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HEARINGS
BEFORE THE
COMMITTEE ON FINANCE
UNITED STATES SENATE

ON THE PROPOSED

TARIFF ACT OF 1921
(H. R. 7456)

SCHEDULE 3
METALS AND MANUFACTURES OF

Revised and Indexed



WASHINGTON
GOVERNMENT PRINTING OFFICE
1922

Summary, Eversharp pencils.

	No. 20: Retail, \$1; wholesale, 60 cents.	No. 60: Retail, \$3; wholesale, \$1.80.
Estimated German cost.....	\$0.2893	\$0.6963
Tariff required to equalize price with United States costs: 30 per cent on retail price of \$1 and \$3; 50 per cent wholesale price of 60 cents and \$1.80....	.3000	.9000
Total cost in United States.....	.5893	1.5963
Cost to manufacture in United States.....	.5737	1.3747
Difference in favor of United States.....	.0156	.2216
Per cent.....	2.7	16.1

NOTE.—No. 20 class pencils: Silver plate on brass constitute 58.85 per cent of total pencils produced and sold.

Please observe that according to the conservative estimates employed in the foregoing schedule, the ratio of German costs to United States costs is about 50 per cent. In order to give the metal pencil industry an even chance of competition with foreign made articles of the same character and to obviate any possibility of the entry of foreign goods in competition therewith on a preferred basis, we point out to your committee that the tariff rates proposed are figured on a basis which will only equalize the foreign costs to domestic figures and we pray, therefore, that the suggested rates be given earnest and favorable consideration.

POCKETKNIVES.

[Paragraph 354.]

STATEMENT OF CHARLES F. ROCKWELL, PRESIDENT MILLER BROS. CUTLERY CO., MERIDEN, CONN., REPRESENTING THE POCKET CUTLERY MANUFACTURERS.

[Representing also the following pocket cutlery manufacturers: Baldwin Cutlery Co., Tidioute, Pa.; Canton Cutlery Co., Canton, Ohio; W. R. Case & Sons Cutlery Co., Bradford, Pa.; Clay Cutlery Co., Andover, N. Y.; Challenge Cutlery Corporation, Bridgeport, Conn.; Cattaraugus Cutlery Co., Little Valley, N. Y.; Cronk & Carrier Manufacturing Co., Elmira, N. Y.; Empire Knife Co., Winsted, Conn.; Golden Rule Cutlery Co., Chicago, Ill.; Hollingsworth Cutlery Co., Kane, Pa.; Lackawanna Cutlery Co., Nicholson, Pa.; Landers, Frary & Clark, New Britain, Conn.; Miller Bros. Cutlery Co., Meriden, Conn.; New York Knife Co., Walden, N. Y.; Novalty Cutlery Co., Canton, Ohio; Ohio Cutlery Co., Massillon, Ohio; Robeson Cutlery Co., Perry, N. Y.; John Russell Cutlery Co., Turners Falls, Mass.; Schatt & Morgan Cutlery Co., Titusville, Pa.; Schrade Cutlery Co., Walden, N. Y.; Thomaston Knife Co., Thomaston, Conn.; Ulster Knife Co., Ellenville, N. Y.; Union Cutlery Co., Olean, N. Y.; Utica Cutlery Co., Utica, N. Y.; Valley Forge Cutlery Co., Newark, N. J.; Walden Knife Co., Walden, N. Y.; Warwick Knife Co., Warwick, N. Y.; Winchester Repeating Arms Co., New Haven, Conn.; Remington Arms Co. (Inc.), Bridgeport, Conn.]

Mr. ROCKWELL. We have consolidated the representation of 30 American pocketknife manufacturers, and I shall make my statement very brief, indeed.

We feel that the rates provided in paragraph 354 of the Fordney bill do not equalize the increased difference between labor in this country and abroad, particularly as over 80 per cent of our foreign competition is with Germany.

Senator SMOOT. Do you mean the 40 per cent?

Mr. ROCKWELL. Yes.

Senator SMOOT. What about the specific duty?

Mr. ROCKWELL. We would ask, sir, that the rates as provided in paragraph 354 be continued as provided.

Senator SMOOT. You want the House provisions?

Mr. ROCKWELL. Yes; we want the House provisions of paragraph 354.

Senator SMOOT. What have you to say with regard to the statement made by the former witness?

Mr. ROCKWELL. I will say that this is the first objection or criticism that we have heard on the part of the importing concerns. I may add that the tariff committee of the American industry will be very glad, with your permission, to file a brief in rebuttal, and to supply a representative display of samples, which I think will convince the committee that we are justified in the request that we make.

Senator SMOOT. Let me ask you a question about that. What about the 33-cent knife that was spoken of? Do you know anything about that?

Mr. ROCKWELL. So far as I know, there is no such value as that in American goods.

Senator SMOOT. Is there in the foreign goods?

Mr. ROCKWELL. I imagine so. I did not see the knife at the time it was shown. The importations which have come in since July of last year have been in such tremendous volume that some of them are as low as prewar figures. Some, on the other hand, are as high as 50 per cent advance over prewar values. I should say they would run from 25 to 50 per cent over the prewar figures. That would fairly represent the value of the importations.

Senator SMOOT. Have you a sample of the American knife?

Mr. KASTOR. I will show you some, Senator. This is one that I got at a Woolworth store. It must have been sold by somebody.

Mr. ROCKWELL. My understanding is that the Valley Forge Cutlery Co., during the war, started the manufacture of that knife, found that it was not salable, and sold it out as a job lot.

Senator SMOOT. You mean the American knife?

Mr. ROCKWELL. Yes. It was an article that they got out especially during the war when it was difficult to get a bone stag knife and when cheap knives were difficult to produce. They got out that pattern with the idea that they might be able to retail it at 50 cents, I think it was.

Senator SMOOT. That was a dollar a dozen?

Mr. ROCKWELL. Do not confuse that with this [indicating]. This is the one he said he picked up at the Woolworth store.

Senator SMOOT. I want to get the comparison that was made. I do not want to bring in any other knife.

Mr. KASTOR. This [indicating] is the knife.

Senator SMOOT. This is the 33-cent German knife?

Mr. ROCKWELL. They are of similar pattern, Senator, but not similar value.

Senator SMOOT. That is, the knife is not the same in any respect?

Mr. ROCKWELL. It is similar in kind, but not in quality or value.

Senator SMOOT. Then it would not be comparable at all as to duty.

Mr. ROCKWELL. No, sir.

Senator McLEAN. Your idea is, as I understand it, that the tariff on that knife would have to be figured on the export valuation. There is no comparability or similarity for duty purposes?

Mr. ROCKWELL. It would be similar in kind and construction, but not in quality, as I understand the method of appraising under this bill.

Senator SMOOT. Do you know whether there is an American knife made that would compare with that in any way?

Mr. ROCKWELL. Yes; there has been. It was not manufactured during the war period, but was made in the prewar period. There was a knife similar to that made according to American standards.

Senator SMOOT. What was the American price?

Mr. ROCKWELL. I could not say. Our company did not make it. I do not recall what the price was.

Mr. DEVINE. That was sold for as low as 90 cents. That represented about 25 cents below cost.

Senator SMOOT. Can the American manufacturer make a knife that will compete with the German knife referred to by the former witness?

Mr. ROCKWELL. No, sir.

Senator SMOOT. At a price of 33 cents?

Mr. ROCKWELL. No, sir.

Senator SMOOT. Suppose you made a knife like that, or as nearly as one could be made like that by human skill, what could the American manufacturer sell it for?

Mr. ROCKWELL. Under the present basis of cost, I think that would be in the neighborhood of \$2.50 a dozen.

Senator SMOOT. Instead of 33 cents?

Mr. ROCKWELL. Yes; but it would be a knife. There would be a corresponding pattern.

Senator SMOOT. I do not mean the pattern; I mean the same material and construction.

Mr. ROCKWELL. That class of knives could be made at \$2.50 a dozen—the American knife.

Senator SMOOT. If Germany can make a knife for 33 cents and the American manufacturer can not make it for less than \$2.50, you had better leave it alone, had you not?

Mr. ROCKWELL. Yes.

Senator SMOOT. Then you do not want a duty to take care of it at all, do you?

Mr. ROCKWELL. We would like to get—

Senator SMOOT (interposing). In other words, you want 800 per cent to make it even?

Mr. ROCKWELL. We would on that class of knife; yes; but ours would be a real knife.

Senator SMOOT. You do not think that Congress ought to pass any such rate as that, do you?

Mr. ROCKWELL. That is a pretty cheap sort of knife, Senator. It is hardly a representative knife. It is not fair to pick out a knife of that kind.

Senator SMOOT. I am perfectly aware of that. I want to get the figures on both classes.

Mr. ROCKWELL. Yes.

Senator SMOOT. Is there the same kind of comparison as to the scissors?

Mr. ROCKWELL. I am not familiar with scissors. Mr. Gerard can answer that question.

Senator SMOOT. Take the higher-priced knives that you really do make, and let us see where we will land.

Mr. ROCKWELL. It should be borne in mind, Senator, that as to German pocketknives it is a well recognized fact—that is, imported pocketknives—that there are three grades. There is what is known as the standard grade, which would include knives of the character

of Joseph Rodgers and the IXL brands of English knives, and the Boker and Henckel brands of German manufacture. Then there is a medium grade, which might be described, as Mr. Kastor has said, as the Morley brand. There is then a third quality which is not the equal of the Morley brand. That might be described as the Kastor-Wadsworth line and the Wiebusch-Lafayette line. Now, it would make quite a considerable difference as to whether you were comparing the second or third grade quality knives on which the price is different.

Senator SMOOT. Take these two knives that I hold in my hand. Is that a fair comparison?

Mr. ROCKWELL. I should say that it is not, Senator. I should say that that would not be fair.

Senator SMOOT. Is the German knife the heavier knife?

Mr. ROCKWELL. I have no desire to reflect at all upon the class of merchandise manufactured by any American concern, but in order to justify our argument, I think it is perhaps conceded that this line of merchandise is regarded in the trade as a low-price line, largely because of the methods—the quantity-production methods—employed in the factory of this particular company. I say that, too, in the friendliest sort of way, but I believe that is universally recognized throughout the wholesale jobbing trade of the country.

Senator WALSH. You mean to say that the German knife is the better of the two knives?

Mr. ROCKWELL. Yes; that is, the Boker knife.

Senator WALSH. What is the difference as to these two classes of knives?

Mr. ROCKWELL. The German knife costs \$4.78, while the domestic knife costs \$12.25.

Senator WALSH. And yet the German knife is the better of the two?

Mr. ROCKWELL. Yes.

Senator CALDER. The German knife is the better knife.

Mr. ROCKWELL. The standard American premium stag knife of that pattern can be purchased at \$12.50. Mr. Kastor's price of \$12.75 is high.

Mr. KASTOR. That American knife has a nickel-silver lining, and it is not made in wholesale quantities. It is a special grade of knife. That is a knife that we got \$16 and \$18 per dozen for until recently.

Mr. ROCKWELL. It is not a knife that is ordinarily comparable with the Boker pattern. I understand the Boker pattern is of nickel silver.

Mr. KASTOR. I will tell you why we selected that. The other pattern was picked out first. That was a knife for about \$9.75 per dozen. But it was thought that Mr. Rockwell would say that that was not a fair basis of comparison.

Senator SMOOT. Do you import this knife yourself?

Mr. KASTOR. The German knife is imported by the Boker Co. It is a splendid knife.

Senator SMOOT. Do you make this American knife that I have in my hand?

Mr. KASTOR. Yes; you bet we do.

Senator SMOOT. And you have been selling it at \$12.75?

Mr. KASTOR. I would like to take an order from the Senator for 100 dozen right now at \$12 per dozen.

Senator SMOOT. I am not in the knife business.

Mr. ROCKWELL. We will make it \$10.50.

Mr. KASTOR. But not that pattern.

Senator SMOOT. Can any importer import this German knife for \$4.78?

Mr. KASTOR. Yes.

Senator SMOOT. Do you say that, too, Mr. Rockwell?

Mr. ROCKWELL. Certainly.

Senator SMOOT. The American valuation on that same knife is \$10.50.

Mr. ROCKWELL. The Boker knife? I wish you would refer to Mr. Divine.

Mr. DIVINE. Are you referring to the American knife? The price is \$10.50 to \$11 a dozen. That would be the value on the standard finish knife. Of course, there is a wide difference. There are knives with special finish of nickel-silver linings, burnished springs, full crocus polished blades, and knurled or milled scale edges. These run in price from \$11 up to \$12, \$14, and even \$15.

Mr. KASTOR. I think Mr. Divine has a knife in his line that he will agree is the equal of the foreign knife.

Senator SMOOT. Do you manufacture a knife comparable with it?

Mr. KASTOR. Comparable with the Boker knife?

Senator SMOOT. Yes.

Mr. KASTOR. I also manufacture a cheaper knife known as the P. M. S. It has polished marked sides.

Senator SMOOT. Then it is not the same knife?

Mr. KASTOR. No, sir.

Senator SMOOT. What I want to get at is this: Why would you want to manufacture a knife comparable to this German knife if it costs you \$10 and you can import the German knife for \$4.75?

Mr. KASTOR. In the first place, it costs \$4.78 on the other side and there is 55 per cent on that under the Underwood bill. My cost here is \$7.91. The German knife is sold for about \$13, and costs with duty, \$7.40; that is why I want to make it in the United States of America in competition with the Germans even under the duty provided for in the Underwood-Simmons bill.

Senator WATSON. What does it cost laid down in New York?

Mr. KASTOR. Fifty-five per cent on \$4.78, plus 5 per cent for freight and other charges. It would amount to about \$7.70. My American cost would be about \$7.91.

Senator CALDER. Mr. Rockwell, is there an association of pocket-knife manufacturers in this country?

Mr. ROCKWELL. Yes, sir; they have an association. It was in December, I think, and just about at the close of the war, that the National Chamber of Commerce held a convention in Atlantic City of the war service committees and war service organizations of all the industries throughout the country. I was chairman of the several cutlery branches, and it was at that meeting that it was urged very strongly upon all manufacturers by Mr. Culver, of the War Trade Board, and by Mr. Redfield, then Secretary of the Department of Commerce, that during the reconstruction period the various groups which had been doing such splendid work, continue during the reconstruction period the work of cooperation in the way of education as to methods and costs, and so on.

Senator CALDER. And as to selling prices?

Mr. ROCKWELL. No, sir; absolutely nothing in that regard. It had nothing to do with selling prices.

Senator CALDER. Were any selling prices fixed?

Mr. ROCKWELL. No; we understand what the Sherman antitrust law is.

Senator CALDER. Hasn't there been at times a distribution of price information?

Mr. ROCKWELL. We have distributed price lists, after they have been made, but that has been as far as it has gone. We understood we were entirely within our rights in so doing. We make no reports as to distribution or production which might in any way be construed as—

Senator CALDER. I have been informed that you gather information from members and distribute that to others with the idea of indicating what you are getting for the different articles, and that at the same time you are using numbers and letters as designations of certain things.

Mr. ROCKWELL. There is no mystery whatsoever about that. The numbers and letters which are used to identify articles are numbers and letters which have come down from war-time classifications authorized by the War Industries Board.

Senator CALDER. Don't the manufacturers in this association attempt to maintain uniform prices?

Mr. ROCKWELL. No, sir.

Senator CALDER. I wanted to be sure of that.

Senator McLEAN. How many men are employed in this industry in this country?

Mr. ROCKWELL. A year ago there were 6,200 employed in the pocketknife industry. At the present time there are less than 1,800 employed, and at least 600 or 800 of these are working on short time.

Senator WATSON. You do not think that has all been brought about by excess importations?

Mr. ROCKWELL. Not altogether. However, the records which are available to you will show tremendous importations. They will continue to retard sales.

Senator McLEAN. How do the wages paid in Germany compare with those paid in America for the same kind of work?

Mr. ROCKWELL. A German cutlery operative receives in American equivalent \$3.75 per week as contrasted with \$30 per week for the corresponding American workman.

Senator McLEAN. What percentage of the cost is labor?

Mr. ROCKWELL. Eighty per cent is labor cost.

Senator McLEAN. Eighty per cent?

Mr. ROCKWELL. Yes.

Senator CALDER. In estimating the difference between the American valuation and the foreign valuation, how much greater duty do we levy, assuming the rate to be the same?

Mr. ROCKWELL. That would vary on different patterns, Senator.

Senator CALDER. Would it be double?

Mr. ROCKWELL. Yes; I think it would be more than double.

May I have permission to file a brief?

Senator SMOOT. You may file any brief you desire.

CUTLERY.

[Paragraphs 354, 355, 357, 358, and 361.]

STATEMENT OF ROBERT N. KASTOR, REPRESENTING CUTLERY IMPORTERS' ASSOCIATION.

Mr. KASTOR. I am speaking for all importers.

The CHAIRMAN. For all importers?

Mr. KASTOR. I am also an American manufacturer and a number of importers that I represent are American manufacturers as well, but I am speaking for the Cutlery Importers' Association, which comprises all the regular cutlery importing houses.

Senator McLEAN. What are your paragraphs, Mr. Kastor?

Mr. KASTOR. 354, 355, 357, and 358.

The CHAIRMAN. What is your occupation?

Mr. KASTOR. I am a manufacturer and importer of cutlery.

The CHAIRMAN. Where do you reside?

Mr. KASTOR. I reside in New York City, sir.

The CHAIRMAN. Where is your place of business?

Mr. KASTOR. In New York City.

The CHAIRMAN. Where do you manufacture?

Mr. KASTOR. At Camillus, N. Y.

The CHAIRMAN. What do you make?

Mr. KASTOR. Pocketknives.

The CHAIRMAN. Go ahead.

Mr. KASTOR. As I was about to say, sir, the Cutlery Importers' Association represents 80 per cent of the imports of cutlery into this country, and its membership comprises all the large leading cutlery importing houses. These houses in most cases are interested in American factories; in fact, all but one of the members of our tariff commission signing this brief have large American interests. And I also speak for myself; we have one of the largest American pocketknife factories in this country. I do not hesitate to put it on a par with any of them, and here is a picture of our Camillus plant showing about what our development has been in the last few years under the Payne-Aldrich, Dingley, and Underwood bills.

Senator CALDER. How many men do you employ, Mr. Kastor?

Mr. KASTOR. At the peak of the boom we employed 325 men.

Senator CALDER. How many do you have employed now?

Mr. KASTOR. About 200, and we are working full time.

Senator CALDER. Are you a manufacturer and importer of pocketknives?

Mr. KASTOR. Yes, sir.

Senator CALDER. What proportion of your distribution do you import?

Mr. KASTOR. During the war 100 per cent American; since the war I should say 75 per cent American and 25 per cent imported.

Senator SMOOT. Before the war?

Mr. KASTOR. Before the war 50-50.

Senator SMOOT. What are your future prospects?

Mr. KASTOR. That depends upon you gentlemen.

Senator SMOOT. That is what I thought.

Mr. KASTOR. We maintain, and will prove to you, that the present rates of duty, combined with American valuation, as amended by

your Finance Committee, are absolutely prohibitive and are an embargo against all imports of cutlery, and I include all the paragraphs that I have mentioned.

Senator SMOOT. That is, paragraphs 354 and 355?

Mr. KASTOR. Yes, sir; and paragraphs 357 and 358.

Senator WATSON. Do you make more than you import?

Mr. KASTOR. I just answered that question, Senator; 75 per cent and 25 per cent.

Senator SMOOT. You mean that the Underwood rates are prohibitive under the American valuation?

Mr. KASTOR. No, sir; I mean that the proposed Fordney rates are prohibitive under the American valuation plan.

Senator SMOOT. You said "the present rates," and therefore I wanted to know just what you meant by that.

Mr. KASTOR. "The proposed rates," I should have said. Thank you, Senator. In the first place, we will show you that the combination of varied specific duties with ad valorem duties is unscientific and arbitrary with reference to classification; in the second place, it is unjust and unfair in operation; and, in the third place, it is prohibitory for a large class of goods, even if the American valuation were not to stand.

We suggest to you that you amend the clause in connection with the branding of the items in question in each of the paragraphs about which I am speaking. I shall go into that in detail a little later. But what we want is to have it read the same way it did in the Underwood-Simmons and the Payne-Aldrich bills.

In the fourth place, in order that we do not appear merely destructive in our criticism, we suggest actual rates which will prove fair to the domestic producer; in short, rates that will provide him with adequate protection and at the same time will permit importation, which will be a good thing for the consumer. Those rates are 40 per cent ad valorem in paragraphs 354, 357, and 358, namely, pocketknives, scissors, and razors, and 20 per cent in paragraph 355, table cutlery.

We also suggest a 20 per cent rate on nail nippers in paragraph 361, but we do not want to go into that in full detail.

Now, gentlemen, I have come before you with actual samples.

Senator SMOOT. That is, you want a straight 20 per cent ad valorem with no specific duties?

Mr. KASTOR. Yes, sir; no specific duties. We urge that specific duties be dropped, and I hope before I am through I shall be able to convince you that they should be dropped, Senator Smoot.

Now, gentlemen, let us go into this American valuation proposition in a little detail. I have here an imported one-blade pocketknife, a boy's knife, that costs abroad, at the Federal Reserve rate at the time it was brought in—and I am taking actual cases—33 cents per dozen. It was pretty cheap.

Senator CALDER. That is 2½ cents apiece.

Mr. KASTOR. Yes, sir. This same item sells—we made it ourselves—for \$1 a dozen in America. Now, let us just assume, for the sake of argument, that the appraiser considers these comparable. I do not ask you gentlemen to consider them comparable, but let us say that the appraiser considers them comparable. What will the duty be on that basis? The knife is valued at \$1 per dozen. The

appraiser asks the American manufacturer what he gets for them, and he says \$1 a dozen. They are dutiable under the Fordney rates at 5 cents each and 30 per cent ad valorem, which together is 90 cents; but I just said they cost 33 cents on the other side. Needless to say, I could not sell in competition with the American item if it cost me, without expenses, transportation costs or profits, \$1.23 to land under the provisions of the Fordney bill.

Now, that is just a case with American valuation. But you gentlemen have provided, and wisely probably, that in case the appraiser does not find the article similar, that he take the imported value; now import value as you gentlemen define it is the importer's wholesale selling price here. That knife sells for \$1 a dozen here. Before I go ahead you can automatically see that that bears the same duty on import value as it does on domestic. Five cents each and 30 per cent ad valorem is 90 cents a dozen, plus 33 cents, is \$1.23. We are absolutely excluded, we can not compete.

You have also provided, in case the item has never been imported before, for its valuation on the export value, and I am prepared to show you that the duty on export value and cost of production practically amounts to the same as the other two classes.

The duty in the Fordney bill is 40 per cent. This plus 5 per cent for freight, transportation, and expenses, is 47 cents. Add not less than 16 per cent for profit, and you have 55 cents, making a dutiable value of 55 cents per dozen, 5 cents each, and 30 per cent ad valorem, making 77 cents. Now, 77 cents plus 33 cents is \$1.10. Again the item is thrown out. I do not want to take just one instance.

Senator McLEAN. Wait a minute. Here is a knife that is made in Germany, I assume.

Mr. KASTOR. Yes, sir.

Senator McLEAN. At 33 cents per dozen?

Mr. KASTOR. Yes, sir.

Senator McLEAN. That is 2½ cents apiece.

Mr. KASTOR. Yes, sir.

Senator McLEAN. And here is an American knife, which cost—

Mr. KASTOR. It costs 85 cents a dozen.

Senator McLEAN. What rate of duty would the American manufacturer have to have to protect him against a German knife on the foreign valuation?

Mr. KASTOR. Seventy-five per cent, but we are not talking about foreign valuation, sir. The domestic value, I have been impressed by the committee, is what we are here to figure on to-day. These Fordney rates are to apply on the American valuation.

Senator McLEAN. Yes; but I was thinking of what we would have to have on foreign valuation.

Mr. KASTOR. I buy my marks before I make my purchases. I have to protect myself. You must not figure the mark at the Federal Reserve rate or the consulated rate in arriving at our actual cost. We buy our marks in advance of our orders, and we have paid 2 cents, 4 cents, or 8 cents for the marks in the past two years.

This article that I have here was consulated at \$1.26, but I might have paid 2 cents for my marks. The actual knife might have cost me 40 or 50 cents. Values are so uncertain to-day that you can not figure it down that close.

Senator WATSON. When did you bring those knives into this country?

Mr. KASTOR. On July 26.

Senator CALDER. Did you get a cheaper price on them?

Mr. KASTOR. This German knife? No, sir; that is the regular price.

Senator SMOOT. When did you buy your marks for 2 cents and 4 cents and 8 cents?

Mr. KASTOR. I have been buying them right along from 8 cents down. We have to average them up, you see.

Senator SMOOT. Oh, if you are averaging them for two years or so.

Mr. KASTOR. No, sir; not one or two years but ever since we have been importing. I have to figure my correct cost.

Senator SMOOT. When you paid 8 cents you figured 8 cents on the goods that you imported at that time?

Mr. KASTOR. Yes, sir.

Senator SMOOT. But that was in July?

Mr. KASTOR. I probably paid around one and one-half for them.

Senator SMOOT. You ought to have bought them for one and a quarter.

Mr. KASTOR. I buy them lower now.

Senator SMOOT. During the month of June they were 1.3 cents. Then in July they fell to 1.22 cents.

Mr. KASTOR. Senator, I place my orders in advance—

Senator SMOOT. Well, it is not material.

Mr. KASTOR. I want to go on record as saying before you gentlemen that the scissor schedule, with or without American valuation, will prove to be an absolute embargo, and I will go into figures with you on scissors. Take this 5½-inch scissor. That scissor costs 85 cents.

Senator WATSON. Under what paragraph do scissors come?

Mr. KASTOR. Paragraph 357—3 cents, 15 cents, and 20 cents specific and 35 per cent ad valorem.

Senator WATSON. Steel laid scissors and shears?

Mr. KASTOR. I am glad you brought that up. That is a good interruption. Steel-laid scissors and shears are made only in this country, and I have not even discussed that paragraph. I do not know what manufacturer had that put in or why he did put it in, but I have never heard of a steel laid shear made outside of this country. I will go on record as saying that, and I will explain to you what a steel laid shear is. It means a piece of steel is taken and a piece of iron is laid on top of it and they are riveted together.

Senator WATSON. You say they are not imported?

Mr. KASTOR. They are not made anywhere except in this country. I have never heard of them being made in Germany or elsewhere.

Senator SMOOT. No scissors?

Mr. KASTOR. I said steel laid shears, sir.

Senator SMOOT. Well, there are scissors made elsewhere.

Mr. KASTOR. Yes, sir; and I am going into the subject of scissors right now. This pair of 5½-inch scissors, No. 9338, cost 85 cents abroad. They were consulated at 1.44 cents to the mark on April 15. That was the last invoice of that particular importer of these particular scissors. But the domestic scissors are sold by the Acme Shears Co. at Bridgeport in the usual quantities for \$2.27. Just

turn to your schedule on scissors and see what duties you have to pay on them.

Senator WATSON. What do you pay abroad?

Mr. KASTOR. Eighty-five cents per dozen abroad. They sold for \$2.27 here. Now, let us see what the duty works out to. The bill provides as follows:

Valued at more than \$1.75 a dozen, 20 cents each and 35 per centum ad valorem.

Senator WATSON. What do you say it is?

Mr. KASTOR. Scissors over \$1.75 a dozen.

Senator WATSON. The illustration is over \$1.75.

Mr. KASTOR. It is \$2.27, the comparative American sample. I am working on American valuation, trying to demonstrate how it will actually work out.

Senator WATSON. Valued at more than \$1.75 per dozen, 20 cents each.

Mr. KASTOR. Yes, sir; and 35 per cent ad valorem. That would mean that that particular pair of scissors would pay \$3.19 per dozen, the duty alone. The American manufacturer sells them for \$2.27. I ask you gentlemen whether or not this is an embargo.

Senator WALSH. The duty would be \$3.19?

Mr. KASTOR. Yes, sir.

Senator WALSH. Then, the cost to the European maker is 85 cents?

Mr. KASTOR. Well, add \$3.19 and 85 cents and you have \$4.04. There are no profits, no expenses, no freight, and no insurance in that \$4.04. And that is the sort of competition we are supposed to be up against.

Senator WALSH. Now, take up some other item.

Mr. KASTOR. I will take razors. No. 525, five-eighths square point, is a razor that we import ourselves. We imported one on May 10, 1921, at the rate of 1.49 cents to the mark.

Senator WATSON. What paragraph does that come under?

Mr. KASTOR. Paragraph 358. That works out at \$1.17 a dozen. Now, gentlemen, that razor is sold by the J. R. Torrey Razor Co. for \$3.25 a dozen. The duty on that \$3.25 a dozen, if you follow the razor schedule on articles valued at over \$3, 16 cents each and 30 per cent ad valorem. So the duty is \$2.90.

Senator WALSH. Plus \$1.17, the purchase price in Europe, which makes \$4.07, and the American price is \$3.25.

Mr. KASTOR. Yes, sir.

Senator CALDER. What is the American price?

Mr. KASTOR. \$3.25, without transportation expenses or other charges.

Senator WALSH. How do you know these are the same material?

Mr. KASTOR. I do not claim that they are the same. I will value it for you in any way you want. If you say they are not the same, I will take the import value, and I will prove to you that the duty is just as much. If you say, "What if you did not import them before?" I will take the export value, and I will prove that you have drawn this so that it does not make any difference how you value them; that with the schedules in the Fordney bill it is an embargo; and I stick by it.

Senator SMOOT. How is it that in the past you have not driven all these people out of business?

Mr. KASTOR. What people, sir?

Senator SMOOT. The American manufacturers. If you can bring that knife in here under the duties imposed in the Underwood bill or the Payne-Aldrich bill at 53 cents, and it is sold here at a dollar, why on earth did you not wipe them out entirely?

Mr. KASTOR. It was not possible to do that until after the war, was it?

Senator SMOOT. It was before the war.

Mr. KASTOR. Well, as an American manufacturer I will offer you an interesting instance. We sold knives for \$3.25 a dozen, and the customers preferred to have them—this is the wholesale price—as against the imported article for \$1.50 a dozen.

Senator WATSON. When?

Mr. KASTOR. In 1913.

Senator SMOOT. That is, the American people would pay \$3.25 for an American knife that was not as good as the German knife?

Mr. KASTOR. No; it was much better than the German knife. The American knife is made of crucible steel, and the German knife is made of Bessemer steel.

Senator SMOOT. If that is the case with the ones that you are showing here, they are different goods entirely.

Mr. KASTOR. Senator Smoot, I have explained that I have done my best to get similar patterns. You can look yourself, or ask Mr. Rockwell to come over here and see if he can find anything closer than these patterns.

You provide for four values—domestic value, import value, export value, and cost of production. If you say, Senator Smoot, that these are not similar, I will then take your word for it, and I will figure the whole thing out on import value and show you that the whole thing is prohibitive.

Senator WALSH. You admit that there should be a duty?

Mr. KASTOR. Yes, sir.

Senator WALSH. You say these rates are so high that they amount to an embargo?

Mr. KASTOR. That is just exactly what I have repeated several times.

Senator SMOOT. Senator Walsh, before you go any further, I want to say this: It has been tentatively agreed to change the American valuation plan. No committee has decided as to what changes shall be made in the rates. I have not any doubt but what there are many rates here that should be changed in this bill.

Senator WALSH. That is why I think that this is illuminating. If you are going to adopt the American valuation plan you want to know by concrete illustrations just how it is going to operate. I do not think you, any more than I, want to stand for unnecessary embargoes.

Senator SMOOT. I think there could be a better example shown than he is showing here now.

Mr. KASTOR. Now, gentlemen, I want to interrupt myself to go into the question of branding.

The branding clause, as it reads at the present time, is to the effect that all articles must be stamped, not only with the name of the country of origin, but with the name of the maker. That, gentlemen, is a little joker that has been slipped in. I am not sure just who did it,

but I am sure that no American manufacturer suggested that. All that it would do would be to advertise the foreign manufacturer who made cutlery. It would, at the same time, wipe out with one swoop 40 years of hard work that we importers and jobbers throughout the country have put in to make good our special brands. There are special brands. For instance, we run what is known as the Morley brand.

Senator SMOOT. If this law goes into effect, it advertises the foreign brand and lets the purchaser in the United States know that the article was made in a foreign country.

Mr. KASTOR. No, sir. That is not the point. The "made in Germany" tells him that.

Senator SMOOT. But that is put on there so that they can not tell it.

Mr. KASTOR. This will do this. It will tell every dealer in the United States—every Tom, Dick, and Harry—where to go to buy his goods; and they will all go direct to buy, possibly over the heads of the American manufacturers.

Senator SMOOT. You mean over the head of the American importer?

Mr. KASTOR. No, sir.

Senator SMOOT. Well, do not forget the importer.

Mr. KASTOR. I am not; that is what I am here for.

Senator WALSH. You fear that it will put the unreliable maker on an equal basis with the substantial and reliable maker?

Mr. KASTOR. And the importer. That is the whole story.

Previous bills have recommended "maker or purchaser." I urge that you allow it to be "maker or purchaser." I suggest that you allow the act to stand as the Underwood-Simmons Act and the Payne-Aldrich Act did stand, with "maker or purchaser."

I want to make one more point in that connection. England, many years ago, started this "made in Germany" proposition, when she required that every article made in Germany should be so stamped and automatically advertised.

Senator McLEAN. I have just been noting the pocketknife importations in 1919. They amounted to 128,000 dozen. That is for 1919. In 1920 the importations amounted to 200,000 dozen; for 1921, up to date—and that is probably for the fiscal year—440,000 dozen. The importations evidently are increasing very rapidly.

Mr. KASTOR. They may be increasing very rapidly, Senator, and in that connection here are some very interesting figures. The exports of cutlery from the United States for 11 months ending in November amounted to \$6,866,727, as against imports of \$2,624,446. Those figures are taken from your Government statistics. That refers to table cutlery.

Senator McLEAN. I am not talking about table cutlery. I am talking about pocketknives.

Mr. KASTOR. These figures include all.

Senator McLEAN. Now take scissors. In 1919 we imported 39,000 dozen; in 1920 the number of dozen is not given, but the value is double that of 1919. In 1920 the value was \$154,000.

Mr. KASTOR. And in 1921 it was \$821,392. I can give you that to save you the time.

Senator McLEAN. I have been reading the wrong figures, I think. The value was \$260,000 in 1920 and in 1921 the value was \$936,000.

Mr. KASTOR. Yes. That bears out the figures that I have.

Senator MCLEAN. That shows active competition.

Mr. KASTOR. Take this pair of scissors—No. 9358, 5½-inch. Figured out on the American valuation plan it is \$2.27. At 40 per cent you get a duty of 90 cents, which, plus cost, is \$1.70. That is without profit to the importer, without transportation, and without insurance. I ask you if that is too much margin to give to compete with the American manufacturer?

Take this pocketknife. No. 6666 is a premium stock knife that I have here. The domestic value is \$12.25 per dozen. I have here our own German-silver knife on which I would like to take orders for about 100 dozen right now at \$12.25 per dozen. The duty on that basis is \$4.90, which makes the importer's cost \$9.68 per dozen. As a matter of fact, I have the cost figures on that knife. That knife costs \$7.91 in the American factory, and the European one costs the importer to land, without insurance, freight, or expense of any kind, \$9.68. Isn't 40 per cent enough, in view of that? Isn't that \$2 margin enough? As a matter of fact, the American knife is a better knife. It has a German-silver lining.

Gentlemen, this table in the brief, if it is studied carefully, proves what I have said—that the 40 per cent ad valorem rate on scissors, razors, and pocketknives will prove adequate protection to the domestic manufacturer, and, at the same time, will give the importer a chance to import and will give the consumer competitive goods.

I just want to add one thing, and that is that several gentlemen who will follow me are in the American manufacturing line. If you want to recall me to ask any questions, I shall be at your service either this afternoon or to-morrow morning.

BRIEF OF ROBERT N. KASTOR, REPRESENTING THE CUTLERY IMPORTERS' ASSOCIATION.

The Cutlery Importers' Association comprises all the well-known, long-established cutlery importers in the United States, whose aggregate imports represent fully 80 per cent of all the cutlery imported into this country.

The members of the association have given the provisions of H. R. 7456 serious consideration, and it is their opinion that the rates of duty on cutlery, based upon American valuation, as defined in the Senate Finance Committee's revision of section 402 of the bill, will prove to be an effectual bar against importations of almost all cutlery, excepting special designs and patterns not manufactured in the United States, and even as to such goods as are capable of being imported despite the tremendously high duty, the uneven and widely varying rates resulting from the imposing of varying rates of specific duty, in addition to the ad valorem, will prove prohibitory as to a large class of goods.

We herewith assert and shall discuss seriatim the following propositions:

- I. The proposed rates, computed on American valuation, will prohibit importation.
- II. (a) The combination of ad valorem duty with widely varying rates of specific duty is wrong in principle and unfair in operation. (b) There should be an ad valorem duty only.
- III. The branding clause in each of the paragraphs should be amended so as to read as in present Underwood and former Payne-Aldrich bills.
- IV. The rates should be revised so that there be a straight ad valorem duty provided for in each of the above paragraphs not to exceed the following rates: Paragraph 354, pocketknives, etc., 40 per cent. Paragraph 355, table cutlery without handles, 20 per cent; table cutlery with handles, 20 per cent. Paragraph 357, scissors, 40 per cent. Paragraph 358, razors, 40 per cent.

I. The proposed rates, computed on American valuation, will prohibit importation.

The discussion of the foregoing proposition is predicated upon the text of section 402 of the bill as amended and revised by the Senate Finance Committee, the phraseology of which we understand to be substantially as in the addenda of this brief.

It is our understanding that the Finance Committee has definitely decided to retain the American valuation plan in the bill, and that that question therefore, so far as the committee is concerned, is no longer open for discussion. Accordingly, we shall attempt no argument against the theory of American valuation, and content ourselves with the mere statement, for the purposes of record only, that in our opinion, based upon an experience of over 40 years on the part of most of our members, and even bearing in mind the present chaotic condition of the monetary systems abroad, the change in the method of valuation of imported merchandise is unwise, more costly of administration, provocative of many new and unsolved problems, and probably productive of a vast amount of litigation.

Section 402, as amended, provides for and defines four kinds of value: 1. Domestic value. 2. Import value. 3. Export value. 4. Cost of production value.

Before submitting data and tables under each of these methods of valuation, we desire to make a few preliminary observations.

The "domestic value" of the several thousand articles of cutlery is not easily ascertained.

To illustrate the difficulty which an appraiser would have, we desire to cite as an example recent bids which were made on request of the Engineer's depot of the War Department of the United States Government for 5,000 of a standard jackknife, in May, 1921. In all, 13 bids were received; 7 from high-grade standard pocketknife factories and 6 from agents. These bids for the identical article fully described by the Engineers' depot ranged in price from the lowest at 43 cents to the highest at 63.8 cents—a difference of a little over 20 cents apiece or \$2.40 per dozen between the highest and lowest bid.

It is fair enough to ask, if it is so difficult to get the exact wholesale price of an easily recognized standard jackknife—how can an appraiser be expected to fix the correct domestic value of the thousand and one odd patterns of pen and pocket knives, razors, scissors, and table knives covered by the cutlery schedules.

It is a well-known custom of the cutlery industry that customers are in the habit of placing orders for import in advance for delivery at a later date, which they can not place unless they know the prices of the articles in question. The importer is naturally asked to quote a definite price on such orders, but with American valuation in effect the importer, if he is uncertain whether or not there is a similar article of domestic manufacture, can not know for a certainty whether, in assessing the duty, a domestic value or the export value will be applied. The difference in duty may be considerable, and in this dilemma he would naturally have to pass up all business of this character which forms a great part indeed of the general cutlery imports.

The primary object of a tariff bill, in addition to producing revenue, is to protect the domestic manufacturer against the lower production cost of the foreign manufacturer. If the foreign cost and the domestic cost of similar articles were definitely known and if normal conditions prevailed so that these respective costs could reasonably be expected to continue without substantial change, then the problem of framing the tariff schedules would be simplified.

However, the production cost, both domestic and foreign, is a fickle quantity to day. So far as domestic cost is concerned, it would seem to be safe to assert that substantially all changes within the next 12 months at least will be by way of reduction. Some initial reductions, both in labor and in cost of raw materials, have already been made in our domestic cutlery factories, followed by a more or less proportionate reduction in the factory selling prices. Further, and probably greater, reductions are expected to occur within the coming year.

What changes in cost of production, computed in American dollars, will take place in foreign countries, particularly in Germany, with its enormously depreciated currency, can not be foretold. Heretofore when the value of German marks in dollars went down, the cost of German goods in marks went up, so that the cost in American dollars was not materially changed. Then, again, there have been periods in the past six months when the rate of exchange fluctuated from 85 marks to the dollar to 40.35 marks to the dollar without any change in selling price, in marks, of a German-made article. Recently the exchange value of the mark has touched the lowest level for the current year and yet, doubtlessly because of the internal economic distress, the selling prices in marks have not made the customary corresponding advance.

The fact remains that economic and monetary conditions in Germany are so chaotic that cost of production is a constantly changing factor. No one can foretell the future with certitude. Many believe the turning point is about to be reached, i. e., either Germany will fall into the depths to which Austria has fallen, or she will adopt such measures as will make for deflation of its currency and greater industrial stability. If the latter course is taken, we can reasonably expect higher selling prices in Germany,

measured in American dollars, to meet the extraordinarily heavy tax burdens which Germany must carry to enable her to meet her tremendous obligations.

Hence we have these two conditions affecting the question of the amount of protection needed by the American manufacturer, (a) the American cost of production is practically certain to undergo a substantial reduction in the near future, and (b) the German cost of production, if conditions are stabilized, will probably be increased. The nearer the two relative costs of production approach each other, the more prohibitory the cutlery schedules in the Fordney bill become with respect to importation.

THE PROPOSED RATES ARE PROHIBITORY.

In order to illustrate graphically the prohibitory effect of the proposed rates of duty when computed on the value of the imported merchandise in accordance with the provisions of section 402, as amended by the Senate Finance Committee, we submit herewith a "Table of duty based on American valuations," showing the amount of duty computed on the four kinds of value prescribed in the aforementioned section. We have selected articles of cutlery which are fairly representative of the great mass of cutlery customarily imported, and which articles were all included in recent invoices of the leading cutlery importers.

Duty based on American valuations.

Article.	Importer.	Invoice date.	Rate of exchange (marks).	Similar domestic article.	Domestic manufacturer.	Foreign cost in marks.	Foreign cost in United States currency.
POCKET KNIVES.							
		1921.					
404	A. K. & B.	July 26	\$0.0126	5325	C. C. C.	26.00	\$0.33
614 D W	A. K. & B.	May 30	.0158	31199	C. C. C.	38.00	.60
N 2000 St.	A. K. & B.	June 14	.0137	62198	C. C. C.	58.00	.80
6042	H. B. & Co.	May 6	.0135	2003	V. F. C.	173.15	2.33
6066	H. B. & Co.	do.	.0135	67125	C. C. C.	353.40	4.78
1028 P	J. A. H.	May 24	.0166	.....	.....	1,149.54	19.08
SCISSORS.							
9338-5½-inch	Griffon....	Apr. 15	.0144	9123-6-inch	Acme S. C. ...	58.30	.85
8764-3½-inch	M. Klaas..	May 25	.0149	4061-3½-inch	Klaas (Inc.)..	90.56	1.35
1535-3½-inch	J. A. H.	May 23	.0153	23	N. C. C.	210.15	3.23
2610-7½-inch	J. A. H.	May 12	.0166	10-7½-inch	N. C. C.	308.55	5.13
RAZORS.							
520-½ S. P.	A. K. & B.	May 10	.0149	110-½ S. P.	J. R. Torrey..	78.40	1.17
101-½ S. P.	H. B. & C..	May 6	.0135	7004-½ S. P.	Korn	461.70	6.23
TABLE CUTLERY.							
Butcher knives, Wilson, 6-inch.	H. B. & C..	May 28	13.6100	L. F. & C., 6-inch..	L. F. & C.	115 6	2.79
55 stag (carving set)	J. A. H.	July 4	.0134	20803-9-inch .....	.....	1,743.00	23.35

¹ Sterling.

A. K. & B. ... Adolph Kastor & Bros., 109 Duane Street, New York.
 C. C. C. ... Camillus Cutlery Co., Camillus, N. Y.
 H. B. & C. ... H. Boker & Co., 101 Duane Street, New York.
 V. F. C. ... Valley Forge Cutlery Co., Newark, N. J.
 J. A. H. ... J. A. Henckels, 107 Chambers Street, New York.
 Griffon ... Griffon Cutlery Works, 151 West Nineteenth Street, New York.
 Acme S. C. ... Acme Shear Co., Bridgeport, Conn.
 M. Klaas ... Max Klaas, 5 Union Square, New York.
 Klaas, Inc. ... Max Klaas (Inc.), Newark, N. J.
 N. C. C. ... Newark Cutlery Co., Newark, N. J.
 J. R. Torrey ... J. R. Torrey Razor Co., Worcester, Mass.
 Korn ... Korn Razor Co., Little Valley, N. Y.
 L. F. & C. ... Landis, Frary & Clark, New Britain, Conn.

Duty based on American valuations—Continued.

Article.	Domes- tic value.	Duty.	Per- centage duty on foreign cost.	Cost to im- porter.	Import value.	Duty on import value.	Per- centage duty on foreign cost.	Valua- tion per export value.	Duty on export value.	Per- centage duty on export value.
POCKETKNIVES.										
404.....	\$1.00	\$0.90	272	\$1.23	\$1.00	\$0.90	272	\$0.59	\$0.77	233
614 D W.....	2.75	2.02	337	2.62	1.50	1.65	275	1.65	1.70	283
N 2000 St.....	3.60	3.48	435	4.28	3.00	2.10	262	2.00	1.80	225
6042.....	7.00	4.50	193	6.83	6.00	4.20	180	5.25	3.98	171
6066.....	12.25	7.27	152	12.05	13.00	7.50	157	10.50	6.75	141
1028 P.....					48.00	18.00	90	34.59	13.97	73
SCISSORS.										
9338—5½-inch.....	2.27	3.19	373	4.04	2.00	3.10	365	3.60	3.66	431
8764—3½-inch.....	3.70	3.69	274	5.04	3.25	3.55	264	4.40	3.94	292
1535—3½-inch.....	5.75	4.13	128	7.36	8.50	5.37	166	8.00	5.26	163
2610—7½-inch.....	8.66	5.33	104	10.46	15.50	7.82	152	12.00	6.40	125
RAZORS.										
520—S. P.....	3.25	2.90	247	4.07	3.00	2.32	241	3.30	2.91	247
101—S. P.....	11.70	5.91	95	12.14	15.00	6.90	111	12.50	6.12	98
TABLE CUTLERY.										
Butcher knives, Wilson, 6-inch.....	3.50	3.14	113	5.93	6.00	4.02	144	7.00	4.35	172
55 stag (carving set).....	50.40	23.40	100	46.75	96.00	39.36	169	45.35	21.65	93

In presenting this table to the Finance Committee we have prepared the same to show what the duty would be, were the appraiser to take domestic value—that is, the wholesale selling price of a similar American-made article—and we give the competing American manufacturer's number with his wholesale selling price, the duty thereon, and the percentage such duty is of the foreign cost.

We then have assumed, in order to fully demonstrate our contention, that the appraiser was unable to find a similar article, and that he was compelled to compute the duty on "import value." We have then figured what the duty would be on the import value, which is the importer's present wholesale selling price.

But in order to further illustrate the full effect of the amended section, we have further assumed that the appraiser was unable to find an "import value" and have, therefore, figured out the duty on the so-called "export value" of the various articles in question in the following manner: We have taken first the price at which the foreign article is freely sold in wholesale quantities, packed in the usual packages and cartons for export to the United States. Then we have figured the duty on this export value in accordance with the rates provided in the Fordney bill. To the aggregate of these two figures (selling price and duty) we have added 5 per cent to cover freight, insurance, and expenses to the United States, a percentage which experience has proven will approximate the actual expenses of transportation, freight, and insurance. To the sum total of these figures we have added a profit of not less than 16 per cent, as provided in the bill. On this final basis we have determined the duty in accordance with the provisions of the Fordney bill, as provided in section 402, subdivision (f) 3. Inasmuch as the figures for cost of production are not available to us, and as the clause (e) of section 402, entitled "Cost of production," is obviously framed to make cost of production equal to export value, we have assumed that the duty on cost of production is equal to the duty on export value and have, therefore, omitted this from the table.

In giving the foreign value in American currency of the articles in question, we have in each case taken the rate at which the particular invoice of the various importers was consulted; but that does not mean that the importer in question paid that rate for the foreign money with which he paid the particular invoice. As a matter of fact, in most cases he paid much more. It has been the custom of all importers since the war, to provide payment for the merchandise which they order by buying foreign bills of exchange far ahead of the time of delivery. As a matter of fact, the importer usually covers for his purchases on the very day he places his order, so that in most cases the importer paid for his marks or sterling considerably more than the rate at which the invoices in question were consulted. This is quite a factor in the import-

ing business as it has been conducted since the war, and should be well borne in mind by the committee whenever they see a quotation of prices in foreign currency. It is not fair to take the arbitrary figure at which the mark may be ruling to-day, to establish the cost of merchandise, as in the violent fluctuations which have taken place in the past two years only an average much higher than the low point and much lower than the high point at which the mark or other currency has been quoted should be taken.

The briefest analysis of our table will serve to show that the duties as at present provided for in the bill are absolutely prohibitive for all of the articles which we have cited, and in fact for all cutlery, for we believe that the examples we have taken are fairly representative of the various grades and kinds of cutlery which are customarily imported.

To be more specific, take the case of knife No. 404, the foreign cost of which is \$0.33 per dozen: The duty on this item is based on the American wholesale selling price (domestic value) of a similar article (5626) and figures to \$0.90, as in our table; \$0.90 plus \$0.33 (foreign cost) equals \$1.23, which means that this article plus the duty as figured, and without including any costs of transportation, insurance, freight, or general expenses, and without allowing one cent of profit to the importer, costs the importer 25 per cent more than the same article is sold for in the usual wholesale quantities by the American manufacturer, figuring a liberal profit.

The same thing can be stated with equal force in the case of article 6066, in which the duty, plus foreign cost, amounts to \$12.05, without including freight or expenses or any profit for the importer, as against a selling price of \$12.25 per dozen of a similar article of American manufacture.

But these cases of pocketknives are mild when compared to examples in the scissor schedule. For example, article No. 9338, 5½", figures out to \$4.04 per dozen with the duty, but without any amount added for freight, insurance, and without any profit to the importer, whereas a Bridgeport manufacturer sells a similar article of as good a quality, at \$2.27 per dozen. This example speaks for itself, and the other three examples of scissors, given in the table, show that the rates of duty are proportionately just as high and just as prohibitive.

We do not deem it necessary to comment specifically on the razors, carvers, and butcher knives contained in the table. The figures in the table speak for themselves, and only the slightest study of them will serve to convince any impartial reader that the schedules as drawn, in conjunction with American valuation, are unquestionably prohibitive for all the articles in question.

But we have thus far confined ourselves practically to the duty figured on domestic value only. The facts are, however, as the table shows, that section 402 is so framed that the duty figured on import value, export value, and cost of production is almost as high and in some cases higher than the duty figured on domestic value. In short, even where no similar articles can be found or are produced in this country, the duties are so high (as the percentages in our table will show) that they would necessitate selling prices higher than the consumer would or could pay. Therefore, even in the case of articles on which there is actually no competition, they could not be imported, as they could not be sold at the tremendous prices at which the high duties would compel their sale.

Inasmuch as the articles given in the table are, in our opinion, fairly representative of all the cutlery customarily imported, we believe that it is fair and just to state that the rates on cutlery provided for in the Fordney bill and computed in accordance with the Finance Committee's amendment are absolutely prohibitive and will most effectually bar the further importation of any cutlery, no matter what the country of origin may be.

To illustrate the enormous increase in duty resulting from the adoption of the American valuation plan, instead of computing the Fordney rates on foreign value, we present the following figures for three articles each of pocket knives, scissors, and razors, the three articles in each group costing \$1, \$2, and \$3, respectively:

Increase in duty when employing Fordney rates with American valuation over duty employing same rates with foreign valuation.

Article.	Foreign value.	Duty.	Percentage.	Duty on domestic value.	Percentage on foreign value.	Increase in percentage of duty on foreign value.	Duty on import value.	Percentage on foreign value.	Increase in percentage of duty on foreign value.	Duty on export value.	Percentage on foreign value.	Increase in percentage of duty on foreign value.
Pocketknives:												
N 9090.....	\$1.00	\$0.90	90	\$3.76	376	286	\$2.10	210	120	\$1.90	190	100
5794.....	2.00	1.80	90	4.65	2324	1424	4.20	220	130	3.80	190	100
7915 P.....	3.00	2.10	70	7.65	255	185	6.30	210	140	7.23	241	171
Average.....			83		287	204		213	130		207	124
Scissors:												
102-4 1/2.....	1.00	2.15	215	3.52	352	137	3.45	345	130	3.73	373	158
1060-6.....	2.00	3.10	155	4.50	225	70	4.50	225	70	4.56	228	73
950-6.....	3.00	3.45	115	5.20	173	58	4.67	158	43	5.11	170	55
Average.....			162		250	88		243	81		257	95
Razors:												
225.....	1.00	1.50	150	2.90	290	140	2.82	282	132	2.83	283	133
1552.....	2.00	2.04	102	4.50	225	123	4.20	210	108	3.81	190	88
1100.....	3.00	2.82	94	5.40	180	86	6.00	200	106	4.50	150	56
Average.....			115		231	116		231	116		208	93

Take knife N 9090, costing \$1; the duty, as per Fordney rates, computed on the foreign value, is \$0.90, or 90 per cent; but the duty, as per Fordney rates, computed on domestic value, is \$3.76, or 376 per cent on foreign cost. With the same rates in force, and by the simple expedient of shifting to the American valuation, the duty has been increased 418 per cent.

The foregoing table, briefly stated, shows: On pocketknives, ranging from \$1 to \$3 in foreign value, the average duty on that value as per Fordney rates is 83 per cent.

But when the Fordney rates on these same goods are computed on the American valuation you increase the average percentage rate from 83 per cent to 287 per cent if domestic value is used, 213 per cent if import value is used, and 207 per cent if export value is used.

So, also, on the scissors the average duty of 162 per cent on foreign value is increased to 250 per cent for domestic value, 243 per cent for import value, and 257 per cent for export value.

On razors the average duty of 115 per cent (foreign valuation) is increased to 231 per cent for domestic value, 231 per cent for import value, and 208 per cent for export value.

We respectfully submit that rates of duty on cutlery, as high as those shown above, are not only unprecedented, but are certain to be destructive of the entire import business in cutlery. If the decision to incorporate the American valuation plan is irrevocable, then it is imperative that the rates be very much lowered, unless it is a matter of indifference to the committee whether the importation of cutlery is barred or not. If, in order to protect the public against the excessive profits which the domestic manufacturer will be able to enforce if the bill in its present shape is enacted into law, the importation is to be allowed to continue on a basis which gives the domestic manufacturer ample protection, then rates substantially as suggested later in this brief should be adopted.

II. (a) The combination of ad valorem duty with widely varying rates of specific duty is wrong in principle and unfair in operation. (b) There should be an ad valorem duty only.

If the Finance Committee, in view of what has been submitted above, should conclude that the rate of duty as now provided for in H. R. 7456 on cutlery are too high, then we most earnestly urge the committee, in its revision of such rates, to eliminate the specific duties altogether. As a matter of fact, the rates given in the bill, even if computed on foreign valuation, would be prohibitive as to a very large portion

of goods which are now being regularly imported, especially those which fall within that part of each classification where the abnormally high approximate percentages of duty prevail, as shown in the tables given below for pocketknives, scissors, razors, and table cutlery.

A. Pocketknives (par. 354):

The experience of 12 years under the Dingley bill and of 3 years under the Payne-Aldrich bill has shown beyond all doubt that the combination of specific and ad valorem duties on articles of cutlery as embodied in these bills is—

(a) Unscientific and arbitrary with reference to classification.

(b) Unequal and unfair in operation.

(c) Prohibitory as to a large class of goods.

The proposed act, like the tariff act of August 5, 1909, makes arbitrary divisions for the imposition of specific duties. No good reason can be assigned for fixing upon the prices of \$1.25 and \$3 as the division lines, all knives costing \$1.25 or less (to 50 cents) per dozen, paying 5 cents each, knives from \$1.25 to \$3, 10 cents each, and those in excess of \$3, 20 cents each, all in addition to the ad valorem duty of 30 per cent.

From the following detailed table of the duties and percentages on pocketknives, the uneven and inequitable operation of the schedule can be seen at a glance:

POCKETKNIVES.

Value per dozen.	Rate of duty.	Actual duty.	Approximate percentage.	Value per dozen.	Rate of duty.	Actual duty.	Approximate percentage.
\$0.40	40 per cent.....	\$0.16	40	\$3.20	20 cents each and 30 per cent.....	\$3.36	105
.42	1 cent each and 30 per cent.....	.24½	58½	3.40	.....	3.42	99
.45	.....	.25½	57	3.60	.....	3.48	96½
.50	.....	.27	54	3.80	.....	3.54	93
	Average.....		56	4.00	.....	3.60	90
.55	5 cents each and 30 per cent.....	.76½	139	4.20	.....	3.66	87
.60	.....	.78	130	4.40	.....	3.72	84½
.70	.....	.81	115	4.60	.....	3.78	82
.80	.....	.84	105	4.80	.....	3.84	80
.90	.....	.87	96	5.00	.....	3.90	78
1.00	.....	.90	90	5.20	.....	3.96	76
1.10	.....	.93	84½	5.40	.....	4.02	74
1.20	.....	.96	80	5.60	.....	4.08	73
1.25	.....	.97½	78	5.80	.....	4.14	71½
	Average.....		102	6.00	.....	4.20	70
1.30	10 cents each and 30 per cent.....	1.59	122	6.25	.....	4.27	68
1.40	.....	1.62	115	6.50	.....	4.35	66½
1.50	.....	1.65	110	6.75	.....	4.42	65½
1.60	.....	1.68	105	7.00	.....	4.50	65
1.70	.....	1.71	100½	7.25	.....	4.57½	63
1.80	.....	1.74	96	7.50	.....	4.65	62
1.90	.....	1.77	93	7.75	.....	4.72½	61
2.00	.....	1.80	90	8.00	.....	4.80	60
2.10	.....	1.83	87		Average.....		77
2.20	.....	1.86	84	8.50	30 cents each and 30 per cent.....	6.15	72
2.30	.....	1.89	82	9.00	.....	6.30	70
2.40	.....	1.92	80	9.50	.....	6.45	68
2.50	.....	1.95	78	10.00	.....	6.60	66
2.60	.....	1.98	76	10.50	.....	6.75	64
2.70	.....	2.01	74	11.00	.....	6.90	62½
2.80	.....	2.04	72½	11.50	.....	7.05	61
2.90	.....	2.07	71	12.00	.....	7.20	59½
3.00	.....	2.10	70	12.50	.....	7.35	58
	Average.....		89	13.00	.....	7.50	57
				13.50	.....	7.65	56
				14.00	.....	7.80	55
				14.50	.....	7.95	54
				15.00	.....	8.10	53
					Average.....		61

Leaving out of consideration the very cheap knives, we can at once see the curious results of the specific and ad valorem duties combined. Knives costing 50 cents per dozen pay only 54 per cent total duty, while those costing 55 cents per dozen pay 139 per cent, or almost two and one-half times as much. As the cost gradually increases, the total duty decreases, until we reach the price of \$1.25 per dozen, on which the

duty is 78 per cent. What possible reason can there be for such a tremendous variance in a customs tax on the same line of goods, ranging from 78 per cent to 139 per cent?

Now, however, comes one of the arbitrary division lines, for goods costing only 5 cents more per dozen, namely, \$1.30, pay a duty of 122 per cent as against 78 per cent on goods costing \$1.25.

As the prices continue to increase up to and including \$3, the total duty again correspondingly decreases from the high mark of 122 per cent to the level of 70 per cent. Then comes another arbitrary line of division and classification, and, by again changing the rate of specific duty on knives costing in excess of \$3, the total duty on knives valued at \$3.20 leaps up to 105 per cent—just 50 per cent more duty than the \$3 knife yields. It is absolutely without justification that two similar articles, differing so slightly in cost, should be taxed at such widely dissimilar rates of duty.

As the cost again continues to increase, the duty decreases, so that with the importation of an \$8 knife the duty is 60 per cent, whereas with a knife costing \$8.10 the duty is 75 per cent.

A most cursory examination of the table of duties given above must soon convince the most ardent defender of the system of dual duties that such a wide divergence in rates as the table discloses is bound to keep out of our markets all such articles as would have to pay the comparatively higher rates, and, therefore, that as to them at least the proposed tariff act is prohibitive. For instance, you will find very few, if any, imports of knives costing from \$1.35 to \$1.65 per dozen which would have to be taxed at the practically prohibitive rates ranging from 122 per cent to 105 per cent. Likewise, you will not find many knives imported costing from \$3.10 to \$3.90 on which the duty ranges from 103 per cent to 93 per cent.

Our tables and the figures which we have cited above show the practically prohibitive rates on most classes of pocketknives in the proposed act, figuring the duties on foreign valuation. It must be remembered that the pocketknife industry is one that is well established in this country for a period of well over a quarter of a century, and figures of recent years indicated that the domestic industry turned out an amount of pocketknives equal to \$10,000,000 a year. This, compared to the imports of pocketknives for the 11 months ending May 31, 1921, of \$764,747, is a tremendous sum indeed and dwarfs by comparison this amount of imports. It is our conclusion, therefore, that the duties as proposed for these schedules are as already stated:

- (a) Unscientific and arbitrary with reference to classification.
- (b) Unequal and unfair in operation.
- (c) Prohibitory as to a large class of goods.

B. Scissors (par. 357):

In a much greater degree all that has been said above in reference to the operation, effect, and character of the system of specific and ad valorem duties combined on pocketknives is true of and applicable to the specific and ad valorem duties combined on razors and scissors.

The schedule for scissors worked out in table form below will show the tremendous percentages of duty provided for under this new act, and the actual facts are that these duties, even figured out on the foreign valuation, are absolutely prohibitive, and range from the lowest duty on a very high-grade scissors of 83 per cent to the tremendous duty on a cheaper grade scissors of 334 per cent.

The actual increases in duty in dollars and cents over the present duty as provided for in the Underwood bill are staggering and are shown clearly in the table:

SCISSORS.

Value per dozen.	Rate of duty.	Actual proposed duty.	Actual present duty.	Approximate percentage of proposed duty.	Value per dozen.	Rate of duty.	Actual proposed duty.	Actual present duty.	Approximate percentage of proposed duty.
\$0.40	3 cents each and 35 per cent.....	\$0.50	\$0.12	125	\$1.80	20 cents each and 35 per cent.....	\$3.03	\$0.54	168
.50	.....do.....	.53½	.15	106½	1.90	.....do.....	3.06½	.57	161
	Average.....			115	2.00	.....do.....	3.10	.60	155
.60	15 cents each and 35 per cent.....	2.01	.18	334	2.10	.....do.....	3.13½	.63	149
.70	.....do.....	2.04½	.21	292	2.20	.....do.....	3.17	.66	144
.80	.....do.....	2.08	.24	260	2.30	.....do.....	3.20½	.69	139
.90	.....do.....	2.11½	.27	235	2.40	.....do.....	3.24	.72	135
1.00	.....do.....	2.15	.30	215	2.50	.....do.....	3.27½	.75	131
1.10	.....do.....	2.18½	.33	198	2.60	.....do.....	3.31	.78	127
1.20	.....do.....	2.22	.35	185	2.70	.....do.....	3.34½	.81	123
1.30	.....do.....	2.25½	.39	174	2.80	.....do.....	3.38	.84	120
1.40	.....do.....	2.29	.42	163	2.90	.....do.....	3.41½	.87	117
1.50	.....do.....	2.32½	.45	155	3.00	.....do.....	3.45	.90	115
1.60	.....do.....	2.36	.48	147	3.20	.....do.....	3.52	.96	110
1.70	.....do.....	2.39½	.51	141	3.40	.....do.....	3.59	1.02	105
1.75	.....do.....	2.41½	.52½	138	3.60	.....do.....	3.66	1.08	101½
	Average.....			202	3.80	.....do.....	3.73	1.14	98
					4.00	.....do.....	3.80	1.20	95
					4.20	.....do.....	3.87	1.23	92
					4.40	.....do.....	3.94	1.32	89
					4.60	.....do.....	4.01	1.38	87
					4.80	.....do.....	4.08	1.44	85
					5.00	.....do.....	4.15	1.50	83
	Average.....								118½

The actual facts in connection with the scissors industry in this country are that in two branches of the industry there is practically no competition whatsoever from abroad, and that the product of these two branches is exported to every corner of the world:

1. Steel laid shears, which are made nowhere but in the United States of America, but for which a duty of 10 cents each and 30 per cent ad valorem has been provided.

2. Cast scissors, which have always been more successfully produced in this country than in any other country in the world, as our export statistics clearly prove.

American cast scissors enter into competition with all other scissors in the world markets and have successfully met all competition from all sources.

An interesting sidelight on the actual state of the American cutlery trade is provided by the monthly summary in the Bulletin of Foreign Commerce of the United States, a monthly publication issued by the United States Government, which shows as follows:

Exports and imports for 11 months ending May 31, 1921.

Exports:

Table cutlery.....	\$2,618,044
Safety razors.....	1,323,587
All other razors.....	253,533
All other cutlery, not specified, including scissors.....	2,671,563
Total exports of cutlery.....	6,866,727

Imports:

Pocketknives.....	764,747
Razors.....	579,639
Scissors.....	831,392
All other.....	448,668
Total imports of cutlery.....	2,624,446

In short, as against a total of all cutlery exported of \$6,866,727, there was imported but \$2,624,446. In fact, the one item alone in our export statistics headed "All other

cutlery, not specified, including scissors," amounts to more in dollars and cents than the total of all cutlery imported, including table cutlery.

It would appear on the surface that the American manufacturer is well able to compete with other countries in the world markets.

When it is borne in mind that scissors are an article of household use and that the proposed tariff will compel the American householder to pay 50 cents for a 25 cent article and between 75 cents and \$1 for a 50 cent article, the actual effects of the scissors schedule will be promptly borne home to every household and school.

C. Razors (par. 358):

What we have said about scissors and pocket knives is equally applicable to razors, and the table which we cite below indicates the tremendous percentage of duty specified in the proposed act. The lowest percentage duty is 54 per cent and the highest 150 per cent, as against 35 per cent and 55 per cent under the Underwood bill.

RAZORS.

Value per dozen.	Rate of duty.	Actual duty.	Approximate percentage.	Value per dozen.	Rate of duty.	Actual duty.	Approximate percentage.
\$1.00	10 cents each and 30 per cent.	\$1.50	150	\$3.80	16 cents each and 30 per cent.	\$3.06	80
1.20	do.	1.56	130	3.95	do.	3.10½	78
1.40	do.	1.62	115		Average.....		85
1.60	do.	1.68	105				
1.80	do.	1.74	96	4.00	20 cents each and 30 per cent.	3.60	90
1.90	do.	1.77	93	4.20	do.	3.66	87
1.95	do.	1.78½	91½	4.40	do.	3.72	84
	Average.....		112	4.60	do.	3.78	82
2.00	12 cents each and 30 per cent.	2.04	102	4.80	do.	3.84	80
2.20	do.	2.10	95	5.00	do.	3.90	78
2.40	do.	2.16	90	5.50	do.	4.05	74
2.60	do.	2.22	85	6.00	do.	4.20	70
2.80	do.	2.28	81	6.50	do.	4.35	67
2.95	do.	2.32½	79	7.00	do.	4.50	64
	Average.....		89	7.50	do.	4.65	62
3.00	16 cents each and 30 per cent.	2.82	94	8.00	do.	4.80	60
3.20	do.	2.88	90	8.50	do.	4.95	58½
3.40	do.	2.94	86	9.00	do.	5.10	56½
3.60	do.	3.00	83	9.50	do.	5.25	55
				10.00	do.	5.40	54
					Average.....		71

In the case of razors, the heaviest percentage of duty bears on the cheaper grade of razors, which will, of course, compel the man in the street to pay an exorbitant price for his cheap razors, which, due to the general liquidation, have just gotten down to a modest basis again.

D. Table cutlery (par. 355):

A further reference to the export and import statistics given on page 21 will show the inconsistency of the very heavy specific and ad valorem duties proposed for table cutlery.

When it is realized that the exports of table cutlery for the 11 months ending May 31, 1921, amounted to \$2,618,044, but \$6,000 less than the total imports into this country of all cutlery, it seems somewhat out of date to treat this as an infant industry and to provide specific and ad valorem duties ranging as high as 150 per cent for the cheaper grades of table cutlery.

The table-cutlery industry, by which is meant table knives, butcher knives, kitchen knives, carvers, and all other articles enumerated in paragraph 355, has been dominated by the American manufacturers for years. What have been imported have been specialties that are not made here and certain grades of table knives, butcher knives, and carvers, all of which had to be sold at higher prices with the present duty of 30 per cent than goods of American manufacture that were similar.

The present law exacts a duty of 25 per cent ad valorem on all such articles without handles and 30 per cent with handles. We are recommending that this paragraph be changed or amended so as to provide 20 per cent ad valorem, on American valuation, which rate of duty affords more than ample protection to the American manufacturers of these goods, and any substantial increase in the rate will prove prohibitive.

Our domestic manufacturers have competed successfully with foreign manufacturers in foreign markets in these articles, as may be seen by the table of statistics which we give you herewith and which was taken from Government records.

We would further call your attention to the contemplated change in the duty on carvers and table-knife blades, finished or unfinished, from which you will see that it is proposed to classify these blades with the finished article of the highest grade, such as have pearl handles attached, etc.

We herewith give you a comparison showing how the proposed duty would work out as compared to the finished article:

	Value.	Rate of duty.	Actual proposed duty.	Present duty.	Total percentage of proposed duty.
Table-knife blades.....	\$1 per dozen.	16 cents each and 35 per cent.....	\$2.27	<i>Per cent.</i> 25	227
Finished table knife, with the same blade, but with a celluloid handle.	\$2 per dozen.	8 cents each and 25 per cent.....	1.66	30	83

The foregoing analysis and review of the proposed cutlery schedules in H. R. 7456 demonstrate beyond doubt that they are arbitrary in classification, unequal and unfair in operation, and prohibitory as to a large class of goods. The proposed rates, as they stand, would be prohibitory even if computed on foreign valuation, as has always been the practice. But when these rates are put into operation and applied on the American valuation they will surely be found to be absolutely and irretrievably prohibitory. The substitution of the American valuation for the foreign valuation has the effect of doubling and trebling the duty, although there is no change in rates.

III. The branding clause in each of the paragraphs, 354-361, should be amended so as to read as in present Underwood and former Payne-Aldrich bills.

We respectfully refer to the clause in paragraphs 354, 355, 357, 358, 359, 360, and 361, reading:

“Provided further, That all the articles specified in this paragraph, when imported, shall have the name of the maker and beneath the same the name of the country of origin die sunk conspicuously and indelibly on the shank or tang of at least one, or, if practicable, each and every blade thereof.”

This paragraph is quite a change from all previous tariffs, including the Underwood, Payne-Aldrich, and Dingley, which always provided that the articles specified in the cutlery schedule when imported shall have the name of the maker or purchaser, instead of merely the name of the maker, stamped or die sunk conspicuously and indelibly on the shank or tang of at least one, or, if practicable, each and every blade thereof.

The actual result of compelling each article to bear the name of the maker would be three-fold:

1. It would destroy the hard work of 40 or 50 years which cutlery importers have put in to establish their own trade names and brands. In some instances extensive advertising campaigns have been entered into by importers who have spent thousands of dollars in protecting and making their names good before the public. This act would compel each importer to put the name of the various manufacturers from whom he purchases his goods abroad on each and every article, and would give away his trade secrets to every customer.
2. Many customers of the importers insist on buying their merchandise under their own special brand and mark which they in turn have established after years of hard pioneering and at considerable expense. This paragraph, as now worded, would, however, with one sweep set aside legally protected trade-marks and would violate long established property rights by compelling the customers of the importers to have the name of the foreign manufacturer stamped on the merchandise they buy.
3. This provision would eventually prove to be as big a boomerang as the famous “Made in Germany” provision was for England. It will be recalled that the English were the first to compel all articles to be stamped with the country of origin. The result was that “Made in Germany” became a by-word, not only in England and all her colonies, but throughout the world for certain classes of merchandise, and Germany got more free advertising through this provision than she could possibly have hoped

to get by the expenditure of hundreds of millions of dollars. In this instance, the American Congress would be providing every foreign manufacturer with the best kind of free advertising and far from protecting Americans by the provision, would undoubtedly do incalculable harm, as the American public would become accustomed to the names of the various German manufacturers and would, if satisfied with their product, insist on their merchandise.

We would recommend therefore that the wording of this clause read as follows:

“Provided, further, That all the articles specified in this paragraph, when imported, shall have the name of the maker, or purchaser, and beneath the same the name of the country of origin die-sunk or branded conspicuously and indelibly on the shank or tang of at least one or, if practicable, each and every blade thereof.”

as it did in the previous bills, without harm to any American manufacturer.

IV. The rates should be revised so that there be a straight ad valorem duty provided for as follows:

	Per cent.
Paragraph 354, pocketknives	40
Paragraph 355, table cutlery	20
Paragraph 357, scissors	40
Paragraph 359, razors	40
Paragraph 361, pliers and nippers	20

It has always been the policy of the Cutlery Importers' Association to advocate rates of duty on cutlery which would be fair to both the domestic manufacturer and to the importer, as well as to the public.

This attitude was evidenced in the hearings before the Ways and Means Committee in 1913 when the Underwood bill was in the making, at which time, although the Underwood bill as originally framed provided a duty of 35 per cent for pocketknives and razors and 30 per cent for scissors, this association went on record as advocating a duty of 50 per cent on pocketknives and razors and 35 per cent for scissors.

But rather than seem to be merely destructive in our criticism, and in order to provide for a tariff in which the schedule affecting cutlery shall be fair and just to the importer, to the domestic manufacturer, and to the consumer, we have suggested the rates appearing above, and have prepared a table showing the foreign cost of several specific articles, which cost is taken from actual import invoices of recent date, and, as shown thereon, the corresponding domestic value, the duty based upon such domestic value, computed at 40 per cent ad valorem on pocketknives, scissors, and razors and 20 per cent ad valorem on table cutlery, and have also added a column showing the resulting cost to the importer of the imported article with the 40 per cent duty on the domestic value. It is to be noted, however, that this "cost to importer" does not include any charges for transportation, freight, insurance, and other incidental charges. In the last column of the table will be found the percentage which such duty, based on domestic value, is on the foreign cost. In scrutinizing the column of percentages, it will be found that the percentages are actually higher than the duties which have been levied in any previous tariff bill, including the Payne-Aldrich and Dingley bills.

It will also be observed from this table that the difference between the cost to importer and the domestic value is in no case greater than sound business principles would require, and in some instances, as, for example, article No. 2610, 7½-inch scissors, the domestic value is \$8.66, whereas the cost to the importer (exclusive of freight, transportation, insurance, and other charges), is \$8.59, or a margin of only 7 cents per dozen.

In the table are given examples of articles which are fairly representative of the great bulk of the goods imported, and what the table shows with reference to these specific articles will be found to be substantially true with reference to practically all the cutlery imported.

We submit that it is evident from the tables presented that a straight ad valorem duty of 40 per cent on pocketknives, razors, and scissors, and 20 per cent on table cutlery, as suggested, will provide more than adequate protection to the domestic manufacturer, and at the same time will permit the continuation of imports, which, however, will pay a much higher rate of duty than was received under either the Payne-Aldrich or Dingley bills.

Straight ad valorem duty of 40 per cent on pocketknives, scissors, and razors, and 20 per cent on table cutlery.

Article.	Foreign cost.	Domestic value.	Duty 40 per cent.	Cost to importer.	Percentage duty on foreign cost.
Pocketknives:					
404.....	\$0.33	\$1.00	\$0.40	\$0.73	121
614 DW.....	.60	2.75	1.10	1.70	183
N2000 St.....	.80	3.60	1.44	2.24	180
6042.....	2.33	7.00	2.80	5.13	120
6066.....	4.78	12.25	4.90	9.68	202
Scissors:					
9338, 5½-inch.....	.85	2.27	.90	1.70	106
8764, 3½-inch.....	1.35	3.70	1.48	2.83	209
1535, 3½-inch.....	3.23	5.75	2.30	5.23	71
2610, 7½-inch.....	5.13	8.66	3.46	8.59	67
Razors:					
5204 SP.....	1.17	3.25	1.30	2.47	111
1011 SP.....	6.23	11.70	4.68	10.91	75
Table cutlery:					
Wilson butcher knife.....	2.79	3.50	1.70	3.49	21
55 stag carver.....	23.35	50.40	10.08	33.43	43

¹ 20 per cent.

It must be remembered that this proposed duty of 40 per cent is based upon the American valuation, and that such duty is equivalent to rates anywhere from 67 per cent to 209 per cent upon foreign value, as may be seen from the table.

For the reasons more fully discussed under proposition No. "II," we again most earnestly urge the elimination of all specific duties on cutlery.

The Underwood bill provides two rates of ad valorem duty on pocketknives, namely, 35 per cent on articles valued at not more than \$1 per dozen, and 55 per cent on articles valued at more than \$1 per dozen. We know of no reason whatsoever why there should be two rates of ad valorem duty on knives any more than that there should be a combination of ad valorem and specific duty. The 35 per cent rate should be abolished. It is open to all the objections which may be urged against mixed duties, i. e., a combination of specific and ad valorem duties on the same articles, and which objections we have already fully discussed.

In reference to the duty on scissors and shears, we find that because of changed conditions of the past few years, the rate of 30 per cent as provided for in the Underwood bill, computed on foreign cost, does not at this time provide ample protection, either to the manufacturers who were engaged in this industry before the war, or to those manufacturers of scissors and shears who acquired and equipped their factories within the past three or four years. We do feel, however, that a duty of 40 per cent, computed upon American valuation, affords more than ample protection, because this rate, based on the American valuation plan, is actually equivalent to an average rate of well over 100 per cent, based on foreign valuation. In other words, the rate proposed by us is at least three times the amount of duty now in force under the Underwood bill.

Our reason for recommending a rate of 20 per cent on table cutlery as against 40 per cent on other cutlery, is that our experience under the Underwood bill has demonstrated that the American manufacturer of table cutlery does not need any protection greater than that provided for in the Underwood bill, and, therefore, in recommending a rate of 20 per cent, based on American valuation, we are suggesting a duty actually far in excess of the needs of the American manufacturer.

The fact that the domestic manufacturers of table cutlery do not need additional protection beyond that provided for in the Underwood bill is fully demonstrated by the table, setting forth exports of table cutlery from United States for the 11 months ending May 31, 1921.

This proves that the American manufacturers have fully demonstrated that they can compete successfully with foreign competition in the markets of the world as they have been doing in the past.

In conclusion we submit, that if the schedules in H. R. 7456, paragraphs 354-361, are revised in accordance with the suggestions herein made, adequate protection will be provided for the American manufacturers, and it will give just that stimulus, through foreign competition, which, according to the old adage, "is the life of trade."

SECTION 402, AS AMENDED BY SENATE FINANCE COMMITTEE.

SIMILARITY.

Sec. 402. (a) Wherever in this act reference is made to the similarity of merchandise (whether manufactured, partly manufactured, or unmanufactured) to other merchandise, such similarity to establish a price shall be based on similarity in material, quality, construction, and kind.

DOMESTIC VALUE.

(b) The domestic value of the imported merchandise shall be the price at the time of exportation of the imported merchandise, at which similar domestic merchandise, packed ready for delivery in the principal markets of the United States, is sold or freely offered for sale to all purchasers in such markets, in ordinary course of trade and in the usual wholesale quantities.

IMPORT VALUE.

(c) The import value of imported merchandise shall be the price, at the time of exportation of such merchandise, to the United States, at which such or similar imported merchandise is freely offered for sale, packed ready for delivery, to all purchasers in the principal markets of the United States, in the ordinary course of trade and in the usual wholesale quantities.

EXPORT VALUE.

(d) The export value of imported merchandise shall be the price, at the time of exportation of such merchandise to the United States, at which such or similar merchandise is freely offered for sale to all purchasers in the principal markets of the country from which exported, in the usual wholesale quantities and in the ordinary course of trade, for exportation to the United States, plus, when not included in such price, the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition, packed ready for shipment to the United States, less the amount, if any, included in such price, attributable to any additional costs, charges, and expenses, and United States import duties incident to bringing the merchandise from the place of shipment in the country of exportation to the place of delivery in the United States, and plus, if not included in such price, the amount of any export tax imposed by the country of exportation on merchandise exported to the United States.

COST OF PRODUCTION.

(e) The cost of production of imported merchandise shall be the sum of—

(1) The cost of materials of, and of fabrication, manipulation, or other process employed in manufacturing or producing, identical or substantially identical merchandise, at a time preceding the date of shipment of the particular merchandise under consideration which would ordinarily permit the manufacture or production of the particular merchandise under consideration in the usual course of business;

(2) The usual general expenses (not less than 10 per cent of such cost) in the case of identical or substantially identical merchandise;

(3) The cost of all containers and coverings, and all other costs, charges, and expenses incident to placing the particular merchandise under consideration in condition, packed ready for shipment to the United States; and

(4) An addition for profit not less than 8 per cent of the sum of the amounts found under paragraphs (1) and (2) equal to the profit which is ordinarily added, in the case of merchandise of the same general character, as the particular merchandise under consideration, by manufacturers or producers in the country of manufacture or production who are engaged in the same general trade as the manufacturer or producer of the particular merchandise under consideration.

VALUE.

(f) For the purposes of this act, the value of imported merchandise shall be—

(1) The domestic value.

(2) When the domestic value can not be ascertained to the satisfaction of the appraising officer, then the import value.

(3) If neither the domestic value nor the import value can be ascertained to the satisfaction of the appraising officers, then the export value, plus if not included in such price, duty, cost of transportation, insurance, and other necessary expenses from the place of shipment to the port of arrival in the United States and a reasonable addition for profits and general expenses not less than 16 per cent.

(4) If neither the domestic value, the import value, nor the export value can be ascertained to the satisfaction of the appraising officer, then the cost of production, plus duty, cost of transportation, insurance, and other necessary expenses from the place of shipment to the port of arrival in the United States and a reasonable addition for profits and general expenses not less than 16 per cent.

SUPPLEMENTARY BRIEF OF ADOLPH KASTOR & BROS.

In reply to request to classify hair clippers and toilet clippers under paragraph 357 (scissors and shears) instead of paragraph 393 (basket clause of Schedule 3) of H. R. 7456.

We earnestly urge your committee to allow hair clippers and toilet clippers to be classified, as they have been under all previous bills, in the basket clause, which is paragraph 393 of the Fordney bill, covering articles composed wholly or in chief value of iron, steel, etc., and are taxed at the rate of 35 per cent ad valorem.

It has been suggested by certain American manufacturers that clippers be classified specifically under paragraph 357, and that they bear a duty of 25 cents each and 35 per cent ad valorem.

We contend that they are correctly classified in the Fordney bill, and that 35 per cent ad valorem in conjunction with American valuation will provide more than adequate protection for the American manufacturer.

The most prominent clippers sold throughout the United States are the styles or sizes known as No. 1, No. 0, and No. 00, and we submit below some data based on these numbers, demonstrating that a specific duty of 25 cents per piece, plus 35 per cent ad valorem, will be prohibitive and act as an embargo, whereas an ad valorem duty of 35 per cent under paragraph 393 will afford the domestic manufacturer ample protection without strangling importation.

NO. 1 CLIPPER.

On a No. 1 cut clipper, which is a coarse cut, the price in marks is 23 marks per pair, which, figuring the mark at the rate of 1.20 cents, is 28 cents. The comparative American clipper is sold by the Universal Shear & Novelty Co. for 55 cents.

Under the rates requested by some domestic manufacturers the duty would be 25 cents each and 35 per cent ad valorem on 55 cents, which would total 44 cents. This sum, plus the foreign base cost of the clipper, without any charges for transportation, insurance, general expenses, or profits, would be 72 cents.

Obviously, this clipper could not be imported to compete with the American, which is sold for 55 cents.

NO. 0 CLIPPER.

On the No. 0 clipper the price is 27 marks, which, at the rate of 1.20, is 32 cents. But the American clipper, similar in material, quality, construction, and kind, is sold for 80 cents.

At the requested rates, the duty would be 25 cents specific, plus 35 per cent of 80 cents, which would total 53 cents. This sum, plus the base cost of 32 cents, amounts to 85 cents, without charges for transportation, insurance, general expenses, or profit. Needless to say, the importer could not sell this foreign clipper in competition with the American article.

NO. 00 CLIPPER.

No. 00 clipper is one of still finer cut. The price of this in Germany is 31 marks, which amounts to 37 cents; but the American clipper of like quality is sold in the usual wholesale quantities for 90 cents, so that the duty would be 25 cents each and 35 per cent of 90 cents, which would total to 57 cents. This, plus the original cost of the clipper would amount to 93 cents, without charges for transportation, insurance, and other expenses, so that the foreign clipper could not be sold against the similar American item, which is selling for 90 cents.

On the other hand, if the duty on each of these items is 35 per cent ad valorem only, as is the case under the Fordney bill, it would provide adequate protection

for the American manufacturer and still permit the importer to compete, as may be seen from the following:

Thirty-five per cent on the No. 1 clipper selling for 55 cents is 19 cents; plus the base cost of 28 cents, gives a total of 47 cents; so that the importer could not make even a very large margin of profit if he were to compete with the American article.

On the No. 0 clipper, 35 per cent of 80 cents is 28 cents; plus the base cost of 32 cents, gives a total of 60 cents, without transportation charges, insurance, and other expenses, which scarcely leaves the importer a sufficient margin to sell his clipper in competition with the American.

On the No. 00 clipper, 35 per cent of 90 cents is 32 cents; plus the base cost of 37 cents, gives a total of 69 cents, leaving the importer (without charges for transportation, freight, and other expenses) to compete with the American clipper selling for 90 cents.

We submit, moreover, that during the war, when there was no competition from abroad on clippers, that the American clipper manufacturers got monopoly prices, and that it was only under the influence of the foreign competition that these prices were brought down to a point where clippers could be bought by the man in the street.

American clipper manufacturers have for years exported their product in competition with the manufacturers of foreign countries to all parts of the world, and they are still doing so.

It must be remembered that under the Underwood-Simmons bill there was a duty of only 20 per cent on hair clippers, based on foreign valuation. With clippers in the basket clause, as at present, they will be dutiable at 35 per cent, based on American valuation, which is in itself an increase in duty of from 200 to 300 per cent.

We submit, therefore, that the facts do not justify the request for a specific duty in addition to 35 per cent ad valorem, and urgently request the Senate Finance Committee not to classify clippers in paragraph 357, but to allow them to remain in the basket clause in the Fordney bill as proposed at present and as was the case in all previous tariff bills.

STATEMENT OF J. A. CHRESTENSEN, REPRESENTING THE ONTARIO KNIFE CO., FRANKLINVILLE, N. Y.

The CHAIRMAN. Where do you reside, Mr. Chrestensen?

Mr. CHRESTENSEN. I am with the Ontario Knife Co., of Franklinville, N. Y., and I am interested in paragraph 355 of this proposed tariff bill. I also represent American Cutlery Co., Chicago, Ill.; American Tap & Die Co., Greenfield, Mass.; John Chatillon & Sons, New York City; Clyde Cutlery Co., Clyde, Ohio; Goodell Co., Antrim, N. H.; Lamson & Goodnow Manufacturing Co., Shelburne Falls, Me.; Landers, Frary & Clark, New Britain, Conn.; Meriden Cutlery Co., Meriden, Conn.; Northampton Cutlery Co., Northampton, Mass.; and John Russell Cutlery Co., Turners Falls, Mass.

The CHAIRMAN. What is it you want with reference to this bill, Mr. Chrestensen?

Mr. CHRESTENSEN. In the first place, I want to state that I represent not simply the Ontario Knife Co. but 12 manufacturers of cutlery who produce more than 90 per cent of all the cutlery manufactured in this country, as covered by paragraph 355.

I had not anticipated, Mr. Chairman, that it would be necessary, after the careful manner in which this matter was presented before the Ways and Means Committee, to make a further presentation, and to appear here to substantiate in any way the schedules which are already incorporated. I had planned to come here simply and ask permission to file a brief: but as the result of what I might term a vicious and rather hysterical attack against this schedule and the other cutlery schedules before this committee yesterday afternoon, I feel that it is up to us to substantiate to this committee the schedules which are already in this paragraph.

We propose to do that by a line of samples showing the imported values as compared with the American selling price.

The first item is a 9-inch cook knife that comes under paragraph 355. This knife was made in Germany, imported into this country at a price of 261 marks per dozen, and at the time it was brought into this country marks were on the basis of 85 marks to \$1, or about \$0.0117. I have figured it on that basis. I think the German mark to-day is somewhat below that figure. The last quotation, I believe, the closing market of yesterday, states it to be \$0.015½ as against \$0.0117.

That means, gentlemen, that this knife, in terms of dollars, was \$3.07 per dozen.

I have here a sample of a comparable knife in every respect made by Landers, Frary & Clark, of New Britain, Conn., the selling price of which, to-day, and also at the time at which this knife was brought in, is \$11 per dozen.

The proposed tariff, which this gentleman yesterday afternoon told you is absolutely prohibitive, figures out in this way:

There is an 8-cent specific duty upon this knife. That means 96 cents specific duty per dozen. There is a 35 per cent ad valorem duty upon the American value, which figures \$3.85 per dozen, making a total tariff of \$4.81. Add that to the cost of \$3.07, and it makes \$7.88. For full measure add to the initial cost of \$3.07 5 per cent to cover ocean freight and insurance, and you have a landed cost laid down to the same trade that is sold to in this country of \$8.03 per dozen as against \$11 per dozen.

The next item, gentlemen, to which I wish to call your attention is an 8-inch butcher knife. This also was imported from Germany, at 147.2 marks per dozen. Figured on the same basis of value, this knife would cost in terms of dollars \$1.73 per dozen. I have samples of a knife made by the Ontario Knife Co. which, if you gentlemen wish to examine, you may. It is selling at \$5.86 per dozen. A knife made by the Northampton Cutlery Co., of Northampton, Mass., is \$6.10 per dozen. A knife made by Landers, Frary & Clark, of New Britain, Conn., sells at \$6 per dozen. We therefore have taken the average of these prices, which is practically \$6 per dozen, and figured our tariff upon that basis, the specific duty amounting to 96 cents per dozen; 35 per cent on the American value is \$2.10, giving a total tariff of \$3.06, with an initial cost of \$1.73, which makes a value of \$4.79. Adding again 5 per cent to cover ocean freight and insurance, it makes a landed value to the same trade to which we sell of \$4.88 as against \$6.10.

The next item, gentlemen—because I want to cover this as rapidly as possible—is a 10-inch butcher knife. This knife is brought in from Germany at 201.6 marks per dozen, which, translated into American currency, means \$2.37 a dozen.

Senator WALSH. Is that the wholesale price or the price the importer pays?

Mr. CHRESTENSEN. That is the price at which it comes in and at which anyone can buy it.

Senator WALSH. So, then, it is the wholesale price?

Mr. CHRESTENSEN. Yes, sir.

Senator WALSH. You are not giving us the importers' prices, but the wholesalers' prices?

Mr. CHRESTENSEN. I am giving you the price that goes to the same trade that we do. Understand this—

Senator WALSH. Is it not true that the importer adds something to that?

Mr. CHRESTENSEN. I do not know what they do.

Senator WALSH. Do you mean to tell me that you do not know that the importer buys and sells goods for the same prices? He does not put a commission on?

Mr. CHRESTENSEN. I do not know what their profit is.

Senator WALSH. Are you giving us the import price plus the profit of the importer or not?

Mr. CHRESTENSEN. I am giving you the price to the same trade to which we sell our goods. You may call them importers or what you please.

Senator WALSH. It is the wholesale price, then?

Mr. CHRESTENSEN. All right; it is a mere matter of terms. On comparable articles, a knife made by the Ontario Knife Co. sells to the trade at \$7.96 per dozen. A knife made by Lamson sells at \$9 per dozen—

Senator WALSH. These are the same kinds of knives?

Mr. CHRESTENSEN. These are comparable knives. A knife made by the Northampton Cutlery Co., of Northampton, Mass., sells for \$8.50. A knife made by the Clyde Cutlery Co., of Clyde, Ohio, sells for \$8.10 per dozen. A knife made by Landers, Frary & Clark, of New Britain, Conn., sells for \$8.30 per dozen. Taking the average price of these five representative American manufacturers it gives a price of \$8.37 to the wholesale trade. Figuring in again the specific duty under the new tariff, it is 96 cents per dozen; 35 per cent upon the American valuation, \$2.93, making a total tariff of \$3.89. Adding that to the initial cost of \$2.37, it gives a value of \$6.26. Adding 5 per cent again for freight and insurance, it gives a price of \$6.38 against an average price of \$8.37.

Senator WALSH. Do you mean to assert here—I do not mean to dispute you, but I want to understand the fact—that you can buy a German-made knife comparable to the five knives that you have described here as made by American concerns for \$2.37—did you say?

Mr. CHRESTENSEN. To which knife do you refer?

Senator WALSH. The German knife, the imported knife.

Mr. CHRESTENSEN. Which particular one?

Senator WALSH. This last sample that you have been describing here. You named five knives, three of which were made in Massachusetts, and you compared them with a German-made knife.

Mr. CHRESTENSEN. A 10-inch knife.

Senator WALSH. What is the price of the German-made knife, the wholesale price in America?

Mr. CHRESTENSEN. Including tariff and everything?

Senator WALSH. Including the tariff under the Underwood bill.

Mr. CHRESTENSEN. I have not figured it out. Under the proposed law it is \$6.38.

Senator WALSH. But you have attempted to give us the wholesale price of these five different knives produced by American concerns to-day, and you have not here with you a comparable German-made knife and can not tell us what the wholesale price of it is?

Mr. CHRESTENSEN. \$6.38.

Senator WALSH. That is what I asked you, and you could have told me before.

Mr. CHRESTENSEN. Is there anything further, Senator?

Senator WALSH. No.

Senator McLEAN. I do not quite understand. Is the price of the German knife \$6.38?

Mr. CHRESTENSEN. Yes, sir.

Senator McCUMBER. With duty and everything. Is that the duty on the American valuation?

Mr. CHRESTENSEN. Under the American valuation; under the proposed tariff.

Senator McLEAN. What was the price to the wholesaler here of that German knife?

Mr. CHRESTENSEN. \$6.38 laid down.

Senator McLEAN. But that is duty paid. I mean without the duty.

Mr. CHRESTENSEN. \$2.37.

Senator WALSH. Without the Underwood duty?

Mr. CHRESTENSEN. Without any duty.

Senator WALSH. And the Underwood duty, you say, is the difference between \$2.38 and six dollars and some odd cents?

Senator McCUMBER. No; that was the American article—

Senator WALSH. I am trying to have him tell me what the wholesale price of the German knife is in the market without any consideration of the Fordney or any other proposed legislation.

Senator McCUMBER. What does it cost to produce that knife in Germany and what is it sold in Germany for?

Mr. CHRESTENSEN. \$2.37 a dozen.

Senator WALSH. So that you can buy to-day on the open market a knife comparable to these five American-made knives that you say have an average price of \$8.50 for \$2.37?

Senator McCUMBER. In Germany, I asked him.

Senator WALSH. What is the price to-day in this country?

Senator McCUMBER. Six dollars and something, he says.

Senator WALSH. If that is so, the tariff rate and the profit of the importer is the difference between \$2.30 and \$6?

Senator McLEAN. No; he is talking about the American knife, as I understand it. Will you not explain that?

Senator WALSH. Can you give us the price on the open wholesale market to-day of that German-made knife that you have in your hand, with which you are making a comparison with five American knives?

Mr. CHRESTENSEN. May I make a statement here?

Senator WALSH. Certainly you may.

Mr. CHRESTENSEN. I am here for the purpose of substantiating the schedules under the proposed law. The statement was made here yesterday afternoon that those schedules were absolutely prohibitive. I am showing you what the price would be to the same trade to which we go to-day based upon those schedules.

Senator McLEAN. And that would be \$6.38?

Mr. CHRESTENSEN. Yes, sir. I have tried to make this as clear as possible.

Senator WALSH. So the difference to-day, then, between the German knife and the American samples that you produce here is about \$2?

Mr. CHRESTENSEN. \$2 per dozen.

Senator DILLINGHAM. That is, under the schedules of this bill?

Mr. CHRESTENSEN. Yes, sir.

Senator DILLINGHAM. I understand you to say that you have not made any computation under the Underwood bill, the existing law.

Senator SUTHERLAND. The price of that knife, \$6.38, duty added, is \$2.37 in Germany?

Mr. CHRESTENSEN. \$2.37 in Germany.

Senator WALSH. I would like to ask the members of the committee, if there is any member who can tell me, the price in the open market to-day of that German knife. I want it for the purpose of accuracy. We can then deduct the Underwood rate and find out what the German import price may be and the profit of the importer.

Senator SUTHERLAND. He has given you the German import price—\$2.37.

Senator WALSH. I wish you would figure it out for me if you can.

Mr. CHRESTENSEN. Twenty-five per cent of \$2.37 is 59 cents, which, added to the price, makes \$2.96, plus your 5 per cent, which would be 12 cents, making \$3.08 under the Underwood tariff.

Senator WALSH. So the wholesale selling price of that knife is \$3.08 and not \$6.

Senator McLEAN. That is under the Underwood bill.

Mr. CHRESTENSEN. I have not stated that the price to-day was \$6.

Senator WALSH. The price to-day is three dollars and how many cents?

Mr. CHRESTENSEN. \$3.08 under the Underwood tariff.

Senator WALSH. So that you can go into the market and buy a dozen of these knives for \$3.08, and you have to pay for the same knife made in America \$8.50?

Mr. CHRESTENSEN. You can go to the German market, import those knives and pay the duty, and have them landed in New York for \$3.08.

Senator WALSH. That is what I understood you to say.

Mr. CHRESTENSEN. Yes, sir.

Senator McCUMBER. Then there is a profit to the importer.

Mr. CHRESTENSEN. I have not said anything about any profit to any importer.

The CHAIRMAN. Are these different kinds of cutlery from different countries of the same standard of efficiency and make-up? In other words, is the steel about equal in all of them?

Mr. CHRESTENSEN. Yes. All these various knives, samples of which I have shown, of German manufacture are of the best goods made in Germany.

The CHAIRMAN. Are they as good as similar goods made in America?

Mr. CHRESTENSEN. Those knives are as good as these knives made in America. I should say it was a fifty-fifty proposition.

Senator SUTHERLAND. I do not quite understand from the witness's statement how he arrives at the \$6.38.

Mr. CHRESTENSEN. Figuring upon the proposed schedule—

Senator SUTHERLAND. Just give the details of the figures—how you arrive at \$6.38. Take the German article and add the various additions that are necessary to be made.

Mr. CHRESTENSEN. The German price per dozen, translated into American money, is \$2.37 per dozen. The selling price of a comparable American-made article to the wholesale trade is \$8.37 per dozen. The proposed Fordney tariff levies a specific duty of 8 cents each, to begin with. That makes a specific duty of 96 cents per dozen. Then it provides that in addition to that there shall be an ad valorem duty of 35 per cent on the American value, which is 35 per cent of \$8.37—\$2.93. Add that to the specific duty of 96 cents and it makes \$3.89 that must be added to your cost of \$2.37, which makes \$6.26. Added to that I have taken 5 per cent of the \$2.37 to cover ocean freight and insurance, which makes the total landed cost to anyone who wishes to buy this, the importer or whoever he may be, \$6.38.

Senator WALSH. The experts say to me that you must add to that 25 to 30 per cent for the overhead charge of the importer. Is that a fact or not? You have not given a cent to the importer. You have put 5 per cent on for ocean freight and insurance. Is he going to get something out of this transaction? How much are you going to add for him?

Mr. CHRESTENSEN. I do not know.

Senator WALSH. The testimony is that they usually add 25 per cent.

Mr. CHRESTENSEN. Then let them add 25 per cent.

My contention is this, that we sell these 10-inch butcher knives to the trade, in New York, in Massachusetts, in Ohio, and California, and all over the country. Those same people to whom we sell that 10-inch knife at \$8.30 per dozen can go direct to Germany and buy them themselves and have them laid down in New York at \$6.38.

Senator DILLINGHAM. Under the provisions of the proposed law?

Mr. CHRESTENSEN. Yes, sir. That is the point.

Senator McLEAN. Mr. Kastor, who is an importer and has connections in Germany, can easily put that knife down in this country for the price that you have stated?

Mr. CHRESTENSEN. I assume that Mr. Kastor could purchase these knives through his German factory at German domestic prices, which are lower than German prices for export to the United States.

The next item, gentlemen, is a German-made so-called boning knife.

Senator SUTHERLAND. Do you know, as a matter of fact, what the price named by importers of that knife at this time would be, subject to this proposed tariff?

Mr. CHRESTENSEN. The only evidence, Senator, that I have is a bill for these samples purchased for us from the people who imported the knives—Graef & Schmidt, of New York City.

This 9-inch cook knife, which I have figured out, has a landed value under the proposed tariff of \$8.03. was sold to our customers upon their requisition for \$20 per dozen.

The 8-inch butcher knife, which I have figured under the proposed tariff as being able to be bought for \$4.88 per dozen, was sold to our customers under an invoice at \$12 per dozen.

Do you desire any more information beyond that?

Senator SUTHERLAND. That is the information I wanted to get. As a matter of fact, they are not putting those knives on the market

here at the low price of \$6.38 in competition with the American-made knives?

Mr. CHRESTENSEN. They are able to put them on the market at prices below what we can sell them for. If they are able to get 100 or 200 or 300 per cent profit and can get away with it, they will do it. As conditions change and they are compelled to reduce their prices, they will do so.

The CHAIRMAN. Is there any difference in quality between the German product and the English product?

Mr. CHRESTENSEN. No. As between the high-grade products of Germany, such as the Henckels line, and the high-grade products of Great Britain, there is in quality, so far as one can determine, probably no difference. The German knife is a better finished knife. It has a nicer appearance. The English goods are more crude.

Since you have brought up the matter of English knives, Senator, I want to say that the statement that was made yesterday afternoon that these schedules are prohibitive would apply to goods of English manufacture. We claim that these schedules are fair and do not at the present time cover the difference in cost between Germany and this country, because Germany is the country of the lowest priced production. English costs to-day are pretty comparable with our own, and therefore—

Senator WALSH. And Canadian costs are very much so.

Mr. CHRESTENSEN. There is practically no cutlery made in Canada.

Now, we are between the devil and the deep sea as to whether you are going to keep out English cutlery by a tariff or whether it would be kept out in competition, on a lower tariff, with the German goods that are brought into this country; because, positively, English goods when imported into this country could not compete with the German articles any more than could our goods. So you are going to keep them out either one way or the other.

Senator McLEAN. If we can equalize the exchange—

Mr. CHRESTENSEN. That is just what I was going to say. If in the wisdom of this committee you could devise anything which would equalize the difference in the depreciation as between those countries so that they will be brought to a nearer basis, the American manufacturers would be very glad to have it done.

Senator McLEAN. That would make possible some reduction in the duty and still give you ample protection?

Mr. CHRESTENSEN. Yes, sir.

Senator WALSH. Do you know of any way of doing that?

Mr. CHRESTENSEN. I do not.

Senator WALSH. There is a way, is there not—paying their debts and taking them on our own shoulders?

Mr. CHRESTENSEN. I would not at this time, under any consideration, take over the work of the Finance Committee.

The CHAIRMAN. It is a hard job.

Mr. CHRESTENSEN. It surely is.

I have some other samples in other lines here.

Senator McLEAN. I think we understand it.

Mr. CHRESTENSEN. There is just one thing, if I may ask for just a moment.

In the brief submitted here yesterday afternoon—and I have had only a very few minutes to go over it in a very cursory way—I wish to call your attention to the exhibits in the schedules pertaining to table cutlery, paragraph 355.

This gentleman appeared here yesterday afternoon representing more than 80 per cent of the total importations of cutlery into this country. He came here and stated, or left the impression with this committee, I believe, that practically every one of those importers were at the same time honest-to-goodness American manufacturers of cutlery with large investments in this country in manufacturing plants, giving work to American workmen. That, gentlemen, you can investigate as well as I. The only exhibit that this gentleman puts in under table cutlery is an English butcher knife imported by Herman Boker & Co. I do not believe that Herman Boker & Co., in the first place, are in the habit of importing any considerable quantities of English-made knives; and the very fact that this association, made up of those who have large interests in Germany, could not find in the whole range of their importations a German-made butcher knife that they could present to this committee, is evidence that they have a pretty weak case, and that they have got to get an English butcher knife in order to prove their case. We grant that the proposed tariff is an embargo, practically, upon some English cutlery.

Furthermore, as a matter of interest—

Senator WALSH. Wait a moment. The proposed tariff bill you say is an embargo on all English-made goods?

Mr. CHRESTENSEN. Upon some English cutlery.

In addition, this Wilson butcher knife would be imported into this country—I do not care whether you put 500 or 1,000 or 2,000 per cent upon it; all the Wilson line of butcher knives have been imported into this country for years and they go to a peculiar trade that demands their knives and their knives only. They will not have any others.

You will find that under the column of tariff upon these butcher knives this figures out \$3.14. If this gentleman in any way can figure that beyond \$2.18 under the proposed tariff, I would like to see his figures.

May I have permission to file a brief later?

The CHAIRMAN. You may.

SCISSORS AND SHEARS.

[Paragraph 857.]

STATEMENT OF CAMILLE L. GAIROARD, REPRESENTING J. WISS & SONS CO., NEWARK, N. J.

The CHAIRMAN. You will simply speak on what has already been heard by the committee, will you not?

Mr. GAIROARD. No, sir.

Senator McLEAN. He represents the American producers.

Mr. GAIROARD. The American manufacturers of scissors and shears in this country that were established before the war.

The CHAIRMAN. What is your occupation?