide sheetings, and colored goods such as denims and chambrays.

Petroleum is also the subject of an investigation undertaken by the Tariff Commission at the request of the Office of Price Administration. Costs of producing crude petroleum will be obtained from a large number of producers. Several basic economic problems affecting the industry and the role of petroleum in national defense will be considered. This investigation will be by far the most comprehensive yet undertaken by the Commission on behalf of the Office of Price Administration. Work on it was only recently begun.

Cooperation with the Economic Defense Board.—At the request of the Economic Defense Board, the Commission appointed one of its principal economists to act as its liaison officer with that organization. The first major work undertaken at the request of the Board was an extensive study regarding the possibilities of increasing our imports of various strategic and critical materials for which the United States is largely dependent upon imports. For each of these materials, the Commission will obtain information indicating its importance in mili-

tary and civilian uses, statistics on United States production, imports, and exports, and statistics of exports from principal supplying countries, and will give consideration to the impact of war conditions on foreign supplies, the possibility of expansion in each foreign supplying country, and the probable quantity available to the United States during the emergency period.

At the request of the Office of the Administrator of Export Control, now part of the Economic Defense Board, the Commission assigned a number of its experts to serve on interdepartmental committees to make an intensive study of the possible effects of trade control on certain foreign countries. The Commission was represented on each of some 15 interdepartmental committees organized for this work, and provided chairmen for more than half of them. These committees prepared a series of reports which were submitted to the Administrator of Export Control. These reports covered a wide variety of products and necessitated the preparation of a large amount of material.

Trade statistics.—Of the numerous statistical tabulations and analyses made by the Commission during the year for various defense agencies, one of the largest was for the Administrator of Export Control. The statistics gathered covered all commodities of significance in the import trade of the United States. Figures were compiled for imports, annually in 1938, 1939, and 1940, of the principal commodities supplied by each foreign country, and by months, in 1939 and 1940, from principal sources, of each commodity which was of significance in the import trade of the United States.

Iron and steel.—The Commission has for some time lent to the Export Licensing Division of the Economic Defense Board, on a part-time basis, one of its senior experts on iron and steel. This expert first acted as consultant and assisted in organizing a unit to handle the licensing work. He has since become chief of the unit which passes on the export licensing of all iron and steel products.

Industrial conservation.—In response to a request from the newly organized Bureau of Industrial Conservation, Office of Production Management, the Commission has appointed a senior member of its staff to serve as adviser and liaison officer between that Bureau and the Tariff Commission. The Bureau will carry on an intensive "war against waste," for which undertaking the Commission will make available not only its accumulation of pertinent information, but also the part-time services of a substantial number of its professional staff.

Cooperation with Latin America.—Two of the Tariff Commissioners and a senior member of the staff have served on committees working toward improved relations between the United States and the Latin American countries.

COOPERATION WITH OTHER GOVERNMENT AGENCIES AND ASSISTANCE TO COMMITTEES OF CONGRESS

Section 334 of the Tariff Act of 1930 provides for cooperation between the Tariff Commission and other agencies of the Federal Government. Besides its contribution to the work of the national-defense agencies, the Commission has rendered assistance to various other branches of the Government and to Committees of Congress, either

by furnishing them technical information or by putting at their disposal the services of its professional staff.

Assistance to Committees of Congress.

During the year, some 20 bills and resolutions which came before various committees of the House of Representatives and the Senate, and which related directly or indirectly to the work of the Tariff Commission, were referred to the Commission for examination and comment.

The kind of information supplied by the Tariff Commission is indicated in the following paragraphs.

At the request of the Chairman of the Committee on Finance of the United States Senate, the Commission prepared a memorandum for use in the consideration of a bill to change the basis of allocation of deficiencies in Philippine sugar quotas. This memorandum was made part of the record of the Committee's hearing on that bill. It pointed out that about one-fourth of the Philippine sugar coming to the United States was then being transported in Japanese vessels, and that should the situation in the Far East become such as to cause Japan to divert her vessels to other uses, there would be a decided decrease in shipments from the Philippines unless other transportation facilities should be made available. The memorandum also called attention to the fact that the United States is a party to the International Agreement Regarding the Regulation of Production and Marketing of Sugar and made reference to the terms of that agreement.

The Committee on Finance referred to the Commission Senate bill 200, Seventy-seventh Congress, which is similar to Senate bills 4435 and 3327, Seventy-sixth Congress. This recent bill offers a substitute for the flexible-tariff provisions of the Tariff Act of 1930, and provides for the repeal of the Trade Agreements Act and the setting up of an Economic Defense Board in place of the Tariff Commission. In commenting on this bill, the Commission agreed that it is desirable to coordinate the foreign commercial and financial activities of the Government, and called attention to the action already being taken to that end in the establishment of interdepartmental committees. The Commission also pointed out that there are certain well-defined divisions of governmental work relating to foreign trade, one of which has to do with changes in duties and other import restrictions. The recognition of this fact has led to the creation by many foreign governments of tariff agencies more or less analogous to the United States Tariff Commission. Comments on the specific features of the bill were also included in the memorandum.

The Committee on Finance also referred to the Commission for its consideration a bill providing for the restriction of exports of certain classes of Douglas-fir and Port Orford cedar logs (S. 156, 77th Cong.). This bill provides specifically that Douglas-fir peeler logs may be exported only with the approval of the President and on the joint recommendation of the Secretaries of War, Navy, Commerce, and Agriculture, after application to the Secretary of Commerce; and prohibits the exportation of any size of Port Orford cedar logs. In the memorandum it submitted, the Commission gave detailed information concerning the uses of the two kinds of logs and the export and import trade in them, with supporting statistics. In conclusion, the Commission summarized the principal arguments of proponents

and opponents of similar legislation that had been considered in the 76th Congress.

One of the Commission's economists is now detailed to the House Committee investigating the migration of labor caused by the dislocation of industry in the organization for national defense.

The Commission has also detailed a senior accountant and a stenographer to the House Naval Affairs Investigating Committee. House Resolution 179, Seventy-seventh Congress, authorizes that Committee to call upon Government Departments or other agencies for personnel.

In addition to the foregoing, the Commission answered approximately 100 inquiries from senators or representatives. Some of these inquiries necessitated considerable work by the staff.

Assistance to other Government agencies.

Some of the more notable instances of cooperation between the Tariff Commission and other Government agencies are the following:

With the Department of State, in the trade-agreements program and in matters concerning inter-American affairs and trade with Japan. Details of the trade-agreements work will be found elsewhere in this report.

With the Department of the Treasury, by the detail of a senior member of the staff to assist in a study of the control of foreign funds.

With the Department of Commerce, by preparing data for its semi-annual Dye-Import List and for certain of the booklets, or "Commodity Statements," published for the Defense Conference on Consumer Goods held by that Department in May 1941.

With the Administrator of the Wage and Hour Division of the Department of Labor, by making for that Division an investigation of the products of the Puerto Rican needlework industry. A statement concerning the investigation appears elsewhere in this report.

With the Bureau of the Budget, by supplying certain basic information as to production, imports, and capacity of major industries of the United States, to be used in estimating the national income in 1942; also, with the Division of Statistical Standards of the Bureau of the Budget, in the work on the standard industrial classification and ownership code.

With the Administration in general, through representation on more than 60 different committees or interdepartmental subcommittees concerned with either the defense program or some other governmental activities. The more important of these committees are the Executive Committee on Commercial Policy, the Committee on Trade Agreements, the Committee for Reciprocity Information, the Advisory Committee to the Price Administrator, the Committee on Cooperation with American Republics, the Committee on the Post-War Economic Situation, the Committee on Inventory of the Nation's Food Resources, and the Joint United States-Canada Economic Committees.

Another phase of the Commission's cooperation with other agencies is represented by the assistance given them through the facilities of its library, which renders extensive service to libraries of defense and other agencies, as well as to individual Government employees. This service takes the form of reference work, bibliographical information, and loans from the Commission's large collection of technical books and periodicals. The library also maintains a list of foreign statistics available from other libraries.

Acknowledgment.

The Tariff Commission acknowledges its indebtedness to the various Government agencies for their cooperation in 1941, as in past years; especially the Department of State; the Department of the Treasury, particularly the Bureau of Customs; the Department of Agriculture; the several bureaus of the Department of Commerce; the Bureau of Mines, Department of the Interior; and the Library of Congress.

ACTIVITIES IN THE TRADE-AGREEMENTS PROGRAM**Trade agreements.**

During the past year the Tariff Commission has done a large amount of work on the reciprocal trade agreements. Members of the Commission and more than 50 persons on its staff serve on the various interdepartmental committees, made up of representatives from Government agencies concerned with foreign trade. Through its members on these various committees in the trade-agreements organization, the Tariff Commission participates in every phase of the trade-agreement work.

As part of the exploratory work for possible future agreements, the Tariff Commission makes detailed economic studies of the import trade with particular countries and of the competition between imports and domestic production of each commodity likely to be considered in the proposed negotiations.

The Department of State issued during the year notices of intention to undertake negotiations for trade agreements with Argentina, Uruguay, and Iceland, and for a supplemental agreement with Cuba. These were the second negotiations undertaken with Argentina and Uruguay. The negotiations first undertaken had been suspended in January 1940. The second negotiation with Uruguay is still pending. The negotiations with Iceland were only recently announced.

A second supplemental trade agreement with Canada was concluded and became effective in December 1940.

Agreement with Argentina.—A trade agreement with Argentina was signed on October 14 and became effective November 15, 1941. This is the twelfth of the agreements concluded with American republics and is a significant step in the program of cooperation among the American countries. Besides representing a deeper understanding between two leading trading nations of the Western Hemisphere, this accord provides for mutual tariff advantages designed to improve their trade during and after the present emergency.

In its general provisions the agreement gives to United States exporters the assurance of most-favored-nation treatment with regard to tariffs, exchange rates, and quotas, subject to certain limitations on the part of Argentina because of present world conditions. Assurances with respect to exchange which may be made available for the purchase of the United States products are also given in the agreement.

Specific concessions were granted by Argentina in the form of reductions or bindings of duties on 127 tariff items, covering products which in 1940 accounted for 30 percent of the total United States exports to Argentina. Among these products are fresh apples, pears, grapes, raisins, prunes, tobacco, motor vehicles and parts, mechanical

refrigerators, agricultural and industrial machinery, office appliances, and forest products.

Concessions were granted to Argentina in the form of duty reductions or assurance of the continuance of existing rates on 84 United States tariff items covering products which in 1938 and 1939 accounted for 93 percent and in 1940 about 75 percent of our total imports from Argentina. The principal concessions include reductions on flaxseed, casein, canned corned beef, hides and skins, coarse wools, quebracho extract, tallow, oleo oil, and oleo stearin. A separate schedule covers concessions on products of which our supply has been curtailed because of war conditions; the concessions are subject to withdrawal or modification on 6 months' notice by the United States at any time after the termination of hostilities between the United Kingdom and Germany. The principal products included in this schedule are wines and liqueurs, cheese of the Italian type, macaroni and similar products, and sunflower oil.

The agreement with Argentina includes certain special provisions not found in previous trade agreements, introduced because of the present abnormal conditions affecting international trade. Chief among these are (1) a provision for a mixed commission of representatives of the two Governments to consider all matters affecting the operation of the agreement and (2) a provision that a specified proportion of the tariff reductions granted by Argentina shall not become effective until Argentine customs revenue from imports in a calendar year equals 270 million paper pesos, approximately the average annual customs receipts for the 10-year period 1931-40.

The Commission is preparing for publication digests of trade data relating to the articles upon which the United States granted concessions in this agreement, and other information concerning the provisions of the agreement.

Negotiations with Cuba.—Negotiations looking toward a second supplementary trade agreement with Cuba have been in progress during the past year. Following the same procedure as in the negotiations for any new trade agreement, the Commission has cooperated fully with the interdepartmental trade-agreements organization, including the Committee for Reciprocity Information, in preparing and analyzing the pertinent trade and tariff data.

The first trade agreement with Cuba, signed August 24, 1934, provided for reciprocal concessions affecting the principal articles of trade moving in both directions. Cuba was granted substantial reductions in duty on sugar, tobacco and cigars, rum, certain fruits, winter vegetables, and other products; and the United States obtained duty reductions and other advantages for the important agricultural and manufactured products exported to Cuba, embracing more than 400 tariff items. This agreement, the first concluded under the Trade Agreements Act of June 12, 1934, differs from the agreements concluded with all other countries in that it is exclusive and preferential and as such continues the special preferential relations that have prevailed between the two countries since the establishment of the Republic of Cuba.

The 1934 concessions on Cuban cigar tobacco and cigars and on sugar having become ineffective by reason of the termination or suspension of the respective quota-control programs in the United States

(March 1936 and September 1939) ; a supplementary trade agreement was concluded with Cuba on December 18, 1939. The primary purpose of this agreement, which was limited in scope, was to restore in substance the concessions on Cuban sugar (the quota control of which was reestablished) and tobacco and thus to reestablish a more balanced reciprocity in trade-agreement concessions. It also provided for certain modifications of and additions to other provisions of the 1934 agreement in the light of actual trade developments over a period of 5 years.

The 1939 agreement was concluded largely without reference to possible repercussions of the European war on the commercial relations between the United States and Cuba. The present negotiations were instituted chiefly to determine steps in dealing with such repercussions. Notice of intention to reopen trade-agreement negotiations with Cuba was issued on July 26, 1941. Although only the articles contained in the published lists can come under consideration for the possible granting of concessions by the United States, virtually the whole extent of United States-Cuban trade had been examined in exploring the possible bases of a further agreement before the lists were issued. The public hearing on the proposed second supplementary trade agreement with Cuba was held September 8 to 10, 1941.

Trade agreements concluded.—Reciprocal trade agreements have been concluded with 22 countries since the enactment of the Trade Agreements Act in June 1934. A list of the countries with which these agreements have been entered into follows:

TRADE AGREEMENTS CONCLUDED PRIOR TO NOVEMBER 15, 1941

| <i>Country</i> | <i>Effective date</i> |
|---|-----------------------|
| Argentina..... | Nov. 15, 1941. |
| Belgium..... | May 1, 1935. |
| Brazil..... | Jan. 1, 1936. |
| Canada ¹ | Jan. 1, 1936. |
| Canada..... | Jan. 1, 1939. |
| Supplemental Canadian agreement ¹ | Jan. 1, 1940. |
| Supplemental Canadian agreement..... | Dec. 20, 1940. |
| Colombia..... | May 20, 1936. |
| Costa Rica..... | Aug. 2, 1937. |
| Cuba..... | Sept. 3, 1934. |
| Supplemental Cuban agreement..... | Dec. 23, 1939. |
| Czechoslovakia ² | Apr. 16, 1938. |
| El Salvador..... | May 31, 1937. |
| Ecuador..... | Oct. 23, 1938. |
| Finland..... | Nov. 2, 1936. |
| France, and its colonies, dependencies, and protectorates other than Morocco..... | June 15, 1936. |
| Guatemala..... | June 15, 1936. |
| Haiti..... | June 3, 1935. |
| Honduras..... | Mar. 2, 1936. |
| Netherlands, including Netherlands Indies, Netherlands Guiana, and Netherlands West Indies..... | Feb. 1, 1936. |
| Nicaragua ³ | Oct. 1, 1936. |
| Sweden..... | Aug. 5, 1935. |
| Switzerland..... | Feb. 15, 1936. |
| Turkey..... | May 5, 1939. |
| United Kingdom..... | Jan. 1, 1939. |
| Venezuela..... | Dec. 16, 1939. |

¹ Superseded by a second agreement.
² Duty concessions terminated on Apr. 22, 1939.
³ Duty concessions terminated on Mar. 10, 1938.

Assistance to the Committee for Reciprocity Information.

The Committee for Reciprocity Information was created by order of the President in 1934 to receive information from interested parties concerning proposed trade agreements, or agreements already in force. Representatives from the Departments of State, Treasury, Agriculture, and Commerce and from the Tariff Commission are members of the Committee. The Vice Chairman of the Tariff Commission, Mr. Oscar B. Ryder, is Chairman of the Committee. In addition to cooperating with this Committee in technical matters, the Commission assigns persons on its staff to handle the administrative and clerical work of the Committee.

With the announcement that negotiations are to be entered into with any country, a public notice is given that the Committee for Reciprocity Information invites written presentation of views, and that upon request such presentation may be supplemented orally at a public hearing to be held by the Committee on a given date. After an agreement has been consummated, the Committee receives oral or written representations regarding its operations as they affect the producing, export, and import industries of the United States.

Digests of the data received by the Committee are made by experts on the staff of the Tariff Commission, and copies are supplied not only to the members of the Committee for Reciprocity Information, but also to others concerned with the negotiations for an agreement.

On May 13, 1941, notice was issued by the Department of State of intention to enter into negotiations for trade agreements with Argentina and Uruguay, and on June 23, 1941, public hearings were held by the Committee on Reciprocity Information. Over 250 sworn statements containing information for consideration in these negotiations were received by the Committee, and there were some 65 appearances at the hearing. An agreement with Argentina was signed, effective November 15, 1941. The negotiations with Uruguay are still pending.

Announcement of proposed negotiations for a second supplemental trade agreement with Cuba was made July 26, 1941, and a public hearing was held September 8. Approximately 93 statements were filed for consideration in these negotiations and there were 36 appearances at the hearing.

The Department of State announced on November 17, 1941, that negotiations for a trade agreement with Iceland would be undertaken. A public hearing will be held on December 15, 1941.

All of the material incident to the above-mentioned hearings was handled by members of the staff detailed from the Tariff Commission.

**ACTIVITIES UNDER SECTION 332 OF THE TARIFF ACT OF 1930
(GENERAL POWERS)****COMPLETED REPORTS**

Section 332 of the Tariff Act of 1930 reenacted the basic functions of the Tariff Commission as set forth in the act creating the Commission and as expanded by section 318 of the Tariff Act of 1922. Reports issued by the Commission during the past year, prepared pursuant to the provisions of this section, are summarized below.

The Foreign Trade of Latin America.

All sections of the Commission's report on The Foreign Trade of Latin America have now been issued. The report consists of three parts and a supplement, and was issued in 23 separate sections.

Part I, entitled "Trade of Latin America With the World and With the United States," deals with Latin America as a whole; it contains a short description of the area, a consideration of the commercial policies of the Latin American countries, an examination of their total trade with the world and with the United States, and an analysis of special problems in their foreign trade, including those arising out of the present European war.

Part II, entitled "Commercial Policies and Trade Relations of Individual Latin American Countries," consists of 20 separate sections and is a survey of the commercial policy and the foreign trade of each of the 20 countries, with special emphasis on the trends, composition, and destination of exports, and the trends, composition, and sources of imports. In addition, each section contains an analysis of the trade of the United States with the country under discussion.

Part III, issued in two volumes, is entitled "Selected Latin American Export Commodities," and deals individually with approximately 30 such commodities, for each of which there is a discussion of production, exports, trade barriers, competitive conditions, and the effects of the war.

A supplement to the report includes selected data relating to the trade of the 20 Latin American countries. Among the topics covered in the supplement are export and import valuation systems, nature of the trade statistics, systems of weights and measures, monetary units employed, conversion factors, and primary sources of the trade statistics.

Inasmuch as an understanding of the commercial policies and trade relations of the American Republics is essential to the promotion of hemisphere solidarity and defense, this report is of special importance. It has had wide distribution throughout the Latin American countries, as well as in the United States. Part I of the report was translated into Spanish and made available to the Habana Conference in 1940. As a result of the interest displayed in the report by persons in the Latin American countries the Office of the Coordinator of Inter-American Affairs and the Tariff Commission are sponsoring the translation of the entire report into Spanish.

Latin America as a Source of Strategic and Other Essential Materials.

The Commission's report on Latin America as a Source of Strategic and Other Essential Materials presents basic data on production and trade for 40 selected strategic and other essential commodities which can or might be obtained in part or in whole from Latin America. For its requirements of these products the United States is dependent either wholly or partially upon imports. Not all of the commodities listed as strategic have been included, inasmuch as certain of them cannot be secured in Latin America. This is either because the natural resources required for their production do not exist there, or because the technical equipment and skill necessary to produce them are not available. Certain other commodities, though not considered strategic, have been included because they are essential in the production of

industrial and defense equipment and of materials for military and civilian use. Still others were added because they are important in the diet and health of the nation.

Some of the commodities included in this report had also been covered by part III of the Commission's report entitled "The Foreign Trade of Latin America." The repetition seems desirable, as it makes each report complete within itself. Moreover, in reproducing the analyses of these commodities it was possible to insert later data pertaining to United States imports, prices, and the effects of the war.

For each commodity covered by this report there are sections dealing with the position of Latin America in world production and in world exports. A section dealing with United States imports shows the position of Latin America as a supplier of this market. Sections relating to competitive conditions and prices and to the effects of the war complete each analysis. For most of the products, data on world production and world exports are not available after 1938, but statistics showing United States imports and prices are carried through the year 1940.

The foreign trade of the Latin American countries has been seriously affected by the outbreak of war. Markets in continental Europe which formerly accounted for one-third of the foreign trade of these countries are no longer open to them. The loss of markets, the scarcity of shipping, and the resulting accumulation of surpluses have depressed the prices of many products and have reduced the purchasing power of the people of Latin America. These developments are of grave concern to all the nations of the Western Hemisphere because of the mutual interest of these nations in hemisphere solidarity and their mutual dependence upon hemisphere defense. Many problems resulting from the war would be solved, at least in part, if trade between the American Republics could be expanded. In presenting an analysis of the strategic and other essential materials which the United States may obtain from Latin America, this report gives consideration to one phase of the expansion of hemisphere trade. Latin American economy and trade have already been affected by the demand recently created in the United States for a number of commodities essential to the promotion of national defense.

Among the strategic or critical commodities not obtainable from Latin America are nickel and asbestos, both of which this country obtains from Canada; optical glass, imports of which were formerly obtained from Germany and France; and silk, of which the sources are Japan and China.

For a second group of commodities, Latin America is a source of limited and inadequate supplies; the inadequacy in some cases is qualitative as well as quantitative. Among these products are chrome ore, cinchona bark, flax fiber, hemp fiber (other than abacá), industrial diamonds, manganese, mica, platinum, sheep and goat skins, titanium, and zirconium. For most of these, the United States is dependent wholly or chiefly on imports. Latin American countries may be able to increase their production of several of these commodities and may send increasing quantities to the United States. It appears unlikely, however, that they will in the near future be able to supply a large part of United States requirements.

For a third and important group of commodities, Latin American countries are the principal, and in many instances the only source

of United States imports. They provide approximately one-half of all the imports of cacao beans, cattle hides, amorphous graphite, tungsten, and wool, and supply all or nearly all of the imports of a large number of products, including antimony, babassu nuts, bauxite, beryllium, castor beans, coffee, copper, flaxseed, henequen, iodine, quartz crystal, quebracho extract, sodium nitrate, vanadium, and zinc. For some of these the United States is mainly, if not entirely, dependent on imports; others, notably cattle hides, flaxseed, wool, bauxite, copper, nitrates, and zinc, the United States produces in large quantities, but relies upon imports to supplement its production, especially when the demand is great.

A fourth group of commodities is not now obtained in important quantities from Latin America, although they are, or might be, produced there. In this group are such strategically important products as rubber, tin, abacá (manila hemp), copra, jute, palm oil, and kapok, none of which is produced in the United States. The possibility that the United States, because of the war, might be cut off from its customary sources of supply for these essential materials has aroused interest in projects to initiate, or increase, the production of them in Latin America. Moreover, apart from considerations of emergency, such projects may be contemplated as a means of permanently increasing trade with Latin America, because increased imports from that region would make possible increased exports to it.

Projects of this nature obviously require careful examination. In their relation to possible emergency conditions resulting from the war, the time factor must be taken into account. Unless the product can be made available within a reasonably short period, the project will presumably be of little or no immediate utility. Rubber trees, for example, do not reach bearing age for at least 7 years after planting. From the standpoint of defense requirements, also, the adequacy of the proposed new supply in terms of both quantity and quality should be considered; this is especially true of minerals, the potential output of which depends on the extent and character of the deposits in Latin America. Costs of production are another major factor to be considered.

Particularly important is the problem of post-war markets for the product of any Latin American industry begun or expanded at this time. If, after an interruption of trade during the war, the countries that have hitherto been the main suppliers of United States imports should again become available sources, there is danger that their output, along with that developed in Latin American countries, will greatly exceed demand, and result in ruinous prices, the displacement of labor, and the loss of invested capital. Latin America would suffer from such conditions even if the costs of production of the commodity there proved to be as low as elsewhere. The situation would be especially grave for Latin America if post-war costs of producing the commodity there should prove to be substantially higher than those of customary sources of supply. Under such conditions, competition might destroy the Latin American industry entirely unless it should be subsidized in some way. Of course, if the Latin American countries prove to be more efficient

than other producing countries, they may ultimately dominate a large part of the market.

If, after the war, the United States should continue to purchase from Latin America large quantities of products hitherto imported predominantly from other sources, it would doubtless be able to export more goods to Latin America than would otherwise be possible. Under such circumstances, however, unless total trade increased, purchases from other areas would be reduced and exports to areas other than Latin America would consequently decline. The effect on total exports would depend on many circumstances which cannot now be foreseen.

There are many opportunities to increase the trade of the United States with the Latin American countries in commodities which are, or can be, efficiently produced there. Trade developed on such a basis would give promise of permanence and mutual benefit. The report contains information concerning some commodities the trade in which might profitably be expanded, and indicates some that are less promising.

Reference Manual of Latin American Commercial Treaties (Spanish edition).

Among the general powers conferred upon the Commission by section 332 of the act of 1930 is that of investigating commercial treaties. As a preliminary to investigation under these powers, the Commission keeps a current record of the commercial treaties concluded by all countries of the world.

The increasing importance of inter-American trade led the Commission to publish in 1940 a reference manual of Latin American commercial treaties. The manual lists the commercial treaties and agreements (with their principal features) negotiated by the 20 Latin American countries during the entire period of their history. Because of the many requests for a Spanish translation of this manual, an edition in Spanish was issued in March 1941.

War and Its Effect on United States Imports.

In December 1940, the Commission issued a report, *War and Its Effect on United States Imports*, the main part of which presents detailed statistics on United States imports, with a discussion of domestic production and requirements and the possible effect of any interference with or stoppage of foreign supplies on this country's economy. The report covers 228 commodities selected on the basis of their importance in the trade, that is, articles the imports of which were valued at more than \$1,000,000 in any recent year; it also covers other materials listed by the Army and Navy Munitions Board as strategic and critical, as well as certain other commodities essential to the national economy.

In the first year (September 1939–August 1940) following the outbreak of the war in Europe, total imports into the United States increased because of a marked expansion in this country's purchases of raw materials, principally in Asia, and to a lesser extent in Canada, Latin America, Africa, and Oceania. Much of the increased demand was as a direct or indirect result of the war. Record-breaking imports of crude rubber, exceptionally large entries of wool and silk, together with substantially larger receipts of tin, copper, nickel, and other metals accounted for a large part of the increase. Imports of

many other products, such as textile manufactures, lumber, paper, tea, coffee, sugar, and whisky also increased. The efforts of the Government to accumulate reserve supplies essential to defense were reflected in increased imports of crude rubber, manganese, tungsten, mica, and a few other articles. Improved business conditions in this country and the desire of the domestic industry to accumulate inventories of imported materials also greatly influenced the import trade.

This report supplemented an earlier report entitled "The European War and United States Imports," which provided a basis for estimating the changes in the import trade expected to result from the war and their effect on the economy of this country.

Italian Commercial Policy and Foreign Trade, 1922-40.

The contents of this report, issued in July 1941, were described in the Commission's twenty-fourth annual report (pp. 21-24). The period covered extends from the beginning of the Fascist regime in 1922 to the country's entry into the war in June 1940. During these years, sweeping changes in Italian commercial policy and far-reaching shifts in international trade occurred as a result of Italy's adoption of policies aiming at a high degree of national economic self-sufficiency and of military power.

The report is in four parts. The first consists of a description of the general characteristics of the Italian economy and of the main features of Fascist economic policy. This is followed by a statement of the reasons for the adoption by Italy of a system of trade and exchange controls, and a discussion of the nature and operation of such techniques of control as import quotas, import licenses and monopolies, export restrictions, and payment, clearing, and compensation agreements. The third part of the report analyzes Italian foreign trade and United States-Italian trade in recent years, and discusses the recent trade position of the eight commodities most important in United States-Italian commerce. The last part summarizes the findings of the report and discusses the results of recent Italian commercial policy. The six appendixes contain the text of the temporary commercial agreement in force between the United States and Italy, detailed statistical data on the principal Italian imports and exports and on the trade between Italy and its dependencies, detailed statistics on all important United States exports to Italy and imports therefrom, and a study of Italy's price and quantity terms of trade from 1925 to 1938.

Besides discussing such topics as Italian trade policy during the Ethiopian War and the period of League of Nations sanctions, the organization and operation of the Italian trade and exchange-control system, and the recent course of Italy's foreign commerce, the report gives an account of United States trade with Italy during the last two decades and a comprehensive analysis of the principal problems that arose in the trade relations of the two countries immediately before the present war.

Regulation of Imports by Executive Action.

Early in 1940 the Tariff Commission prepared a brief report on the regulation of tariffs in foreign countries by Executive action. After the extension of the Trade Agreements Act, the Commission decided to expand and publish the report. Essentially, a revised edition of

former publications issued under the title "Regulation of Tariffs in Foreign Countries by Administrative Action," the last of which indicated, for most countries, the situation only to July 1, 1934, the present report shows the extent to which all countries with independent tariff jurisdiction resorted to executive control of import duties in the period between the two world wars. Most of the changes between August 1939 and the end of 1940 are also noted, although no attempt is made to follow developments in any country after its occupation by a foreign power.

An introduction comments briefly on the general trend toward delegation to the Executive of power to control imports through the tariff or other devices, on the significance of legislative approval of actions taken under such authorization when such approval is required, and on the composition and status of legislatures in certain countries where the Executive has become all powerful. The introduction includes also a summary table showing the pre-war situation with regard to tariff powers of the Executive in the various countries.

The object of the report is to show the extent to which the laws provide for executive control over import trade rather than the actual way in which such control has been exercised. Country by country, in alphabetical order, there are set forth the authorizations, with or without limitations, which the Executive may invoke to change import duties, either autonomously or through trade agreements; and, in order that these tariff powers may be seen in proper perspective, the nontariff import controls of each country, especially quotas, import permits, and foreign-exchange control are briefly summarized.

Industries Affected by Trade Agreements.

In 1940 the Commission issued the first of a series of 31 reports on United States industries affected by the trade agreements, and in February 1941 the last of the series was made available for distribution. Each report summarizes for the industry or group of industries concerned the principal tariff concessions granted by the United States and those obtained from foreign countries. For each industry covered, there are given statistics of United States production, exports, and imports of all products combined and of major individual commodities. The statistics are for representative years beginning with 1929 and distinguish between concession and nonconcession items. The proportion of the United States market supplied by imports and the proportion of the United States production sold abroad in the years before and after the trade agreements are also shown. The data afford a basis for estimating the effects of the reciprocal trade agreements on each industry.

The subjects covered in this series are:

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| Alcoholic beverages. | Flax and hemp fibers and manufactures. |
| Business machines and metal furniture and fixtures. | Forest products. |
| Cotton and cotton manufactures. | Fruit and fruit products. |
| Cattle, sheep, and poultry. | Glass and glassware. |
| Cement and concrete products. | Grain and grain products. |
| Dairy products. | Hogs and hog products. |
| Fats, oils, waxes, and oil-bearing materials. | Iron and steel. |
| Feeds and fodders. | Lace and lace articles. |
| Fishery products. | Leather. |
| | Leather footwear. |

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| Paper base stock, paper, and converted paper products. | Textile machinery. |
| Petroleum and petroleum products. | Tobacco and tobacco manufactures. |
| Pottery. | Transportation equipment. |
| Seeds (other than oilseeds), bulbs, and nursery and greenhouse products. | Vegetables and vegetable products. |
| Starches and dextrines. | Watches, clocks, and precision instruments and apparatus. |
| Sugar. | Woolen and worsted goods. |

United States Imports From Japan and Their Relation to the Defense Program and to the Economy of the Country.

Developments during the year caused imports from Japan to decline so sharply as to give rise to the question of what effect a complete cessation of imports from Japan would have on the defense program of the nation and on the general economy of the country. The Tariff Commission accordingly undertook the preparation of a report on this subject. The Commission's fund of relevant material enabled it to complete the report expeditiously and to release it early in September, by which time public interest in the subject had become especially pronounced because of the almost complete cessation of imports from Japan resulting from the issuance of the President's order of July 26, 1941, freezing Japanese assets in the United States.

The report covers all imports from Japan which amounted to as much as \$250,000 in 1940 or \$500,000 in the preceding year, as well as a number of other articles important for various reasons, such as for national defense. The commodities included represented about 90 percent of total value of imports from Japan in 1940 and in the first 5 months of 1941.

Each commodity or class of commodities is treated in a separate section, describing the commodity and indicating its principal defense and civilian uses. The competitive situation is outlined and there are presented the principal economic data pertinent to the problems which would be created by a complete stoppage of imports from Japan. Although the report discusses separately the classes of domestic interests (importers, defense and other manufacturing industries, workers, and consumers) that would probably be affected by such a stoppage, it emphasizes the extent to which the economy of the country as a whole would be affected. However, where the vital interests of a substantial section of the population seem likely to be affected—as by the cessation of imports of raw silk—even though no great injury appears in prospect for the country as a whole, appropriate space is devoted to a discussion of the impact of the cessation on that particular product.

The principal conclusions of the report as to the effect of a complete cessation of imports from Japan are as follows:

(1) The aggregate effect on the economy of the United States as a whole would be slight.

(2) The defense program would not be interfered with to any appreciable degree.

(3) The health of the people would not be affected.

(4) Certain domestic industries which have been using imported material (notably the full-fashioned-hosiery industry) would be adversely affected; but certain others producing articles competitive with imports from Japan (the fish-canning and electric-lamp industries, for example) would be benefited. Most of the unemployment in the industries adversely affected would probably be short-lived

because of the large and increasing demand for workers in other industries.

(5) The public interest might require that the Federal Government take measures both to facilitate readjustments in the few industries that would be seriously affected and to prevent any unwarranted increase in prices by domestic interests in a position to profit from a stoppage of imports from Japan, either in consequence of having accumulated stocks of imported goods or because they control the production or supply of substitute materials.

(6) Present users of silk hosiery would be the principal consumer interests affected. For at least a limited time, aggregate consumption of full-fashioned hosiery would have to be sharply reduced. However, after necessary readjustments were made by the hosiery industry and by the suppliers of yarn (which would probably require about a year), domestic production of hosiery of fibers other than silk would probably be sufficient to supply the bulk of the country's requirements.

(7) Consumers of such semiluxury Japanese products as crab meat, swordfish, and mink furs constitute only a small fraction of the population, and one whose income would permit substitution of other articles.

(8) Consumers of low-priced Japanese manufactured articles (cotton manufacturers, hat bodies, slide fasteners, chinaware, electric lamps, etc.) would generally be obliged either to curtail their consumption of such goods or to purchase higher-priced substitutes. Purchases of such Japanese articles, however, do not account for an important part of the total expenditures even of persons in the very low income brackets. Moreover, the substitution of higher-priced articles would, in a number of instances, prove economical because of their superior quality.

(9) The extent and rapidity with which domestic substitutes could replace certain imports from Japan would depend on the domestic availability of materials some of which are now subject to priorities.

Possibilities of Producing Rubber in the United States and Rubber Conservation.¹

In September 1941 the Tariff Commission issued a report concerning the various methods of conserving rubber supplies and the feasibility of producing natural and synthetic rubber in the United States. At present, crude rubber is not produced in the United States, and in 1940, imports amounted to more than 800,000 long tons, valued at more than \$300,000,000. Crude rubber is used in the production of many articles necessary for civilian use and for national defense and is classified by the Army and Navy Munitions Board as a strategic material. The present emergency, particularly as regards shipping, raises the problem of rubber conservation and of producing in the United States (or elsewhere in the Western Hemisphere) both natural and synthetic rubber. The Commission had already considered the possibilities of an increase in production of natural rubber in Latin America in its report on Latin America as a source of strategic and critical materials; this report, therefore, is confined to the problem of the conservation and production of rubber in the United States.

¹ In 1939, the Commission issued a report on crude rubber, summarizing the situation at that time with special reference to the effect of war conditions on United States imports. A revised edition of the report was issued in November 1940.

The report points out that there are numerous methods of conserving rubber, the most important being the production of reclaimed rubber from scrap rubber and the retreading of used tires. It is estimated that at least 225,000 long tons of rubber—one-third of our annual consumption—might be saved by the increased use of these two methods. Rubber conservation alone, however, would not suffice if imports of crude rubber from the Far East were cut off or greatly reduced, particularly since stocks in the United States in September 1941 were sufficient to operate the rubber-manufacturing industry for only about 8 months at the rate of consumption at that time. In recognition of this deficiency, the Reconstruction Finance Corporation has already advanced a total of 11 million dollars to four large rubber-manufacturing companies for the construction of synthetic-rubber plants; far greater investments would be necessary to make possible the production of a really large tonnage of rubber. Many persons in the trade, moreover, suggest that the Government should also advance funds for the production in this country of natural rubber from the guayule plant, an indigenous rubber-producing plant that can be cultivated in certain parts of the United States.

The report gives information on the costs of producing synthetic and guayule rubber in the United States, the capital that would be required, and the time it would take to reach a substantial output. Synthetic and guayule rubber cannot, under present conditions, be produced as cheaply in the United States as crude rubber can be produced in the Far East and shipped to the United States. A large capital investment and considerable time would be required to produce either synthetic or guayule rubber extensively in this country.

Earthen Floor and Wall Tiles.

In April 1941, the Commission published an economic survey of the earthen floor and wall tile industry in the United States and in other important producing countries.

The survey deals with fired clay tiles, dutiable under paragraph 202 of the Tariff Act of 1930, these being the most important earthen tiles imported into the United States. Covered in detail in the survey are such economic aspects of the industry as the effects of tariff on the trade in floor and wall tiles, problems in marketing (including competition from substitute materials), an analysis of production costs, and international trade in tiles. Considerable space is given to differentiating the many types of floor and wall tiles and to describing the various processes of manufacture.

In view of the restrictions now being placed on the use of certain building materials, mainly those of metal, Federal and other officials are canvassing the field of possible substitutes. Among these, clay building materials are one of the most promising groups of products. Earthen tiles offer possibilities of assistance in relieving the strain on the nation's metal supply; for example, built-in bathtubs or tile showers might be substituted for metal articles of similar use.

Hogs and Hog Products.

A comprehensive survey entitled "Hogs and Hog Products," published by the Commission late in 1941, covers economic and competitive aspects of the domestic hog industry and the international trade in hogs and hog products. The survey deals with the commodities

dutiable under paragraph 703 of the Tariff Act of 1930. It is divided into two parts, supplemented by several appendixes and a glossary.

Part I deals with the domestic industry and gives the history of hog raising, discusses the packing and marketing of pork products, and traces the rise and decline of the country's foreign trade in such products. Production in this country is large. In several years the slaughter of hogs exceeded 70 million head and the production of pork 9 billion pounds, not including 1.5 billion pounds of lard. For many years the United States was the outstanding world exporter of these products, in 1919 exporting more than 2.5 billion pounds of pork and lard. However, by 1937, a year which followed a widespread drought, exports of pork had dropped to about 63 million pounds and those of lard to about 137 million pounds. In that year (1937), in fact, imports of pork exceeded exports. Thereafter, however, exports increased materially and imports declined.

The survey presents an analysis of the effects of trade agreements on United States foreign trade in hogs and hog products. The relationships between prices of various kinds of meats and between hogs, pork, and corn are discussed at some length. Lastly, part I briefly summarizes the competitive conditions affecting hogs and hog products.

Part II deals with the production and trade of the principal foreign countries that import or export hogs and hog products. In most years prior to 1929, the United States exported more pork products, including lard, than all other countries combined. Changes in production and trade in these commodities in foreign countries were of great concern to hog producers and pork packers and exporters in the United States. The report does not attempt to cover conditions that have developed since the beginning of the present war.

The survey has several appendixes that contain material germane to the subjects treated, and concludes with a glossary of technical terms. The appendixes include (1) statistical data relating to the production, trade, and prices of hogs and hog products; (2) the quota allocations of pork made by the United Kingdom; (3) a list of the various cuts of pork with their weights and yields; (4) the United States Government regulations concerning imports of live animals and meats; and (5) detailed information on the control of production and trade in certain European countries.

Synthetic Organic Chemicals, United States Production and Sales, 1940.

The Commission has, since 1918, gathered statistics and reported on the production and sales of synthetic organic chemicals.

Among the important products covered in the 1941 report are toluol and phenol—basic raw materials for military explosives; urea, formaldehyde, styrene, phenolic compounds, and acrylates—some of the basic materials used in the manufacture of resins and plastics; such chemotherapeutic agents as sulfapyridine, sulfathiazole, and sulfanilamide; and synthetic vitamins, such as ascorbic acid and nicotinic acid amide.

Statistics compiled from the returns of 314 companies show that the production and sales of synthetic organic chemicals in 1940 exceeded those of any previous year. Total sales were valued at \$484,-

000,000, an increase of 26 percent over 1939, the peak year up to that time. The sales value of synthetic chemicals of coal-tar origin increased from \$184,645,000 in 1939 to \$218,110,000 in 1940, or 18 percent, and those of non-coal-tar origin from \$199,698,000 to \$265,307,000, or 33 percent.

Greater demand for refined coal-tar products led to an increase in the production of the coal-tar crudes. The output of tar in 1940 was 673,287,000 gallons, as compared with 554,406,000 gallons in 1939. The use of toluene in the manufacture of the military explosive TNT probably accounts for the peak production of 30,440,000 gallons of toluene in 1940.

Intermediates made from coal-tar crudes and used in the manufacture of dyes and other finished coal-tar products were produced to the amount of 805,807,000 pounds in 1940. The output of the principal coal-tar intermediates in 1940 was as follows: Refined naphthalene, 58,250,000 pounds; aniline oil, 55,720,000 pounds; nitrobenzene, 69,105,000 pounds; phthalic acid and anhydride, 57,946,000 pounds, and synthetic and natural phenol, 96,155,000 pounds. Phenol is an essential war material used in the manufacture of picric acid explosives.

Finished coal-tar dyes produced in 1940 totaled 127,834,000 pounds, and sales were 122,677,000 pounds, valued at \$76,432,000, or 62 cents per pound.

Medicinals, both coal-tar and non-coal-tar, were produced and sold in greater quantities in 1940 than in 1939. Of those made from coal tar, aspirin and salicylic acid accounted for 63 percent, in terms of quantity. The output of sulfapyridine in 1940 was 102,196 pounds, and that of sulfanilamide was 543,802 pounds, a decrease of 23 percent. Sales of sulfathiazole were 91,907 pounds. Nicotinic acid amide, a vitamin used as a pellagra preventive, was produced in the amount of 3,791 pounds in 1940, and ascorbic acid (vitamin C) in the amount of 33,373 pounds.

The production of synthetic resins and plastic materials reached an all-time peak in 1940, the increase being due in part to the demand for such materials for use in construction and as surface coatings. Of the total output of resins, those made from coal tar amounted to 222,943,000 pounds, 24 percent more than in 1939, and those of non-coal-tar origin amounted to 53,871,000 pounds, or 60 percent more than in 1939. The resin produced in largest quantity was phthalic anhydride, the output of which amounted to 91,446,000 pounds.

The output of miscellaneous non-coal-tar chemicals, which are chiefly solvents and raw materials for manufacturing other products, increased in 1940 nearly 1 billion pounds, or 29.3 percent above that of 1939. Prominent in this group are synthetic acetone, methanol, camphor, tetraethyl lead, acetic acid and anhydride, and vinyl chloride, all of which have military uses.

These data on synthetic organic chemicals are of great value in planning production of materials for defense purposes and in estimating anticipated shortages.

Analysis of Imports of Miscellaneous Chemicals, 1939 and 1940.

The Tariff Commission issued during the year two statistical analyses of the chemicals dutiable under paragraph 5 of the Tariff Act of 1930. These analyses are limited to imports through the port of New

York and to commodities entered to the value of \$1,000 or more each in 1939 and 1940. (The bulk of total imports enters through the New York district.) Paragraph 5 is the general provision or so-called basket clause for miscellaneous chemical and medicinal products not specially provided for elsewhere in the tariff act.

The Commission has made analyses of imports of miscellaneous chemicals annually since 1930. The detailed information thus obtained is not available elsewhere. It has been particularly valuable to the Army and Navy Munitions Board and to the various defense agencies, inasmuch as it includes import data on atropine, belladonna extract, thallium sulfate, and many other medicinal and chemical products not separately classified in import statistics.

The value of the imports analyzed for the year 1939 and \$969,513. The most important commodities were a pyrimidin derivative, an intermediate used in the manufacture of vitamin B₁; and ajinomoto, a seasoning with a meatlike flavor. The imports of these two items were valued at \$93,135 and \$75,135, respectively. In 1939, Switzerland was the principal source of imports of these miscellaneous chemicals and medicinals, supplying almost half by value of the total United States imports of these classes. Germany was the second most important source, Japan the third, and the United Kingdom the fourth.

In the analysis of miscellaneous chemicals imported in 1940, the value of the commodities covered was \$604,455. The report shows the quantity and value of each item valued at \$1,000 or more and its country of origin. For these imports, Switzerland was the principal source, the United Kingdom the second, Germany the third, and France the fourth. On a value basis, the principal commodities entered in 1940 were the pyrimidin intermediate for the manufacture of vitamin B₁, testosterone propionate, and Gynergen (ergotamine tartrate). The imports of these three items, obtained chiefly from Switzerland, were valued at \$101,013, \$60,295, and \$59,882, respectively.

Acknowledgment is here made of the assistance rendered by the Work Projects Administration in compiling the statistics shown in these analyses.

Analysis of Imports of Miscellaneous Crude Drugs in 1939.

The Commission issued a statistical analysis of certain crude drugs imported under paragraph 1669 of the Tariff Act of 1930, and entered through the New York customs district in 1939. These classifications include imports of crude, inedible drugs of vegetable and animal origin, not elsewhere specified in import statistics. A tabulation was made for imports of all commodities valued at \$500 or more, by quantity and value and by country of origin. This tabulation was made at the request of the Army and Navy Munitions Board. In the compilation of the data, the Commission had the assistance of the Work Projects Administration.

The total value of all imports covered in this analysis was \$634,841. Japan was the principal source, the Netherlands the second, and Italy the third. The entries from Japan consisted largely of frozen tuna-fish livers, which contain a vitamin-bearing oil. The principal imports from the Netherlands were sterols, used as a base in the manufacture of vitamin D. Red squill root, a poison for rodents but harmless to human beings and to domestic animals, and uva ursi leaves, a valuable diuretic, were the chief crude drugs imported from Italy.

Cumulative Supplement to Changes in Import Duties Since the Passage of the Tariff Act of 1930.

In order to have at hand a ready reference volume showing changes in tariff rates, either through trade agreements or by other administrative action, as well as changes effected by legislation, the Commission compiled a report entitled "Changes in Import Duties Since the Passage of the Tariff Act of 1930." The latest printed edition was issued in January 1939. A cumulative supplement to that edition, issued in May 1941, shows all additional changes in rates that occurred to that date. To keep this compilation up to date, the Commission proposes to publish other cumulative supplements from time to time.

Supplement to List of Tariff Commission Publications.

In 1939 the Commission issued a revised list of its publications. To facilitate reference to the subjects covered by the 500 or more publications of the Tariff Commission, three classifications are made. Section A lists the publications alphabetically by commodity or other title. Section B groups them according to the schedules of the Tariff Act of 1930, which results in a commodity arrangement. Section C lists publications not classifiable by the tariff schedules. Each section shows the year the publication was issued, the number of pages, and the cost per copy when purchased from the Superintendent of Documents of the Government Printing Office.

In February 1941 a supplement to this list was prepared, which included the more recent publications.

United States Imports From Asia, 1938 to 1940.

Under this title the Commission compiled, for 1938 to 1940, statistics showing the United States imports of 237 commodities, of which Asia is the principal source, and the ratio that such commodities bear to total imports from Asia. Summary tables show such statistics by geographic regions, and tables for individual commodities show by geographic divisions, 1938-40, imports of the particular commodity from Asia and from all countries. The imports of these 237 commodities accounted for 95 percent of the total imports from Asia in 1940. A map indicates the geographic grouping of countries, and a chart shows the total imports supplied in 1940 by each continent and by the principal Asiatic countries.

United States Imports for Consumption of the Principal Commodities Imported From Japan in 1939.

This tabulation was designed to bring up to date the principal table of the report of the Commission on "Recent Developments in the Foreign Trade of Japan," published in 1936.

For each commodity of which the imports from Japan in 1939 were valued at \$50,000 or more, statistics are given for imports from all countries and from Japan in each year 1935 to 1940, together with the applicable rate of duty and the equivalent ad valorem rate. The arrangement of the 138 commodities, which account for 96 percent of the total imports from Japan in 1939, is according to the paragraphs of the Tariff Act of 1930. Imports from all countries and from Japan of commodities of lesser importance in the trade with Japan are shown in a second table.

Current Imports for Consumption of Strategic and Critical Materials.

A series of tables of recent statistics of imports of materials considered by the Army and Navy Munitions Board as being of strategic

or critical importance was released by the Commission in June 1941. The tables show United States imports for consumption by principal sources during the calendar years 1938, 1939, and 1940. They also include figures of imports from all sources by months beginning September 1938 and ending August 1939, and by months and principal sources from September 1939 to April 1941. These tables make it possible to compare imports of these materials in each month since the outbreak of hostilities with the same month of the preceding year.

Although these tabulations are not available for distribution, a card record of monthly import statistics of the commodities concerned is available for reference.

SPECIAL INVESTIGATIONS

Puerto Rican needlework.

At the request of the Administrator of the Wage and Hour Division, United States Department of Labor, the Tariff Commission, on November 30, 1940, undertook an investigation under section 332 of the Tariff Act of 1930 of the competitive situation within the United States of the products of the Puerto Rican needlework industry. Under the Fair Labor Standards Act, certain minimum wages had been set for this industry in Puerto Rico, and it was feared that they might be rendered ineffective by competition from imports of similar articles from foreign countries.

The preliminary field work of the investigation disclosed no facts indicating an increase in competition from imports of foreign needlework products as a result of the application of minimum wage standards in Puerto Rico. The investigation was, therefore, discontinued at the request of the Administrator of the Wage and Hour Division, and its termination was announced February 18, 1941. No report was published.

Canned salmon.

Late in 1940, when it became clear that the United Kingdom would not buy Japanese canned salmon, the canners in Japan sought other markets, including the United States, for their season's pack of red salmon, amounting to about 32 million pounds. At that time the prices of canned salmon in the United States began to rise and an acute shortage appeared imminent. Because of these circumstances, the Commission made a study of world trade in canned salmon, giving special consideration to current information on domestic production, imports, exports, prices, stocks and costs, the production and foreign trade of Japan and Canada, and imports and consumption in leading foreign markets, including the United Kingdom and Australia.

Canned salmon is packed almost exclusively along the North Pacific coasts of the continental United States, Alaska, Canada, Japan, and the Soviet Union. The principal consumers have always been the United States and the United Kingdom. Until the outbreak of war in 1939, these two countries took approximately 80 percent of the world pack. During the 3 years 1937-39, world consumption averaged 524 million pounds annually and was divided about as follows: United States, 56 percent; United Kingdom, 24 percent; Canada, 6 percent; Australia, 4 percent; Japan, 2 percent; and all other countries, 8 percent.

At present, attention centers on supplying canned salmon to the United Kingdom, which in normal times consumes about 125 million

pounds annually, mostly the high-priced red salmon. Under war conditions the United Kingdom's stocks of all species have declined, mainly as a result of restrictions on imports from Japan, which formerly furnished the United Kingdom with about 50 million pounds annually, or about two-fifths of total imports. Some of the deficiency in 1940 was made up by larger shipments from the United States and Canada; the United States exported 52 million pounds to the United Kingdom in that year, or 18 million more than in 1939. Early in June 1941, when the United States pack could be fairly well estimated, the canners agreed to set aside approximately the following amounts of their 1941 pack for purchase by the United States under the Lend-Lease program and for the Army and Navy: Red salmon, 21½ million pounds; pink, 21½ million pounds; chum, 4¾ million pounds; and silver, 9½ million pounds. To meet the increased needs of the United Kingdom, the British Government, through the Canadian Government, will purchase from Canada at least two-thirds (about 50 million pounds) of the 1941 pack.

Imports into the United States have never amounted to more than 2 percent of domestic production. In some years, Canada has supplied fairly substantial quantities, but since 1937 Japan has been the chief supplier. Most of the imports from Japan enter Hawaii and consist mainly of the "titbit" and "belly" grades of red salmon for consumption by Japanese. These imports supply about one-fourth of the salmon consumed in Hawaii; the remainder consists of the regular grades of red salmon shipped from the continental United States and selling for more than the Japanese products. The Japanese packers, in December 1940, proposed to a committee of United States packers and union officials that they cooperate in the orderly marketing in the United States of the Japanese 1940 pack of red salmon, about 32 million pounds, which the United Kingdom failed to purchase. The United States packers refused to accept the proposal, and the pack remains unsold in Japan. According to a report from Japan in July 1941, the Japanese pack in the 1941 season will be drastically curtailed because of the lack of tin and the desire of the Japanese to salt and smoke the catch for home consumption.

WORK IN PROGRESS

Summaries of tariff information.

Fundamental to much of the work of the Tariff Commission is the compilation and analysis of data relating to the thousands of commodities which appear in the import trade of the United States. Much of this basic material has been organized in the form of summaries of tariff information. These summaries incorporate information not only from Government sources but also from trade sources, much of which is obtained at first hand in the field.

In preparation for the Tariff Act of 1930, the Tariff Commission submitted to Congress summaries of tariff information covering for each product under consideration its tariff history, uses, domestic production and trade, and competitive conditions. The Senate in 1933 directed the Commission by resolution (S. Res. 334, 72d Cong., 2d sess.) to bring these summaries up to date and to expand them by the inclusion of such subjects as concentration of control in the foreign and in the domestic industries, advantages and disadvantages affect-

ing the sale of domestic and foreign products, foreign production of articles subject to United States duties, and tariff problems arising from the use of substitutes. The Commission has from time to time broadened the scope of the summaries of tariff information in order to develop them in line with changing conditions, especially since the beginning of the defense program, when subjects such as strategic importance of the commodity, stocks, alternate sources of supply, and practical substitutes were added or given greater emphasis. In the revision of summaries, it has been the practice of the Commission to give first consideration to those commodities of current significance. In the past year many of these have been the strategic, critical, or surveillance items with which the defense agencies have been particularly concerned.

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

More than 1,700 summaries are now complete, most of them in mimeographed form, and the Commission expects to prepare approximately 300 more. The summaries have not been published as such, but information on about half of the products covered by them has been embodied in published commodity surveys and in digests of trade data, both described elsewhere in this annual report.

Commodity surveys.

Since the Commission undertook in 1936 a program of issuing commodity surveys, 14 such surveys have been completed. These are more elaborate than the summaries of tariff information and commonly cover a group of related commodities rather than a single commodity. During the past year, because of the pressure of work under the national-defense and trade-agreements programs, only two of these comprehensive surveys were issued. Work on five surveys, dealing with edible nuts, handkerchiefs, rayon, textile floor coverings, and beef and cattle, has progressed to varying stages, but is now virtually suspended. Some progress was made in the study of fishery treaties, but its completion in the near future is problematical because of more urgent assignments of the experts engaged thereon.

Foreign-Trade and Exchange Controls in Germany.

Work on the Commission's report on Foreign-trade and Exchange Controls in Germany is almost completed, and it is expected that the report will be printed and available for distribution in the coming year.

The report begins with a summary of German tariff history and a brief description of the country's tariff system. The main body of the report, however, deals with the methods and policies of German foreign-trade control during the period 1931-39. No attempt is made to trace the changes that have occurred since the outbreak of the present war, the chief object being to analyze the peacetime operation of the new trade practices and procedures of which Germany became the most prominent exponent in the years preceding the outbreak of the war.

The central feature of the German system of regulating foreign trade, as developed by the National Socialist Government, has been

the official control of foreign-exchange transactions. This control itself, however, antedated the Nazi regime, having been established in July 1931 to protect the country's currency reserves from the pressure resulting from the deterioration of the German balance of international payments. For that deterioration, the decline in the value of German exports, the drying-up of the sources of foreign loans, and the large withdrawals of capital from Germany were immediately responsible.

The Commission's report indicates that the German exchange control was originally directed to curtailing the flight of capital rather than to regulating the composition of the country's external trade and its distribution among foreign countries. Nevertheless, exchange control had almost from the beginning important reactions on these aspects of German foreign trade. An exchange-quota and permit system, providing for a rather mild form of control over the use of foreign exchange by German importers, was developed in the early months of exchange control.

The restrictions on foreign-exchange transactions in Germany made possible the maintenance of official foreign-exchange rates for the reichsmark at levels which its purchasing power relative to free currencies did not justify. The overvaluation of the reichsmark represented by the official rates of exchange was largely attributable to, or was aggravated by, the depreciation of the currencies of Great Britain and several other countries that began in the late months of 1931. The high foreign-exchange value of the reichsmark and the increased barriers to imports erected during this period by many countries that had ordinarily been important outlets for German exports created extreme difficulties for German export trade. Mainly, it seems, to mitigate these difficulties, special trade and exchange procedures began in 1932 to be extensively employed in German foreign trade. These procedures consisted of barter or private compensation deals, exchange clearing, and the utilization of the proceeds of "additional" German exports to retire foreigners' investments and blocked funds in Germany.

The decline in the gold value of the United States dollar, which began early in 1933, further contributed to the difficulties of German exporters. The official foreign-exchange value of the reichsmark continued to be based on the former gold parity, and a further shrinkage in the value of German exports and consequent shortage of foreign exchange rendered even more necessary than before the continuance of the exchange restrictions.

With the increasing disequilibrium between the official foreign-exchange rates of the reichsmark and the German price level relative to the price levels of free-currency countries, the special trade procedures referred to assumed greater importance. In fact, they involved a selective depreciation of the German currency for the import and export transactions that were effected through these procedures. Though the difficulties confronting German foreign trade were somewhat lessened by the special trade practices, the problems of the German authorities in maintaining the flow of imports essential to the country's economy, especially to the National Socialist program, reached an acute stage in the first half of 1934.

Adolf Hitler became Chancellor of Germany in January 1933. From that time onward the policies of the German Government were com-

pletely determined by the National Socialist ideology. It was not, however, until about the middle of 1934 that spokesmen of the German Government disclosed a more or less permanent reorientation of the country's foreign-trade policies. Until that time, exchange control and the related special trade and exchange procedures had apparently been regarded as temporary expedients to be abandoned when more normal conditions of international trade and finance should be restored. The reorientation in 1934 represented in part the adoption of a vigorous policy of bargaining with foreign countries with respect to both merchandise trade and payments to the foreign creditors of Germany and German nationals. As part of the new policy, the special trade and exchange procedures previously considered temporary were adopted as virtually permanent and normal methods of trade and bargaining. Besides these aspects of the so-called New Plan of 1934, that plan seems to have represented the adoption of a program for German foreign trade consistent with the broader National Socialist program for the German economy.

A series of decrees and executive orders promulgated in September 1934 constituted the first legislation to be announced as designed to effectuate the New Plan. Under these decrees, the foreign-trade and exchange controls were integrated, and regulation of the entire German import trade through 25 commodity boards was provided for. Such boards for certain specific classes of commodities had already developed, but under the new import-control administration, and through intensive governmental control of German business, a very detailed and flexible regulation of all imports and exports was made possible.

Under the New Plan, the German Government made more extensive and systematic use of special exchange procedures than theretofore. A large part of the Commission's report consists of an analysis of the operation of these procedures. Throughout the greater part of the period between 1934 and the outbreak of the present war, German trade with most European countries was conducted under exchange-clearing agreements. With certain other European countries, German trade was conducted under so-called payments agreements. Clearing or payments agreements were also in effect with several overseas countries. Moreover, with many other overseas countries with which no formal exchange agreements had been concluded, including the United States and most Latin American countries, German trade was, at least partly, effected through a modification of the private-compensation procedure which came to be referred to as the aski or inland-account system.

The final section of the report includes a description of the trade between the United States and Germany and an analysis of the procedures through which that trade was conducted. In addition, the arrangements under which German trade was conducted with a number of other countries in the period 1934-39 are discussed at considerable length.

French Commercial Policy and Foreign Trade, 1919-41.

Continuing its program of analyzing developments in the commercial policy of other nations and of studying the effects of such changes upon the trade of the United States, the Commission is now preparing a report on the commercial policy and foreign trade of France

from 1919 to 1941. The report will include an analysis of the development of French commercial policy after World War I and of the general course of French foreign commerce in recent years, and a discussion of the foreign trade of the French colonial empire and the trade between France and the United States. That France was one of the first European nations to adopt import quotas and other trade and exchange restrictions as basic instruments of its commercial policy lends particular significance to the study.

Latin American Reports.

As part of its program to keep informed on matters pertaining to the commercial policies and trade relations of the countries of the Western Hemisphere, the Commission is working on two new studies, described below, and on a statistical project with respect to Paraguay.

Current Trade Problems in the Western Hemisphere.—This report will direct attention to the trade problems created in the Western Hemisphere as a result of the war, and will, in some measure, bring up to date the material contained in the Commission's report on the Foreign Trade of Latin America. In the new report, it is planned to include, for each country of Latin America, statistics of exports and imports in 1939 and 1940, with 1941 data where available. The figures for 1939 and 1941 will be compared with statistics for the years immediately preceding, in order to show the impact of the war. The shifts in foreign markets for the principal exports of individual Latin American countries will be described in some detail, and, from available statistics, the effects of recent developments on the composition of imports into the Latin American countries will be shown. In conclusion, the report will describe the measures adopted by the United States in cooperation with the countries of Latin America to surmount the trade problems with which they are confronted.

Commercial Policies and Trade Relations of European Possessions in the Caribbean Area.—For each European possession in the Caribbean area, this report will give a short description of its physical characteristics, population, and natural resources and economy, an examination of its commercial policy, and a detailed analysis of its foreign trade, with particular reference to trade with the United States and the effects of the war. There will be covered the British possessions of the Bahamas, Barbados, Bermuda, British Guiana, British Honduras, Jamaica and dependencies, the Leeward Islands, Trinidad, and the Windward Islands; the French possessions of French Guiana, Guadeloupe and dependencies, and Martinique; and the Netherlands possessions of Curaçao and Surinam (Netherlands Guiana).

Assistance to the Paraguayan Government.

During the year a senior economist on the staff of the Commission, detailed to the Paraguayan Government under Public, No. 545, of May 25, 1938, completed his assignment. The Paraguayan import statistics, which he collected for specified years, 1926 to 1940, are now being reproduced by the Tariff Commission. The compilation will be of particular value to those interested in foreign statistics, because Paraguay has not in recent years found it possible to publish any official statistics.

Tariff Boards and Commissions.

For a number of years, the Tariff Commission has been gathering information on the organization, functions, and procedure of tariff boards and commissions in other countries. Work on this report has been suspended indefinitely.

Wood pulp and pulpwood investigation.

A Senate resolution (S. Res. 160, 76th Cong., 1st sess.), adopted August 1, 1939, directed the Tariff Commission to investigate conditions within the domestic wood-pulp industry, domestic and foreign costs, and effects of the competition of imported wood pulp and pulpwood. An investigation to supplement the survey on wood pulp and pulpwood reported to the Senate in 1937 was promptly begun in order that the report might be completed by April 15, 1940, the date fixed by that resolution. Preliminary study by members of the Commission's staff was being carried on in New York when, early in September 1939, the outbreak of war in Europe brought about immediate repercussions in the domestic industry because of the anticipated disruption of shipping and the probability that imports of European pulp, particularly from Sweden, Finland, and Norway, would be shut off.

For years, the United States imports of pulp from European countries were approximately 1½ million tons annually, with an additional half million tons from Canada; these imports were equivalent to about 23 percent of the domestic consumption of wood pulp in 1938 and 1939. Many paper mills depended in whole or in part on imported wood pulp; thus when the war broke out, the buyers, faced by a prospective shortage of vital material, with ocean freight and insurance rates rising and the importers unable to make commitments, quickly upset market conditions by their efforts to assure themselves supplies of pulp. Before the end of September 1939, the entire competitive situation had changed so substantially as to lead the Commission to inform the Senate that completion of the investigation would be postponed until more stable conditions should prevail in the industry, unless the Senate should indicate its desire that a report be submitted within the time fixed by the resolution. The Commission has continuously kept informed on developments in the wood-pulp situation, and its information is being drawn upon by other agencies of the Government, particularly those closely concerned with the emergency.

The war did not entirely cut off shipments of European pulp to the United States in 1940, although it did have the effect of sharply curtailing the volume of such shipments. United States imports from Europe, which were about 1,385,000 tons in 1939, declined in 1940 to about 395,000 tons. The imports from Europe dwindled to a mere 13,200 tons in the first 7 months of 1941.

Imports from Canada, on the other hand, have substantially increased, and, in addition, domestic production has reached a volume never before attained. United States total imports of pulp from Canada averaged 606,000 tons annually during the period 1935-39. In 1940, they were 828,000 tons, about a third more than the average of the preceding 5 years. In the first 7 months of 1941, imports from Canada were 585,000 tons, an average of 83,550 tons per month, compared with a monthly average of 69,000 tons in 1940. Should

the flow of pulp from Canada continue in the same proportion during the remaining months of 1941 as in the first 7 months of the year, imports from Canada in 1941 will aggregate 1 million tons.

The average annual production of wood pulp in the United States approximated 6 million tons during the 5 years 1935-39, with a peak of about 7 million tons in 1939. Under the stimulus of national-defense preparations, which created an unprecedented demand for paper and paperboard, production in 1940 attained a new high level, estimated at 8.8 million tons. Preliminary data on production for the first 8 months of 1941 indicate an increase of approximately 15 percent over the corresponding period of 1940, and, should output continue at this rate, production will total 10 million tons for the full year 1941.

Present demand in the United States for wood pulp for use in the manufacture of paper and paperboard and for conversion into rayon, plastics, cellophane, and cellulose acetate and nitrate has never been exceeded; further, exports in 1940 (500,000 tons) were far greater than in any preceding year. Increased costs of production and higher prices of pulp have followed in the wake of the increasing demands for paper and board and other manufactures of pulp. In the light of these developments, the Office of Price Administration and Civilian Supply (now the Office of Price Administration) requested the Tariff Commission to make a study of the trends in costs of wood-pulp production and to submit a report for the confidential use of that agency. The Commission, therefore, instituted a cost-trend study in August 1941 to obtain data for a representative group of mills in each of the four principal pulp-producing regions of the United States. The cost data relate to 1939, 1940, and the first 6 months of 1941, and will fill an important gap between production costs shown in the earlier report made by the Commission to the Senate² and the report which will ultimately be made in response to Senate Resolution No. 160.

Red-cedar-shingle investigation.

In response to a Senate resolution (S. Res. 79, 77th Cong., 1st sess.) the Tariff Commission on June 12, 1941, instituted an investigation of the effect of importation of Canadian red-cedar shingles upon the red-cedar-shingle industry in the United States. Members of the Commission's staff completed on September 10 approximately 6 weeks of field work in the principal producing centers in the States of Washington and Oregon, and in the Province of British Columbia, Canada. The Commission immediately began to prepare a report covering the varied phases of competition of domestic and imported shingles, inclusive of conditions of material supply, labor, marketing and prices, and costs of production of representative groups of mills in the United States and in Canada, and competition between shingles and other roofing materials.

Pursuant to the act of Congress approved July 1, 1940 (Public. No. 698, 76th Cong.), the Commission ascertained, and, on March 8, 1941, advised the Secretary of the Treasury that 2,488,359 squares of red-cedar shingles were entitled to duty-free entry into the United States during the calendar year 1941. As provided for in the law cited above,

² Report to the U. S. Senate on Wood Pulp and Pulpwood, Report No. 126, Second Series, 1938.

the Commission will ascertain for each quota period, and will report to the Secretary of the Treasury, the quantity of red-cedar shingles entitled to be imported free of duty.

Digests of trade information relating to the Argentine trade agreement.

In conformity with the established practice of the Commission, there is now in preparation a report giving detailed information relative to each of the commodities upon which the United States granted concessions in the trade agreement just concluded with the Argentine Republic. An analysis of the general provisions in that agreement will also be included in the report.

WORK UNDER SECTION 336 OF THE TARIFF ACT OF 1930 (RATE-ADJUSTMENT PROVISION)

Applications.

Because of prevailing conditions in international trade, and because of activities under the trade-agreements program, the Commission has had few applications for investigations under the rate-adjustment provision of the tariff law.

In 1941, one application was received requesting an investigation looking toward an increase in the duty on hulled millet seed. After careful consideration of all pertinent data, the Commission found no sufficient basis for an investigation, and the application was, therefore, dismissed. Applications for investigations with respect to cotton fishing nets and cotton cloth were also dismissed this year.

Investigations.

During the year an investigation concerning crab meat was completed, and a proclamation was issued by the President. An investigation of wool-knit gloves, the only other pending, remains on the docket.

Crab meat.—In response to Senate Resolution No. 200 of September 27, 1940, the Tariff Commission, on October 3, 1940, ordered an investigation of the costs of production of canned and fresh crab meat in the United States and in Japan, the principal competing country. Public hearings were held in Seattle, Wash., on December 4, 1940, and in Washington, D. C., on January 8 and 9, 1941.

The findings of the Commission were submitted to the President on June 21, 1941. In accordance with those findings, the President, on August 22, 1941, issued a proclamation increasing the duty on crab meat, prepared or preserved in any manner, including crab paste and crab sauce, packed in airtight containers, from 15 per centum ad valorem to 22½ per centum ad valorem, effective September 21, 1941.

During the investigation it was found that for the 5 years ended 1939 United States annual consumption of crab meat averaged 19.2 million pounds, of which 43 percent was fresh crab meat produced entirely in the United States, and 57 percent was canned crab meat (packed in airtight containers). Of the canned crab meat consumed, 95 percent was imported.

The investigation showed that imports of canned crab meat are almost entirely from Japan and the Soviet Union. They averaged 10.1 million pounds annually during the 10 years ended 1940, Japan supplying 78 percent and the Soviet Union 21 percent of the total quantity imported. In 1940, however, imports from Japan represented 90 percent of the total. Until about 1934 the United States

market for canned crab meat was supplied almost entirely by imports. In recent years, however, several canneries have been established in the United States, and their output now supplies a considerable part of domestic consumption. These canneries are in Maine, Virginia, South Carolina, Louisiana, Oregon, Washington, and Alaska.

The investigation did not disclose facts warranting a change in the duty on fresh crab meat (cooked but not in airtight containers). Fresh crab meat is produced in 15 of the coastal States and in Alaska. The Chesapeake Bay States of Maryland and Virginia continue to account for more than half of the total domestic production despite steady increases in most other States.

Wool-knit gloves and mittens.—An investigation with respect to wool-knit gloves and mittens was ordered by the Tariff Commission on its own motion on October 29, 1940. The investigation covered gloves and mittens, not embroidered, wholly or in chief value of wool and valued at not more than \$3.50 per dozen pairs, dutiable under paragraph 1114 (b), and all embroidered wool gloves and mittens dutiable under paragraph 1529 (a) of the Tariff Act of 1930. Work progressed in the usual manner on this investigation and a public hearing was set for March 20, 1941; however, on March 5, 1941, the Commission ordered the hearing postponed indefinitely. In the interval between the date the investigation was ordered and the date of the hearing, unusual conditions developed in the domestic industry, partly because of the Government's defense program, and these, together with a request by the interested parties, led the Commission to suspend work on the investigation.

WORK UNDER SECTION 337 OF THE TARIFF ACT OF 1930 (UNFAIR PRACTICES IN IMPORT TRADE)

When the last annual report was prepared, the Commission had before it a complaint of alleged unfair methods of competition and unfair acts in the importation and sale of phonograph record-changing mechanisms. After a preliminary investigation, the Commission dismissed the complaint on the ground that there was no good and sufficient reason for ordering a formal investigation.

No formal complaints were received during 1941, and there are no complaints or investigations under this section pending before the Commission.

SECTION 338 OF THE TARIFF ACT OF 1930 (DISCRIMINATION AGAINST THE TRADE OF THE UNITED STATES)

The President may, under the provisions of section 338 of the Tariff Act of 1930, impose new or additional duties on products of foreign countries that discriminate against the commerce of the United States. The section also empowers the President, under certain circumstances, to exclude from importation into the United States any products of such countries.

One of the functions of the Tariff Commission is to keep informed regarding acts of foreign countries which might come within the meaning of this section. The Commission does not, however, make public the correspondence and complaints it receives under the provisions of section 338.

Since 1922, when this retaliatory power was conferred on the President by the tariff act of that year, no action by this Government against foreign discrimination under this law has been carried as far as the imposition of penalty duties.

ACTIVITIES IN THE AGRICULTURAL PROGRAM

Section 22 of the Agricultural Adjustment Act, as amended, provides that the President may direct the Tariff Commission to conduct investigations when he has reason to believe that certain products are being or are practically certain to be imported into the United States under such conditions or in sufficient quantities as to render or tend to render ineffective or to interfere materially with certain agricultural programs, or to reduce substantially the amount of any product processed in the United States from the commodity under consideration.

Three investigations have been instituted under the provisions of this section; namely, those on wheat and wheat flour, on cotton and cotton waste, and on cotton textiles.

Wheat and wheat flour.

In response to a request by the President, the Commission on December 14, 1939, began an investigation of wheat and wheat products, to determine whether such products are being or are practically certain to be imported under such conditions and in sufficient quantities as to render or tend to render ineffective or to interfere materially with the wheat program under the Soil Conservation and Domestic Allotment Act.

At the time the investigation was ordered there were large stocks of Canadian wheat in bond at American ports, and the difference between the prices of wheat in the Canadian and domestic markets was approaching a point at which it appeared that the wheat might be imported in considerable quantities. There were marked fluctuations in both the domestic and the Canadian price during 1940 and the early part of 1941. In May 1941, the price of domestic wheat increased substantially without any corresponding change in the price of Canadian wheat, with the result that on May 14 the price of domestic wheat was only $5\frac{1}{8}$ cents below the delivered price, duty paid, of the similar grade of Canadian wheat entered for consumption at Buffalo.

On the basis of the upward trend of domestic prices, as well as other information obtained in the investigation, the Commission found that wheat and wheat flour were practically certain to be imported in sufficient quantities to materially interfere with the wheat program unless new import restrictions were established.

The Commission, therefore, submitted to the President a report on the investigation in which it recommended that import quotas be established for wheat of milling quality and wheat flour, including semolina, crushed or cracked wheat, and similar products. In accordance with the findings of the Commission, the President issued a proclamation fixing the annual quota on wheat at 800,000 bushels and on flour at 4,000,000 pounds, effective May 29, 1941. The quotas were prorated to the various supplying countries on the basis of quantities imported from each source during the base period January 1, 1929, to

December 31, 1933, both dates inclusive. Canada has been the principal source of wheat and flour imports, and quotas of 795,000 bushels of wheat and 3,815,000 pounds of flour were allocated to that country. On September 24, 1941, the Bureau of Customs announced that the 1941 quota for Canadian wheat had become exhausted in the week ended September 20. No wheat has been imported from any country other than Canada since the quotas became effective. The total imports of wheat flour have been small, amounting to only about 215,734 pounds during the first 4 months after the quota became effective.

The Commission made no findings and no recommendations for new import restrictions with respect to feed wheat, feed flour, wheat-byproduct feeds, or other wheat products.

Cotton, cotton waste, and cotton textiles.

The President, upon recommendation by the Tariff Commission, after investigation, proclaimed import quotas, effective September 20, 1939, on specified types of cotton and cotton waste. The report to the President is summarized in the Commission's twenty-third annual report.

Except on cotton having a staple length of $1\frac{1}{8}$ inches or more, on which quota restrictions were suspended by Presidential proclamation effective December 19, 1940, the quotas mentioned remain in force at the present time. Suspension of the quotas was proclaimed pursuant to a report of the Tariff Commission, which, after joint recommendation of the Advisory Commission to the Council of National Defense and the Secretary of Agriculture, found that to obtain supplies essential to the defense program it would be necessary to suspend the quotas and that entry of the extra-long-staple cotton in question without quota restriction would not interfere with the cotton program.

In a letter dated November 20, 1940, the Tariff Commission was advised by the Council of National Defense that "After careful consideration of the defense needs of the nation, it is our recommendation that, for the duration of the emergency, the import quotas be suspended for all cotton of $1\frac{1}{8}$ -inch staple or more." The Secretary of Agriculture concurred in the recommendation.

On December 4, 1940, the Tariff Commission gave public notice of a hearing to be held at the Commission's offices in Washington, D. C., with regard to cotton having a staple length of $1\frac{1}{8}$ inches or more. The hearing was held December 11, and a report was sent to the President on December 13. The proclamation of December 19, 1940, in effect removed from the quota system cotton having a staple length of $1\frac{1}{8}$ inches or more. Only a few thousand bales of cotton as long as $1\frac{1}{8}$ inches in staple are grown annually in the world. Most of this is produced in the British West Indies, and for the duration of the war has been entirely contracted for by the British Government. No separate statistical classification for cotton $1\frac{1}{8}$ inches and more in staple length is recorded; from available data, however, it appears that not more than about 32 bales (16,000 pounds) were imported from December 19, 1940, through September 30, 1941. Imports are dutiable at 7 cents per pound.

The operation of the Presidential proclamation, which became effective September 20, 1939, has resulted in complaints from American cotton and cotton-waste traders that certain provisions of the proclamation have caused unnecessary hardship on the trade. Under date

of October 27, 1941, the Department of Agriculture requested the Tariff Commission to reopen the question of the prohibition of reentry of American cotton, stating that the rejection by certain foreign purchasers of American cotton had caused the exporter substantial loss inasmuch as he could not reenter the cotton in this country. Upon consideration of the matter and of the complaints it had received, the Tariff Commission voted on November 12, 1941, to make a supplemental investigation with respect to (a) cotton and cotton waste produced in the United States, offered for reentry after exportation; (b) commercial samples of cotton and cotton waste of any origin; and (c) card strips made from cottons having a staple of $1\frac{3}{16}$ inches or more in length. On the same day the Commission published notice of its action and fixed the date for hearing in the supplemental investigation as December 10, 1941. The notice stated that the object of the supplemental investigation is to determine whether any or all of items (a), (b), and (c) may be suspended from the application of the President's proclamation imposing quotas on imports of cotton and cotton waste without causing imports to render or tend to render the cotton program ineffective.

The evidence before the Commission at the time of its report to the President dated August 25, 1939, on cotton and cotton waste, did not warrant action on short-staple harsh or rough cotton; on cotton linters; or on cotton waste other than card strips, comber waste, lap waste, sliver waste, and roving waste. No limitations have been placed upon the importation of these groups of articles, but the investigation concerning them has not been formally dismissed.

The original request of the President included cotton textiles as well as cotton and cotton waste. The Commission continues to study the imports of cotton textiles from a competitive standpoint and the effect of these imports upon the United States cotton program, but has not yet found it necessary to recommend limitation of these imports.

OTHER ACTIVITIES

Field work.

The Commission has found by experience that one of the most satisfactory means of obtaining information regarding commodities and industries is by personal contact with businessmen in the industry. Field work, therefore, is an important part of the Commission's yearly program. During the past year it has been found desirable to supplement the regular field work with special field trips concerned primarily with gathering current information, much of it to be used in solving defense problems. The Commission has had occasion to bring up to date through rather extensive field work some phases of its study of cost trends on which comprehensive field work was done in 1939. Likewise, a field study was made with respect to the rubber industry, the results of which are contained in the Commission's report on rubber, discussed earlier in this report. The situation with respect to oils and fats has been such that considerable interest has been expressed in these products; therefore, the Commission in its regular field work visited the principal points of importation and consumption with a view to getting first-hand information.

During the summer and fall of 1941, the Tariff Commission undertook an extensive field investigation with respect to lead in order to

determine the conditions of production in this country and the effect of the defense program upon demand and production. As mentioned elsewhere in this report, while the field work was in progress, the Office of Price Administration asked for certain information on zinc, often produced in conjunction with lead. The plans for the field work were, therefore, altered to include zinc, and later, on the basis of the information obtained, the Commission prepared a memorandum for the Administrator's office. The information on lead will be used in the general work of the Commission.

The field work done, whether special or routine, has supplied the Commission with current data on many industries and has enabled it to comply readily with the many requests made of it during the past year.

LITIGATION

UNDER SECTION 336 OF THE TARIFF ACT OF 1930

Rubber-soled canvas shoes.

Mutual Supply Co. v. United States, Reap. Dec. 5062.—Under the President's proclamation published in Treasury Decision 46158, certain imported rubber-soled shoes having cotton uppers were appraised on the basis of the American selling price of a domestic shoe considered to be like or similar. The importer appealed for reappraisal, claiming that the shoes imported were of a type not investigated by the Tariff Commission and were, therefore, not subject to the President's proclamation. The court held that it had no authority to review the proclamation of the President under section 336 or the report of the Tariff Commission, citing *United States v. George S. Bush & Co., Inc.* (310 U. S. 371), and rejected the importer's contention that, because the Tariff Commission did not consider such footwear in its investigation, the court had authority to hold the President's proclamation inapplicable to the particular merchandise. However, the court found from the samples and evidence submitted that the imported and domestic shoes in this case were not like or similar and that, therefore, the Presidential proclamation did not apply.

Tuna fish packed in oil.

Mitsui & Co. v. United States, C. D. 505.—The importer attacked the validity of the President's proclamation (T. D. 46795) increasing the rate of duty on tuna fish, prepared or preserved in any manner, when packed in oil or in oil and other substances, from 30 percent ad valorem to 45 percent ad valorem. It was claimed that the Tariff Commission failed to comply with the statute when it compared the cost of production of one species of tuna fish in Japan with the cost of production of two species of tuna fish in the United States as representative of the differences in costs of production of all tuna fish packed in oil, instead of comparing the cost of production at home and abroad of each of the four different species of tuna fish. The Customs Court held that the comparison of costs of representative samples is within the discretion of the Tariff Commission; that section 336 did not require the investigation of all kinds of tuna fish; and that findings of fact by the Tariff Commission in its investigations under that section are not subject to review by the courts.

Handkerchiefs made from cotton cloth.

S. Handal & Sons, Inc., v. United States, C. D. 521.—Paragraph 918 of the Tariff Act of 1930 provides that cotton handkerchiefs shall be subject to duty as cloth, with an additional duty of 10 percent if hemmed. Paragraph 904 provides for duty on cotton cloth according to average yarn number and condition—i. e., whether unbleached, bleached, dyed, etc. After investigation by the Tariff Commission under section 336, the President proclaimed (T. D. 48337) increases in the rates of duty fixed in paragraph 904 on certain cotton cloth. The Collector of Customs assessed duty on certain imported handkerchiefs made from such cloth at the increased basic rates provided in the proclamation plus 10 percent additional duty under paragraph 918, since the handkerchiefs were hemmed. The importer protested the assessment of the increased basic duties on the grounds that the Commission's notice of hearing and its report to the President related only to cotton cloth and did not comprehend cotton handkerchiefs described in paragraph 918; nor did the President's proclamation in terms or by necessary implication cover cotton handkerchiefs. The Customs Court overruled the importer's contention and held that inasmuch as the dutiable status of cotton handkerchiefs under paragraph 918 had been definitely fixed as cotton cloth, at whatever rate or rates of duty should happen to be applicable by law, and as the notice, investigation, and report of the Tariff Commission and the proclamation of the President all relate to cotton cloth, the proclaimed rates of duty on cotton cloth necessarily applied to such cotton handkerchiefs as effectively as if handkerchiefs were specifically mentioned in the proclamation. This case is pending on appeal to the Court of Customs and Patent Appeals.

UNDER SECTION 350 OF THE TARIFF ACT OF 1930**Nongeneralization of concessions in the trade agreement with Cuba.**

Ernest E. Marks Co., a corporation, v. United States, C. D. 305; C. A. D. 156; 117 F. (2d) 542; cert. denied, 313 U. S. 584.—In this case the Customs Court and the Court of Customs and Patent Appeals followed the decision in *F. H. Von Damm v. United States* (T. D. 49094; 90 F. (2d) 263; cert. denied, 302 U. S. 722), mentioned on page 48 of the Commission's twenty-fourth annual report, that the effect of the Cuban trade agreement was to reduce duties or to continue preferential treatment only with respect to Cuban merchandise, and that such reduced or preferential rates are not applicable to products of third countries by virtue of the "generalization clause" in section 350 (a). The only point presented by the importer which was not passed upon in the Von Damm case and similar cases was the contention that section 350 (b) is unconstitutional and void. The court held that subsection (a), which authorizes the trade agreement with Cuba, and subsection (b), which provides for suspension of the generalization clause with respect to such agreement, are indivisible and must be construed together, and that since appellant depended upon subsection (a) for relief, he could not successfully argue that the act is constitutional for one purpose and unconstitutional for another.

Scope of trade-agreement concessions.

American Machine & Metals, Inc., v. United States, C. D. 373.—On August 19, 1940, a concession in the Swiss trade agreement on certain testing machines identified in schedule II of the agreement by paragraph 353 of the Tariff Act of 1930 was construed by the Customs Court to include an optical testing machine admittedly classifiable under paragraph 228 (a) of the tariff act prior to the effective date of the Swiss trade agreement. Paragraph 228 (a) was not mentioned in the Swiss trade agreement, and the agreement contained no language purporting to change the tariff status of merchandise classifiable under that paragraph; however, the court held, in effect, that the articles in question had been transferred by the proclamation of the Swiss agreement from paragraph 228 (a) at a rate of 60 percent ad valorem to paragraph 353 at the modified rate of 20 percent ad valorem. The question of the legality of a reduction in duty by more than 50 percent ad valorem was called to the court's attention in the Government's motion for rehearing filed September 18, 1940, as was also the important question, from the standpoint of administration of trade-agreement proclamations, whether the descriptive language of a trade-agreement concession is to be construed as an original tariff provision or as a modification of an existing tariff provision. On November 19, 1940, the Customs Court denied the Government's motion for rehearing (C. D. 400). The Government appealed to the Court of Customs and Patent Appeals, and on November 3, 1941, the appellate court held that the machine in question was not an optical instrument under paragraph 228 (a), and had accordingly been improperly classified by the collector. The machine was held dutiable under either paragraph 353 or paragraph 372, as modified by the Swiss agreement, at the rate of 20 percent ad valorem. In so holding, the court did not find it necessary to determine whether the trade agreement had transferred articles between different paragraphs of the tariff act.

D. & B. Import Co. v. United States, C. A. D. 172.—In a decision rendered October 9, 1940 (C. D. 380), the Customs Court held that certain rum, the product of Cuba, sold in Cuba to a firm in Bermuda and shipped to that country, where it was placed in bonded warehouse, was not entitled to preferential rates of duty as a Cuban product under the Convention of Commercial Reciprocity with Cuba of 1902 or the trade agreement with Cuba under the Trade Agreements Act, upon its importation into the United States after withdrawal from warehouse and exportation from Bermuda. In so holding, the court stated that both the reciprocity convention and the trade agreement were entered into to facilitate the commercial intercourse of the United States and Cuba by improving the conditions of trade between the two countries, and that the commercial intercourse would not be benefited or facilitated by the granting of preferential rates of duty on merchandise which was not destined to the United States when it was exported from Cuba. The court ruled that the merchandise placed in bonded warehouse in Bermuda "must be considered as having entered the commerce of that country" because "it could have been withdrawn at any time for consumption there." The Court of Customs and Patent Appeals on May 5, 1941,

affirmed the decision of the lower court and stated in its opinion that to sustain the protest would violate exclusive preferences of both the treaty and the trade agreement.

WORK PROJECTS ADMINISTRATION

During the year the Tariff Commission terminated its Work Projects Administration projects at Richmond, Va., New York, N. Y., and Washington, D. C.

The project at Richmond was begun in December 1935, and the one at New York in April 1938. The work consisted principally of the compilation and analysis of statistics relative to United States imports. Assignments completed prior to October 31, 1940, are described in the Commission's earlier reports.

The work during the current year consisted almost exclusively of analysis of imports through New York of selected import classes for which further data than those recorded in official statistics were needed. The work at New York involved search on the statistical blotter for customs entries under specific classes and the transcription of the data on cards. The completed cards were then sent to the Washington office of the Tariff Commission for analysis, classification, and, in most cases, arrangement by groups. Subsequently the cards were sent to the Richmond office of the Commission for conversion of foreign currencies, weights, and measures to United States equivalents; assembly by tariff schedules, paragraphs, and classes; tabulation; and summarization for individual commodities of the quantities and values imported by customs districts and by countries of shipment.

The Washington project was started in February 1938. Its purpose was to withdraw inactive and semiactive material from the files of the Commission and transfer it to storage files, after microphotographing certain parts.

During the current year, material on 36 subjects, amounting to 1,063 file inches, has been indexed and transferred to the storage files, and 75,521 papers, amounting to 530 inches, have been recorded on 16-millimeter film.

PERSONNEL AND ADMINISTRATION

MEMBERSHIP OF THE COMMISSION

Mr. Raymond B. Stevens, of New Hampshire, Chairman of the Commission since July 1, 1937, was again designated by the President as Chairman, effective July 1, 1941.

Mr. Oscar B. Ryder, of Virginia, Vice Chairman since August 4, 1939, was again designated by the President as Vice Chairman, effective August 4, 1941.

The other members of the Commission are Mr. Edgar B. Brossard of Utah and Mr. E. Dana Durand of Minnesota.

During the year the term of Mr. Fred H. Brown of New Hampshire expired, and Mr. A. Manuel Fox of New York resigned to accept appointment as the American member of the American-Chinese Stabilization Fund Board.

There has been an increasing demand for the participation of the Commission on various Government committees, and each Commis-

sioner has had to give much of his time to this work. Some of the more important of these memberships are the following:

- Mr. Stevens, *Chairman of the Commission*—
Advisory Committee to the Price Administrator.
Executive Committee on Commercial Policy.
Committee on Trade Agreements.
- Mr. Ryder, *Vice Chairman of the Commission*—
Chairman, Committee for Reciprocity Information.
Committee on Trade Agreements.
Policy Committee of the Office of the Administrator of
Export Control.
- Mr. Brossard—
Interdepartmental Committee on Cooperation with American
Republics.
- Mr. Durand—
Joint Economic Committees, United States and Canada.
Committee for Coordination of Federal Statistics on Foreign
Trade.

STAFF MEMBERS DETAILED TO OTHER GOVERNMENT AGENCIES CONCERNED WITH THE DEFENSE PROGRAM

The Commission cooperates closely with the defense agencies. Its expert staff and much information have been placed at their disposal. The services of members of the Planning and Reviewing Committee have been requested from time to time by various agencies; especially was this true in the early days of the defense effort. Much of their work consisted of organizational activities within the defense agencies. A number of economists, commodity specialists, and accountants have been loaned to such agencies as the Office of Price Administration and Civilian Supply, the Office of the Administrator of Export Control, the Office of Production Management, and the Advisory Commission to the Council of National Defense.

At the time of the preparation of this report, 9 of the Commission's staff are detailed, either full or part time, for service in defense agencies. In addition, these agencies have taken by transfer approximately 21 of the Commission's staff during the past year.

PERSONNEL

The Commission and its staff, as organized at the close of the fiscal year 1941, numbered 304 persons. This total consisted of 4 Commissioners and 300 employees, 186 of whom were men and 118 women. Fifty-five members of the staff have been in the military or naval service. Practically all of the staff come within the civil-service retirement law, and the amount of money deducted from their salaries under that law in the fiscal year 1941 was \$28,790.50.

At the present time, nine employees of the Commission are in active military service, including the Secretary of the Commission.

The number of separations from the staff was much greater in 1940 and 1941 than in earlier years, and the Commission has found it difficult to find qualified persons to take the place of the senior members of the staff who have resigned—many of them to take positions with the defense agencies.

As a partial solution of its personnel problems, the Commission has employed less experienced workers in lower grades with a view to training them for Commission work. However, the Commission has not been able to maintain its staff even on this basis.

Training.

The Commission has instituted a series of lectures which have been attended by the newer members of the Commission's staff and by the observers and interns as a part of their experience in the Commission's work. Arrangements have also been made for new employees to work for stated periods in the service divisions of the Commission in order to become familiar with the facilities of those divisions and the types of service which they render.

Distribution of the staff.

The following table shows the distribution of the staff as of June 30, 1940, and June 30 and October 31, 1941.

Departmental and field service

| Title | June 30, 1940 | June 30, 1941 | Oct. 31, 1941 |
|--|---------------|---------------|---------------|
| Commissioners | 4 | 4 | 4 |
| Chairman, Planning and Reviewing Committee | 1 | 1 | 1 |
| Director of investigation | 1 | 1 | 1 |
| Chief, technical service | 1 | 1 | 1 |
| Adviser on international trade policies | 1 | 1 | 1 |
| General counsel | 1 | 1 | 1 |
| Secretary | 1 | 1 | 1 |
| Assistant secretary | 1 | 1 | 1 |
| Administrative officer | 1 | 1 | 1 |
| Chiefs of divisions | 11 | 10 | 10 |
| Acting chief of division | 1 | 1 | 1 |
| Assistant chiefs of divisions | 3 | 3 | 3 |
| Chiefs of sections | 6 | 6 | 6 |
| Acting chief of section | 1 | 1 | 1 |
| Librarian | 1 | 1 | 1 |
| Accountants | 20 | 16 | 16 |
| Marine and foreign transportation specialist | 1 | 1 | 1 |
| Distribution and traffic analyst | 1 | 1 | 1 |
| Commodity specialists | 47 | 51 | 51 |
| Economists | 33 | 33 | 30 |
| Commercial-policy analyst | 9 | 10 | 8 |
| Attorney | 1 | 1 | 1 |
| Assistant librarian | 1 | 1 | 1 |
| Clerks, including stenographers | 118 | 121 | 123 |
| Secretaries to Commissioners | 5 | 5 | 4 |
| Operators, office devices | 10 | 14 | 15 |
| Telephone operators and stock clerks | 4 | 3 | 3 |
| Messengers | 15 | 12 | 16 |
| Skilled laborer | 1 | 1 | 1 |
| Chief, New York office | 1 | 1 | 1 |
| Total | 298 | 304 | 305 |

¹ Includes 7 on military duty, 9 lent for full time, and 2 lent for part time.

² Includes 9 on military duty, 10 lent for full time, and 2 lent for part time.

STUDENT OBSERVERS AND INTERNS

From the special funds provided for cooperation with other American Republics, the Tariff Commission in the fiscal year 1941 was given an allotment to defray the travel and subsistence expenses, after arrival in the United States, of observers from other American Republics. Three such observers (one each from Argentina, Mexico, and Venezuela), officially connected with their respective Governments, were received by the Commission, and were given every opportunity to follow the various phases of the Commission's work. Each observer has stated that his experience with the Commission

was most beneficial and would enable him to serve his own Government more acceptably.

No provision is made for assignment of observers to the Tariff Commission during the current fiscal year, but the State Department has requested of the Bureau of the Budget an appropriation to cover the assignment of 10 persons for periods of 6 months each in 1943, as part of that Department's program for cooperation with Latin America.

The Commission also cooperates with the National Institute of Public Affairs in its program of training for the Government service. Each year the Institute selects from universities and colleges throughout the United States the most promising students in the fields of public administration, economics, and political science. These students come to Washington and, usually at their own expense, spend the better part of a year as interns in various Government agencies and attend forums and lectures conducted by the Institute. In the past few years the Tariff Commission has had interns detailed to it and has cooperated fully in their training.

Although these student observers and interns are permitted to become familiar with the activities of the Commission, they do not have access to, nor are they permitted to work with, confidential data obtained by the Commission.

FINANCES AND APPROPRIATIONS, FISCAL YEAR 1941

The appropriations available to the Tariff Commission in 1941 consisted of the appropriation for salaries and expenses amounting to \$905,000 and that for printing and binding, \$15,000. There was turned back to the Treasury \$7,435 from the general appropriation and \$500 from the appropriation for printing and binding.

The net expenditures and obligations for the year are summarized below. The figures do not include expenses amounting to \$37,303 incurred in conducting work for defense agencies, for which expenditure the Commission was reimbursed.

Net expenditures and obligations, fiscal year 1941

| | | |
|---|----------|-----------|
| Salaries: | | |
| Commissioners..... | | \$56, 194 |
| Employees: | | |
| Departmental service..... | 760, 578 | |
| Field service..... | 23, 843 | |
| Travel expenses: | | |
| In the United States..... | 19, 884 | |
| In foreign countries..... | 3, 295 | |
| Books of reference and publications..... | 3, 205 | |
| Telephone and telegraph service..... | 1, 011 | |
| Repairs and alterations..... | 29, 555 | |
| Office equipment, supplies, miscellaneous expenses..... | 14, 500 | |
| Printing and binding..... | 912, 065 | |
| Total..... | | 912, 065 |

PUBLICATIONS

The demand for Tariff Commission publications was particularly heavy during the past year, especially for those relating to Latin America.

During the past year the Bureau of the Budget set up procedures for the preparation, production, and distribution of publications and other material by Government agencies. These new regulations limit the free distribution of publications, particularly those available by purchase from the Superintendent of Documents, Government Printing Office. They also provide that copies of Government publications for the use of students be made available through distribution to school libraries, and not by supplying copies for class use. Prohibition is placed on the furnishing of free publications to non-governmental organizations or to private individuals for redistribution either free or on a sales basis.

APPENDIX

REPORTS AND OTHER MATERIAL ISSUED BY THE TARIFF COMMISSION SINCE THE PASSAGE OF THE TARIFF ACT OF 1930

Since December 1, 1940, the following material has been issued by the Commission:

Changes in Import Duties Since the Passage of the Tariff Act of 1930 (Cumulative supplement).

Cotton Having a Staple Length of $1\frac{1}{16}$ Inches or More.

Crab Meat.¹

Foreign Trade of Latin America, The:

Part II. Commercial Policies and Trade Relations of Individual Latin American Countries (20 sections; 11 issued in 1940):

Section 11. Costa Rica.

Section 12. El Salvador.

Section 13. Guatemala.

Section 14. Honduras.

Section 15. Nicaragua.

Section 16. Panama.

Section 17. Mexico.

Section 19. Dominican Republic.

Section 20. Haiti.

Hogs and Hog Products.¹

Italian Commercial Policy and Foreign Trade, 1922-1939.

Latin America as a Source of Strategic and Other Essential Materials.

Latin American Commercial Treaties, Reference Manual of (Spanish).

Miscellaneous Chemicals, Analysis of Imports, 1939 and 1940.

Miscellaneous Crude Drugs, Analysis of Imports Through New York, 1939.

Publications of the Tariff Commission (Supplement).

Reciprocal Trade Agreements, Industries Studies (23 issued in 1940):

Business Machines and Metal Furniture and Fixtures.

Cotton and Cotton Manufactures.

Flax and Hemp Fibers and Manufactures.

Iron and Steel.

Paper Base Stock, Paper, and Converted Paper Products.

Seeds (Other Than Oilseeds), Bulbs, and Nursery and Greenhouse Products.

Textile Machinery.

Transportation Equipment.

Regulation of Imports by Executive Action.

Rubber, Crude (revised).

Rubber, Possibilities of Producing in the United States, and Rubber Conservation.

Starches, Dextrines, and Related Products.

Synthetic Organic Chemicals, United States Production and Sales, 1940.¹

Tiles, Earthen Floor and Wall.

Twenty-fifth Annual Report.

United States Imports from Japan and Their Relation to the Defense Program and to the Economy of the Country.

United States Imports from Japan, 1939 (statistical tables).

United States Imports from Asia, 1938 to 1940 (statistical tables).

Wheat and Wheat Flour.

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

Analysis of Miscellaneous Chemical Imports Through New York, 1938.

¹ In press.

Annual Reports:

- Fourteenth.
- Fifteenth.
- Sixteenth.²
- Seventeenth.
- Eighteenth.
- Nineteenth.²
- Twentieth.
- Twenty-first.
- Twenty-second.
- Twenty-third.
- Twenty-fourth.
- Agricultural Hand Tools.
- Alcoholic Beverages.²
- Anthracite Coal Industry of Soviet Russia.²
- Barley Malt.
- Bases of Value for Assessment of Ad Valorem Duties in Foreign Countries.
- Beer.
- Bells, Chimes, and Carillons.
- Bent-Wood Furniture and Parts.
- Blown-Glass Tableware.²
- Boots and Shoes.
- Candied, Crystallized, or Glacé Fruits.
- Canned Clams.
- Cement.²
- Certain Vegetable Oils, Whale Oil, and Copra, Production and Transportation Costs of.²
- Changes in Import Duties Since the Passage of the Tariff Act of 1930.
- Cheese.²
- Chemical Nitrogen.
- Cigar Industry and the Tariff, The.
- Cigar Lighters.
- Cigar-Wrapper Tobacco.
- Cocoa-Fiber Mats.
- Coilable Metal Rules and Holders or Controlling Means Therefor.
- Commodity Packaging Data.
- Comparative Statistics of Imports into the United States for Consumption, by Countries, for the Calendar Year 1929:^{2a}

| Volume | Title |
|--------|--|
| I. | Animal and Animal Products, Edible. |
| | Animal and Animal Products, Inedible. |
| | Vegetable Food Products and Beverages. |
| | Vegetable Products, Inedible (Except Fibers and Woods). |
| II. | Textiles. |
| III. | Wood and Paper. |
| | Nonmetallic Minerals. |
| | Metals and Manufactures (Except Machinery and Vehicles). |
| | Machinery and Vehicles. |
| IV. | Chemicals and Related Products. |
| | Miscellaneous. |
- Comparative Statistics of Imports into the United States for Consumption, by Countries, for the Calendar Years 1931-35:

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

² Out of print.^{2a} Stock of vols. III and IV exhausted.

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

| Volume | Title |
|--------|--|
| I. | Animal and Animal Products, Edible. |
| | Animal and Animal Products, Inedible. |
| | Vegetable Food Products and Beverages. |
| | Vegetable Products, Inedible (Except Fibers and Woods). |
| II. | Textiles. |
| III. | Wood and Paper. |
| | Nonmetallic Minerals. |
| | Metals and Manufactures (Except Machinery and Vehicles). |
| | Machinery and Vehicles. |
| IV. | Chemicals and Related Products. |
| | Miscellaneous. |
| | Comparison of the Tariff Acts of 1930 and 1922 (by items). |
| | Comparison of the Tariff Acts of 1930 and 1922 (by paragraphs). |
| | Computed Duties and Equivalent Ad Valorem Rates on Imports Into the United States from Principal Countries, 1929. |
| | Computed Duties and Equivalent Ad Valorem Rates on Imports Into the United States from Principal Countries (1929 and 1931). ² |
| | Computed Duties and Equivalent Ad Valorem Rates on Imports Into the United States from Principal Countries, Calendar Years 1929, 1931, and 1935. |
| | Copper. ² |
| | Cotton Cloth. ² |
| | Cotton and Cotton Waste. |
| | Cotton Fishing Nets and Nettings. |
| | Cotton, Long-Staple. |
| | Cotton Rugs. |
| | Cotton Ties of Iron or Steel. |
| | Cotton Velveteens and Velvets. |
| | Crab Meat. |
| | Crin Vegetal, Flax Upholstery Tow, and Spanish Moss. |
| | Crude Petroleum and Its Liquid Refined Products. |
| | Crude Petroleum, Cost of. ² |
| | Cut Flowers. |
| | Cutlery Products. |
| | Cylinder, Crown, and Sheet Glass. |
| | Dead or Creosote Oil. |
| | Depreciated Currency. ² |
| | Differential Between Raw and Refined Sugar. ² |
| | Domestic Value—Conversion of Rates. |
| | Dominion and Colonial Statistics. |
| | Dressed or Dyed Furs. |
| | Dried Beans and Black-eye Cowpeas. |
| | Dried Egg Products. ² |
| | Drive Springs. |
| | Dyes and Other Synthetic Organic Chemicals, Census of 1930. ⁴ |
| | Dyes and Other Synthetic Organic Chemicals, Production and Sales of, 1933. ² |
| | Dyes and Other Synthetic Organic Chemicals in the United States, 1934. |
| | Dyes and Other Synthetic Organic Chemicals in the United States, 1935. |
| | Dyes and Other Synthetic Organic Chemicals in the United States, 1936. |
| | Dyes and Other Synthetic Organic Chemicals in the United States, 1937. |
| | (For later years see Synthetic Organic Chemicals.) |
| | Economic Analysis of Foreign Trade of the United States in Relation to the Tariff: |
| | Part I. Imports. ² |
| | Part II. Exports. ² |
| | Part III. Range and Variety of Costs. ² |
| | Edible Gelatin. |
| | Effect of Trade Agreements on Rates of Duty. |
| | Employment of Nonresident Fishermen in the United States Fisheries. |
| | European War and United States Imports, The. |

² Out of print.

⁴ Summaries of statistics relating to these commodities for the years 1931 and 1932 were issued in mimeographed form.

- Excise Tax on Fats, Oils, and Oil-Bearing Materials.
 Extent of Equal Tariff Treatment in Foreign Countries.
 Feldspar, Crude and Ground.²
 Fish and Other Marine Products.
 Fish Packed in Oil.
 Fishery Products.²
 Flat Glass and Related Glass Products.²
 Folding Rules, Aluminum and Wooden.
 Foreign Trade of Latin America, The:
 Part I. Trade of Latin America with the World and with the United States (English).³
 Trade of Latin America with the World and with the United States (Spanish).
 Part II. Commercial Policies and Trade Relations of Individual Latin American Countries:
 Section 1. Argentina.
 Section 2. Bolivia.
 Section 3. Brazil.
 Section 4. Chile.
 Section 5. Colombia.
 Section 6. Ecuador.
 Section 7. Paraguay.
 Section 8. Peru.
 Section 9. Uruguay.
 Section 10. Venezuela.
 Section 18. Cuba.
 Part III. Selected Latin American Export Commodities (2 volumes).
 Fourdrinier Wires, Woven-Wire Cloth, and Cylinder Wires.
 Free and Dutiable Imports for Consumption from Selected Countries—By months, 1932 and 1933.
 Fresh Vegetables (snap or string beans, cucumbers, eggplants, lima beans, okra, pears, peppers, and tomatoes).
 Furniture of Wood.
 Gauge-Glass Tubes.
 Germany, Compilation of Data on United States Trade With.
 Glues, Gelatins, and Related Products.
 Grapes, Raisins, and Wines.
 Graphic Analysis of the Trade of Latin America.
 Graphic Analysis of the International Trade of the United States in 1932.
 Grass and Straw Rugs.
 Hats, Bonnets, and Hoods of Straw.²
 Hat Braids and Hat Bodies Containing Synthetic Textile.
 Hemp Cordage.
 Hides and Skins of Cattle of the Bovine Species.
 Important Import Items Affected by Trade Agreements.
 Imports and Duties, 1933.²
 Imports and Duties, 1937 (arranged according to the Tariff Act of 1930, by schedules, paragraphs, and commodities).
 Imports, Exports, Domestic Production, and Prices on Petroleum, Coal, Lumber, and Copper, Together With Excise Taxes Collected Thereon, 1937.
 Imports, Exports, Domestic Production, and Prices on Petroleum, Coal, Lumber, and Copper, Together With Excise Taxes Collected Thereon, 1939.
 Imports and Trade-Agreement Concessions, United States (8 volumes).
 Imports of Products on Which Trade-Agreement Concessions Were Made by the United States in 1939.
 Incandescent Electric Lamps.
 Inedible Gelatin, Glue, Glue Size, and Fish Glue.
 Infants' Wool-Knit Outerwear.
 Iron in Pigs and Iron Kentledge.
 Iron and Steel.
 Lace and Lace Articles.²
 Laminated Products.

² Out of print.³ Stock exhausted.

- Latin American Commercial Treaties, Reference Manual of.
 Lumber.²
 Maple Sugar and Maple Syrup.²
 Matches.²
 Meat and Food Choppers.
 Methods of Valuation.
 Mica Industry, The.²
 Nets and Netting and Other Fishing Gear.
 Olive Oil.
 Optical Fire-Control Instruments.
 Oxides of Iron Suitable for Pigment Purposes.
 Pens.
 Phosphates, Crude, and Superphosphates.
 Pigskin Leather.
 Pineapples.
 Pins.
 Pipe Organs and Parts.
 Plate Glass.
 Pocket Cutlery.
 Pottery.
 Preagreement and Postagreement Trade of the United States.
 Precision Drawing Instruments and Parts, Wholly or in Chief Value of
 Metal.
 Publications of the Tariff Commission.
 Quicksilver.
 Raw-Materials Bibliography.
 Recent Developments in the Foreign Trade of Japan.
 Reciprocal Trade: A Current Bibliography.
 Reciprocal Trade: A Current Bibliography (Supplement).
 Reciprocal Trade Agreements, Digests of Trade Data with Respect to
 Products on Which Concessions Were Granted by the United States:
 Belgium.³
 Brazil.³
 Canada (first agreement).
 Canada (second agreement) (4 volumes).
 Czechoslovakia.
 Finland.
 The Netherlands.
 Sweden.
 Switzerland.
 United Kingdom (8 volumes).
 Reciprocal Trade Agreements, Imports Under, by Countries, 1937 and 1938:
 Belgium.
 Brazil.
 Finland.
 France.
 Haiti, Honduras, Colombia, and Guatemala.
 The Netherlands.
 Sweden.
 Switzerland.
 Reciprocal Trade Agreements, Industries Studies:
 Alcoholic Beverages.
 Cattle, Sheep, and Poultry Industries, The.
 Cement and Concrete Products.
 Dairy Products.
 Fats, Oils, Waxes, and Oil-Bearing Materials.
 Feeds and Fodders.
 Fishery Products.
 Forest Products.
 Fruit and Fruit Products.
 Glass and Glassware.
 Grain and Grain Products.
 Hogs and Hog Products.
 Lace and Lace Articles.

² Out of print.
³ Stock exhausted.

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² Out of print.

