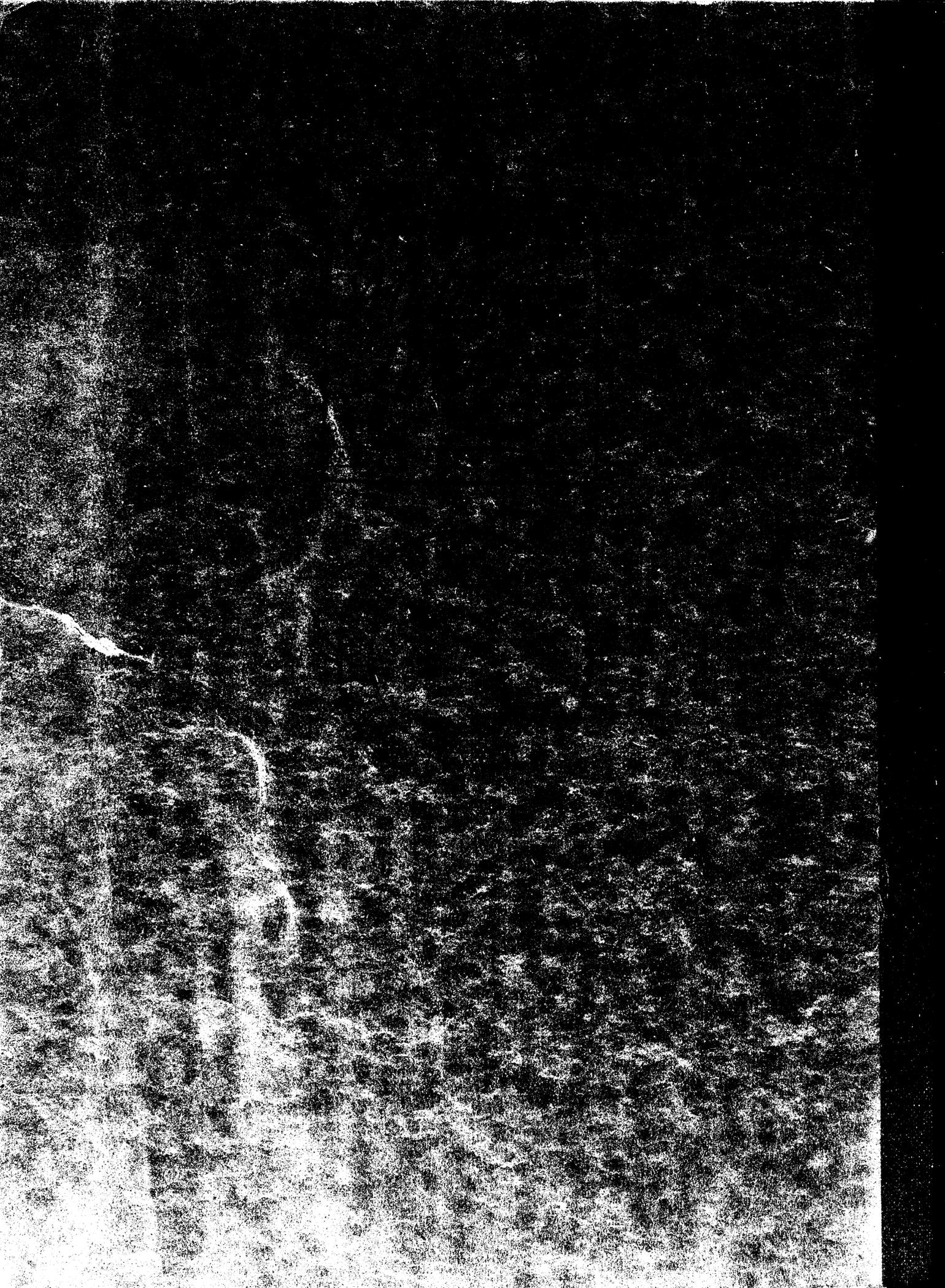


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A SURVEY OF THE TARIFF AND CANADIAN-AMERICAN TRADE
IN
FOREST PRODUCTS

Presented to the Faculty of the School of
Forestry and Conservation, University of
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Tom V. Wilder

"as often as a duty upon a foreign article makes an addition to its price, it causes an extra expense to the community for the benefit of the domestic producer."

-Alexander Hamilton

FOREWORD

A large amount of detailed factual material has been collected and placed in this manuscript in the hope that it may prove of useful value as a source of information for further and more detailed studies in forest economics on this important subject. The ideas and conclusions presented are necessarily limited by the training, experience, and observations of the writer and are duly open to argument. The attempt has been made to present these ideas and conclusions from a logical and common sense point of view rather than from either a professional or a strictly defined school of economic thought interpretation.

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PART ONE

SOME ASPECTS OF THE TARIFF, ITS CONTROL AND ADMINISTRATION

THE TARIFF AS A PUBLIC ISSUE.

The first legislation passed under the Constitution of the United States was the Tariff Act of 1789 and today, much more so than in 1789, the tariff is a live issue both in national affairs and in forest industry economy. American history is filled with examples of tariff legislation that brought bitter disappointment to the public and, on occasions, to the forest industries, as well as political disaster to its sponsors. Tariff legislation has been characterized by political trading and log rolling in all its ramifications. The forest industries have played no small part in the pressure politics so prevalent in tariff legislation and are no less guilty of seeking special favors than other industrial groups. Many a legislative favor, that the forest industries have sought and achieved, has acted like a boomerang and has done them more harm than good. Tariff favors are not always economic favors even to those industries which seek them and are even less so to the American public. The Hawly-Smoot Tariff Act of 1930 is a good example of the economic hardship which is forced upon the public by special interests. There was so much scandal and near scandal connected with this Act of 1930 that, undoubtedly, it was a contributing factor to the vote which overrode party lines in 1932.

Tariff increase or tariff reduction is not the cure all

it is too often publicly acclaimed to be in party platforms. A tariff, like any other tax on commodities, has two effects. It may either raise revenue or alter the economic life of the country by making some lines of business more profitable and what is more important, make others less profitable. A tariff is nothing more nor less than a tax on foreign trade which in some cases may prove to prohibit the importation of foreign goods. The tariff as a source of revenue has been a small factor in the American budget for the past 25 years. Rate fixing in the Acts of 1922 and 1930 was used to keep goods out of the country and this in effect is an attempt to regulate the economic life of the country. The tariff problem is no longer one of raising revenue but a problem in the use of the power of the state to direct economic life.

In 1932 67 per cent of the imports came in free of duty. The average rate of duty was 20 per cent on all goods imported and on dutiable imports the average rate was 59 per cent of their value. The large percentage of imports given for goods coming in duty free is a very misleading figure because the duties on other products are so high as to cut down their importation and thus automatically raise the duty free percentage. If duties were lower a smaller percentage of imports would be duty free in character and if all duties were raised so high that no article subject to a duty could enter this country 100 per cent of the imports would be duty free and no duties would be collected at all.

Foreign trade is carried on by individuals in search of a

profit. If goods are bought in foreign countries it is because they are cheaper or because they are better articles than domestic goods, similarly priced. There would be no reason for trading if foreign goods were not cheaper or better in quality. Foreign trade is a natural economic consequence of production because conditions are more favorable in one country than in another. It may be because the soil is more fertile, the climate more suitable, the natural resources more abundant, the labor costs lower, or that production is easier applied. Similarly, trade goes on in the United States for the same reasons and because of the same underlying factors for the production of goods. It would hardly make sense for the State of New York to attempt the production of cotton, simply because it might be possible, at 150 times the cost of production of the same quality of cotton in Mississippi. Perhaps, this is an extreme and impossible example and yet similar unsensible practices have been fostered by American tariff legislation for decades. Specialization, whether national or international in scope, makes possible a greater production of goods and it is only through more abundant production that a higher standard of living can be obtained.

Foreign trade is dependent upon the ability of foreign people to pay for goods and upon intervening tariff barriers. If Canadian forest products are sold in the United States, citizens of that country have the American dollars which enable them to buy other American goods. Whenever, the tariff restricts the sale of some kinds of Canadian goods in this country, it not only encourages the domestic production

of similar goods but what is more important, it also discourages the production of all goods which this country sells in Canada. This simply means that Americans instead of producing those things in which they are most efficient are forced to produce those things in which they are less efficient.

A tariff helps a particular industry which has a demand for its products and for which there are no domestic substitutes. It raises the prices of its products and this naturally makes production more profitable to that particular industry. However, a tariff may be instrumental in raising the price of a product, such as lumber, to the point where competing materials of domestic production will undermine the demand to such an extent that the value of the tariff will be purely negative as far as the lumber industry is concerned. In some markets, due to the tariff on lumber and the high costs of transport in domestic production, the demand may be reduced to a minimum. The people in such sections of the country are consequently forced to pay higher prices for substitutes, which may or may not be as efficient, than they would for Canadian lumber if there were no tariff. Thus, in this case, a tariff has a negative value to both Canadian and American lumber interests and works a financial hardship upon those sections of the country which are close to Canadian supplies and far removed from domestic sources of lumber.

Direct bounties granted to American producers would have the same effect as tariffs on competing foreign products.

Tariffs give the producer the higher prices while bounties would be given out by the Treasury from money derived by taxation. By eliminating the entire American tariff and substituting direct bounties to those producers actually protected by the tariff, as distinguished from producers on an export basis and not affected by the tariff, the same result would be obtained.

Alexander Hamilton in his "Report on Manufactures", recognized the essential similarity between a protective tariff duty and a bounty. He said, "protective duties essentially amount to a virtual bounty on the domestic fabrics since by increasing charges on foreign articles they (duties) enable the national manufacturers to undersell all the foreign competitors." "As often as a duty upon a foreign article makes an addition to its price, it causes an extra expense to the country for the benefit of the domestic manufacturer, a bounty does no more."

The tariff does not give the United States something for nothing. Although some producers are encouraged by tariffs, others are discouraged. If direct bounties are given, this encouragement will come from higher taxes and will provide a restricted market for products on which no bounty is paid. In the case of tariffs it comes from higher prices paid by the public and a restriction of markets both here and in foreign countries for those products which are more cheaply produced here than abroad and which would otherwise be exported.

A duty on lumber is probably under some conditions a fine thing for the producer of lumber in this country. However, it raises the cost of living for the consumers of lumber and thus cuts down their ability to purchase other goods and also reduces the ability of a foreign country, such as Canada, to buy American goods.

It is true that tariffs raise some prices but it is also equally true that they lower other prices. The prices of those articles whose market is in a foreign country are reduced by the amount which high tariffs on goods coming into this country destroy trade. One reason for the low prices of staple agricultural products in the United States for the past ten years has been the loss of foreign markets resulting from the very high tariffs placed upon industrial products.

If the tariff is to be anything more than a granting of favors by those who happen to control the government, there must be some general conception of a public purpose that can be secured through the direction of economic life. The purpose may be considered to be a development of agriculture at the expense of industry or a development of industry at the expense of agriculture, or the achievement of self sufficiency in particular lines for military purposes or again it may be to prevent international trade in the belief that it is a bad thing to have trading relations with people outside the boundaries of the United States. Whatever the purpose in view, public support of the tariff in a Democracy must be based on the belief that the immediate burden upon particular individuals is more than offset by advantages to the country.

THE TARIFF AND FOREIGN INVESTMENT.

The United States has large investments in foreign countries but although these loans are expressed in dollars, they are made for the most part in the form of shipments of goods. The war loans, for example, took the form of tremendous shipments of goods in exchange for which Americans received promises to pay interest at regular intervals and to repay the principal at distant later dates. Such payments are stated in terms of money, however, it is only through the shipment of goods that foreign debtors can ever acquire any such sums of money in this country. Therefore, when the United States is a creditor nation, high tariffs not only affect industries and agriculture but those individuals who have invested abroad. Consequently, if goods are not sold in the United States in excess of goods bought, money cannot be obtained by those nations to whom Americans have made loans. Unless the debts can be paid in turn by borrowing new funds, former loans are defaulted. A country which is a large net creditor must expect sooner or later to have its imports exceed exports if it desires to be paid interest and principal on its foreign investments. Such has been the position of Great Britain for many years and should be of the United States today if it were not for the fact that a large portion of American foreign lending of recent years is in default.

Finance cannot exist without trade and the fact that a loan is international rather than domestic does not alter the relationship. However, the policies of official Washington from 1920 until 1934 failed to recognize this relationship between the

tariff, trade, and finance. They encouraged the floating of immense foreign loans and then turned around and legislated the high tariffs which, to all intents and purposes, prevented the repayment of such loans.

If high tariffs are to be maintained in the United States, the only sound financial policy is to discourage, by all means possible, private investment abroad. Further government loans to foreign nations under a high tariff system are tantamount to presenting these nations with outright gifts.

Tariff laws, such as the Act of 1930, which are made without giving any consideration to the existing relationship of repayment of foreign loans are borrowing trouble for the future. A big export trade which is financed by private or government loans is all right for a time for those who sell the goods but if the loans are never repaid it is the American investor and taxpayer who pays the bill.

THE TARIFF AND THE UNITED STATES STANDARD OF LIVING.

" Infant industry " was the phrase under which protection for industry first developed in the United States. This was based on the assumption that while free international trade may give greater immediate gain to an agricultural country, in the long run its people will gain more by hastening industrial development through artificial stimulation. Agriculture was immediately penalized in

the United States to achieve an eventual national gain. Today, the United States is industrially mature and the phrase "infant industry" no longer applies. The United States now exports more manufactured goods than it imports, however, a tariff system still exists in this country which places a severe burden on agriculture for the benefit of protected industries. This burden is shared by the most efficient industries which need no tariff protection and which are interested in export markets.

The catch phrase of protection has shifted from "infant industry" to "~~pauper~~ labor". The "pauper labor" argument, advanced by protected industries, says, in effect, that while low tariffs may be sound policy for other countries, the United States has a special need for very high tariffs because of its high wage level. They maintain that unless high tariffs are upheld foreign goods will come in and throw Americans out of work and ruin the American standard of living. This argument has been very effective in forming public opinion. And in spite of the fact that, following the raising of the tariffs in 1930, the United States was thrown into its worst economic depression, high tariff advocates still publicize the tariff as the lone savior of United States labor from pauperization by "chinese coolie labor".

However, high wages or a high standard of living means that the public receives for their work a large share of material things. High wages are the result of a large amount of per capita production. The general standard of productivity sets the

wage level. Rich natural resources and a small population naturally make per capita production higher than in those countries where there are larger populations and poorer resources, even assuming the same effective use of machinery.

High standards of living are the result of productive efficiency and are expressed in a wage level which all producers must meet. The wage level in the United States is the result of rich natural resources and the American facility for machine production. When ever activities unsuited to American industry such as hand embroidery are indulged in, it is found to be very difficult to pay the high wage rates set by the most effective industries and lines of agriculture. Such an industry immediately cries out that it cannot compete with its foreign competition. If the industry fails to get protection it goes out of business and the country gets the benefit of better and cheaper goods from the foreign competitor. In the event that protection is granted such a business, the public and the more effective industries pay the price of its protection.

Producers in the less efficient lines of production in this country cannot hire men at the American wage scale and compete with foreign goods. Their immediate conclusion is that importation of foreign goods lowers American wages. This argument fails to consider that such importations of foreign goods make possible the export of those goods which can be produced so effectively only in America. When such imports are cut off by high tariffs it means that

Americans, instead of manufacturing more automobiles and all kinds of machinery and growing more wheat and cotton, must turn to such things as sugar beet raising to take the place of sugar cane that can be produced under more favorable conditions in Cuba and elsewhere or to fine textiles which can be produced cheaper outside of the United States.

The confusion over the tariff issue exists in the failure to adequately distinguish between group and national prosperity. It is not reasonable to deny that tariffs allow some producers to make more money than they otherwise would without the tariff. Nor is it reasonable to deny that such producers are able to pay higher wages to labor than they otherwise would. However, this does not mean that the nation has a higher standard of living as a result of the high tariffs.

The payment of direct bounties to producers is undoubtedly a fine thing for many protected producers and sometimes for their employees but it is like the use of the bonus payment to World War Veterans. Such bonus payment was nothing more than relief to able bodied men which undoubtedly raised the standard of living of its beneficiaries but it would be hard to convince even the most dyed in the wool protectionist that an enduring donation of bounties to Veterans will make the country prosperous or save the standard of living. The payment of the bonus raised the standard of living for the recipient but only temporarily at best.

In spite of the high wage level which exists in the United

States more goods are exported from it than any other country in the world. All of these goods, to all practical purposes, go to countries with lower standards of living than that which exists in this country. Among the very best American foreign markets are the countries whose "pauper labor" is supposed to be the great threat to the United States standard of living. The United States sells a great deal of wheat to the "Chinese Coolie" and the Japanese. It is also an interesting fact that in these pauper labor or wage countries there is just as much fear of the menace of American high wage competition as there is here of foreign low wage competition. The foreign protectionist argument is that it is impossible to compete with the workers of the United States because they are so efficient and consequently can be paid high wages. The domestic protectionist refuses to recognize that the relation between productivity and labor must be high to get a high standard of living. The tariff certainly does not raise the relative productivity of labor but allows less productive industries to exist in this country.

The tariffs in the United States from 1789 to 1816 were very low and yet the American workman had the highest standard of living in the world during that period. The principal argument against protection in the early days of this country was that it had such a high standard of living as a result of great agricultural productivity that it was foolish to try to compete with manufacturers in European countries. High wages had been in effect for many years in the United States before the protectionist clamor arose for higher tariffs. The protectionist maintains that high wages are the result of high tariffs. However, high wages existed in the United States before

high tariffs were legislated.

There is no sound reason for having a special tariff policy in the United States to maintain its standard of living. No matter what the standard of living might be, there would always be some things which this country could produce cheaper than any other country in the world and export abroad; and, it is also true, that there would be other things which this country could buy cheaper elsewhere. This would be true even if the standard of living were the lowest in the world.

THE TARIFF AS A MEANS OF SOCIAL CONTROL AND NATIONAL POLICY.

The Tariff Act of 1930 certainly does not represent a great public aspiration nor does it represent a "victory of nationalism over internationalism". Numerous social interests of the United States looked out for themselves regardless of any cause for national welfare. It can hardly be assumed that a 400 per cent duty on pipe bowls is an example of national planning. Duties on oil, lumber, copper and manganese cannot be fitted into a healthy national policy. In fact, any of the debates of this tariff Act can be read without finding much to indicate any desire for national planning.

For some years after the Civil War the protective tariff had a definite purpose, the fostering of industrialism. Protection is discriminating and it is on grounds of discrimination that it has been opposed since the days of Alexander Hamilton. However, since the late 1870's, the fostering of infant industry

has not been an important issue. There has been no clear cut idea of what the tariff is really all about. It has been forgotten that the tariff is nothing more or less than a bounty to a special interest. A tariff may give to part of the public but it takes from the rest and it certainly does not give the nation something for nothing. Most of the criticism of the tariff has not been as a policy but of the way in which the gifts have been distributed. The criticism of the present Trade Agreements Program is nothing more than that of special interests highly concerned over individual concessions rather than the gains of the country as a whole.

The popular proposals for tariff regulation in recent years have been the equalization of costs of production and the tariff equalization for agriculture. The former plan wants a tariff of 3 cents placed on a foreign article which costs only 2 cents to produce because it costs 5 cents to produce the article in this country. However, there would be no incentive for international trade if there were no difference in price or quality. It is the difference in production costs which make trade possible. This country buys coffee abroad because its cheaper and it sells wheat and cotton because it can produce them cheaper. The later plan, tariff equality for agriculture, means that since industrial tariffs exist and they have raised the prices of everything which agriculture buys, the country should now give equal protection to agricultural products. Hoover, in his 1928 platform, promised a limited tariff revision which would give equal protection or benefits of the tariff to agriculture.

It has proved rather difficult to give equal tariff consideration to agriculture because agricultural production is for the most part on an export basis and consequently duties placed on such products are meaningless. Agricultural leaders of recent years have recognized the fact that low prices for exports are a cause of agricultural distress and consequently they have sought a bounty on their exports to make up for the bounty given to manufacturers for production in the form of high tariffs. However, the agricultural element in Congress has never been strong enough to get a debenture amendment through both legislative houses. The industrial East has always self righteously opposed what it calls an unsound policy of paying a subsidy to agriculture. Never-the-less, the logic of the contention of the agricultural faction for debentures, whether export debentures are believed in or not, is sound. Unless it is assumed that there is some particular virtue in manufacturing which justifies on grounds of national prosperity the subsidizing of it at the expense of agriculture. There is no good reason why export bounties should not be paid to agriculture if the country insists on maintaining a high industrial tariff wall. But, even if agriculture is given bounties, there is the tremendous cost of setting up government machinery for the administration of something which is merely trying to balance the effects of industrial protection on the economic life of the country. If a protective tariff is to accomplish anything, whether good or bad, it must be discriminatory and if the nation insists on discrimination as a continued long time policy bounties must follow because tariff equality is no answer to the question of tariff policy. Duties placed on agricultural products merely mean that agriculture and the efficient industries must continue to subsidize the less efficient industries.

THE PRESIDENT'S CONTROL OF THE TARIFF.

Congress has been delegating authority to the Presidents of the United States for the control of matters affecting foreign trade since 1789. Before 1890 Congress granted authority to the President to **impress** or suspend non-intercourse acts when and if he determined the existence of certain named conditions. Following the Tariff Act of 1890, Congress has frequently delegated authority to the President to impose either provisional or new tariff rates, upon his determination of some professed contingency. The authority granted to begin with took the form either of penalty duties, to be imposed upon goods entering the United States from countries which, in the opinion of the President, discriminated against the commerce of the United States; or the form of reciprocity provisions which delegated to the President the power to negotiate for more suitable trade advantages with neighboring countries. The reciprocity provisions either gave the President the authority to determine with finality a rate which he had agreed upon with foreign powers or, as was more often the case, such agreements as the President made were considered as treaties and therefore subject to ratification by two-thirds of the Senate. This ratification by the Senate, more often than not, amounted to a nullification of the impending treaty. However, the authority granted to the President by Congress in the Tariff Act of 1922 was a different matter. The powers granted were much more significant and comprehensive than those ever before granted to a President of the United States for the control of foreign trade. Under this tariff act the President was empowered to make new customs rates; to reclassify, which in effect meant the President could rewrite the whole tariff bill if he sought

to do so in order to carry out the cost equalization principle; and to change the valuation of foreign goods entering the United States from the foreign value to the American selling price. This latter authority has allowed the President to make wide changes in the actual rates of duties impressed upon foreign goods entering the United States. Although the Tariff Act of 1922 legislates that the President may reduce or increase the duties only to an amount of 50 per cent of the duties established under it, the President, by changing the method of valuation from the foreign value to the American selling price, can actually make a vast difference, much in excess of 50 per cent, in the amount of duty assessed. These same provisions were retained in the Tariff Act of 1930.

The Democratic Administration which came into power in 1932, not with-standing its high-tariff criticism of previous administrations, has allowed the provisions of section 336 of the Tariff Act of 1930, mentioned in the preceding paragraph, to remain unrepealed. They have, instead, offset this high-tariff administrative provision with the new reciprocity provisions of the Reciprocity Tariff Act of 1934. Consequently, today, there is very little which Congress might wish to do in regard to tariff matters which the President cannot do of his own accord. However, the President cannot transfer goods from the free list to the dutiable list or vice-versa. And, if the duty rate is specific, he cannot increase it more than 50 per cent of the value legislated by Congress; but a large majority of the rates in the Tariff Act of 1930 are either ad valorem or compound in nature and the President can thus, change the basis of valuation from the foreign value of imported goods to the American selling price of "like or similar" goods which have

been produced by domestic industries. Therefore, the President, without any change in the rate may effect an increase in the duty of imported goods of over 100 per cent. The President is, also, prohibited from reducing a tariff rate more than 50 per cent of the amount set by Congress. However, aside from these restriction, the President can, by the exercise of authority granted to him by Congress under section 336 of the Act of 1930 and the section 350 amendment of 1934, do much more revising in tariff matters than Congress has done in its own periodic revisions of the tariff. The President has been granted such sweeping authority by Congress that he may, when he sees fit to make a new classification, write new paragraphs into the Tariff Act of 1930.

The 1939 administrative tariff set-up with its two provisions, one for a cost-equalization tariff and the other for a reciprocity tariff, is sweeping enough in its character since the former goes ever higher and the latter lower. The provision for a reciprocity tariff is sound in principle. The President is given the authority necessary to alter rates in the light of certain facts which are definitely and easily ascertainable when specific tariff reductions are made by neighboring countries. However, the provision for cost-equalization involves endless speculation and handling of a great amount of data which is contraversial at best.

"The protectionist gentleman who remarked in 1929 that he would not object to the Democrats writing the tariff rates, provided they would allow him and his colleagues to frame the administrative provisions of the law, knew whereof he spoke. Most of the existing laws have been framed with this man and his followers in the vanguard of legislative committee advisers." (John Day Larkin)

To illustrate the extent of the President's power in changing the valuation to American selling price, the following example is on record and presented in "The President's Control of the Tariff" by Larkin; Acting under section 315 (b) of the Tariff Act of 1922, it was deemed advisable to use the domestic valuation plan for equalizing the foreign and domestic costs of rag rugs of the "hit and miss" variety (see paragraph 1022 of the Tariff Act of 1922 and the Tariff Commission's report on rag rugs together with the President's proclamation).

Rates of duty -Rag Rugs, "hit-and-miss".

Act of 1922, 35 per cent of the foreign value.

President's proclamation, 35 per cent of American selling price value. The corresponding ad valorem duties are:

	Value per square yard	Amount of duty collected
Foreign	28.5 x .35	equals 9.97 cents
American selling price	61.7 x .35	equals 21.59 cents

thus, without any alteration in the rate, the President has increased the amount of duty per square yard more than 100 per cent. So long as such changes do not succeed the alleged cost differences they are wholly within the law.

A change to United States value likewise produces a higher assessment. The results are different in amount from those of American selling price valuation; and are not subject to manipulation in the same manner by domestic producers, since the assessment basis is determined by the price of previously imported goods rather than that of American made goods. i.e.,

Foreign value	\$1.00
Freight and insurance	<u>.15</u>
	1.15
Rate of duty, 50 per cent on the dollar	<u>.50</u>
Landed cost	1.65
Gross profit, $33\frac{1}{3}$ per cent on landed price or 25 per cent of selling price	<u>.55</u>
Selling price	\$2.20

Thus the United States value would be the selling price of such an article in this country i.e., \$2.20. The law allows deductions for general expenses not to exceed 8 per cent and for profits not to exceed 8 per cent, therefore;

Selling price	\$2.20
Less 16 per cent	<u>.352</u>
	\$1.848
Less freight and insurance	<u>.150</u>
	\$1.698
Duty 50 per cent (divide by 150)	\$1.132

Thus \$1.132 becomes the dutiable basis and is 13.2 higher than the foreign value and by adopting the United States value, the duty collected actually amounts to 50 per cent plus 13.2 per cent or 63.2 per cent of the foreign value.

THE TARIFF COMMISSION AND THE TARIFF.

"The United States Tariff Commission is an independent non-partisan body whose principal function is to ascertain facts upon the basis of which Congress may determine tariff policies, the rates of duty to make the policies effective, and methods of customs administration, and on which the President may base certain administrative acts in relation to these matters."¹

The Tariff Commission was created by the Revenue Act of 1916. It is composed of six members appointed for overlapping terms by the President and confirmed by the Senate. The duties of the Commission at the time of its creation were in brief to investigate the operation, administration, and fiscal and industrial effects of the customs laws of the United States. It was given power "to investigate the tariff relations between the United States and foreign countries, commercial treaties, preferential provisions, and economic alliances, and the conditions and causes relating to the competition of foreign industries with those of the United States." Cooperation with the congressional committees was provided by the requirement "that the commission shall put at the disposal of the President of the United States, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate, whenever requested, all information at its command, and shall make such investigations and reports as may be requested."

The nucleus for the administrative and clerical staffs was created by the transfer to the Commission of the Cost of Production

¹ Excerpt from "Dictionary of Tariff Information", U.S. Tariff Commission.

Division of the Bureau of Foreign and Domestic Commerce along with its files, records, and property, as well as the equipment of the former tariff board. Specific provisions were contained in the act to enforce the right to access to records and papers of business concerns engaged in the production, importation, or distribution of any article under investigation, and power was granted to summon witnesses, take testimony, administer oaths, and require the production of books and papers.

By the Tariff Act of 1922, the Tariff Commission was given new tasks embodied in sections 315, 316, 317, and 318 of Title III.

(1) Section 315 imposes upon the President the duty of adjusting, upward or downward, individual tariff rates after an investigation by the Tariff Commission has shown that this action is necessary to equalize "the differences of costs of production in the United States and the principal competing country." This is the so-called "flexible" tariff section.

(2) Section 316 embodies provisions which aim to safeguard American industry from unfair methods of competition and unfair acts in the importation of goods, and upon the Tariff Commission falls the work of making the necessary investigations.

(3) Section 317 gives the Commission the duty of investigating any discrimination practised by foreign countries against the commerce of the United States, and making recommendations concerning it to the President.

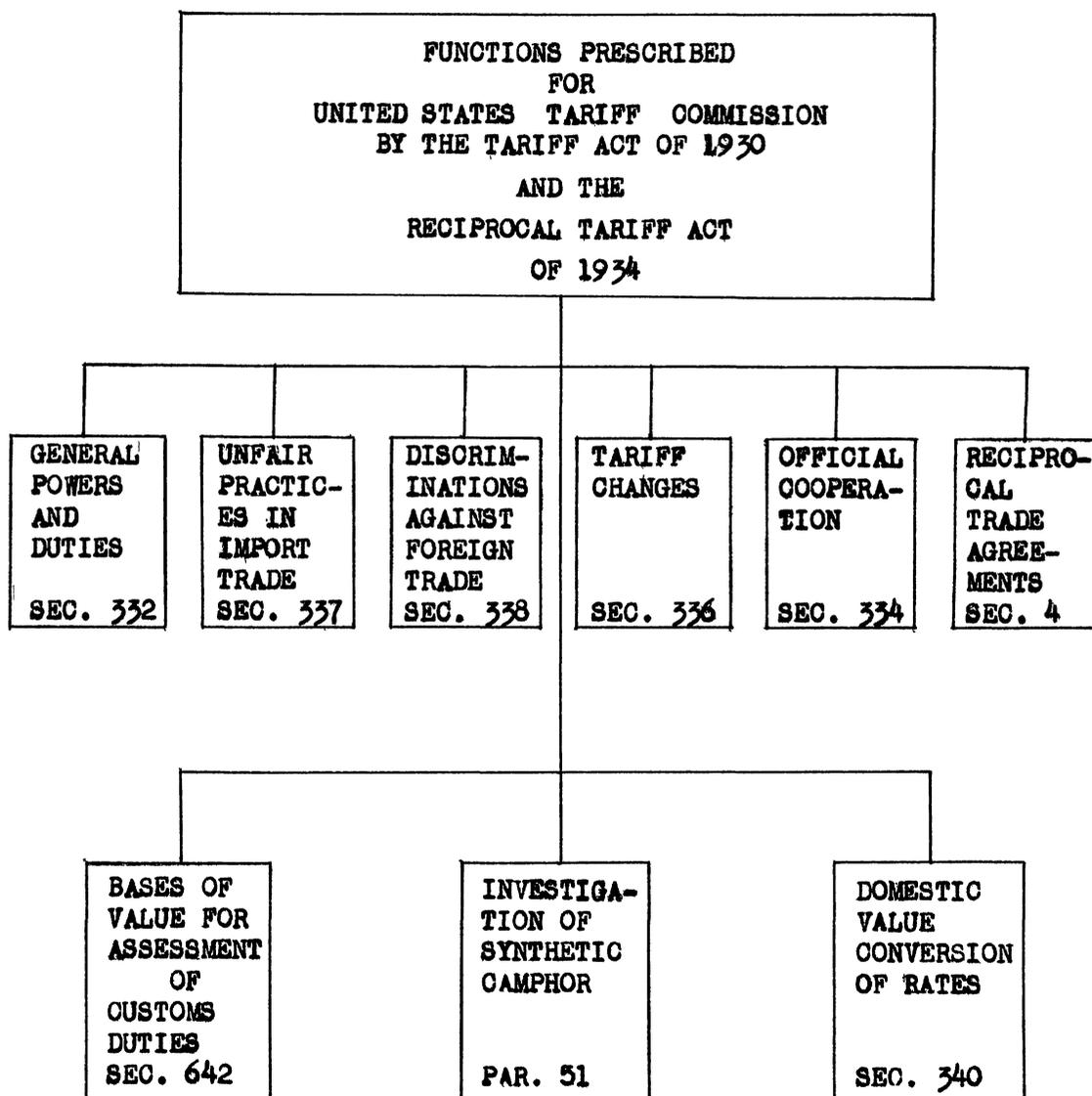
(4) Section 318 gives a number of broad powers to the Commission relating to investigation of cost of production and international competition.

In the Tariff Act of 1930 sections 330 to 335, inclusive, reenacted, with inconsiderable modifications as regards the general functions of the Commission, the provisions of Title VII of the Revenue Act of 1916, creating the Tariff Commission, as amended by section 318 of the Tariff Act of 1922. Under the organic act, the work of the Commission consisted of gathering and organizing information for the assistance of the Congress in enacting legislation pertaining to customs duties and regulations and to industrial and commercial conditions as they relate to the tariff, both in the United States and in foreign countries with which the United States has trade relations.

(1) Section 336 of this act requires the Commission not only to report to the President the results of investigation made pursuant to the section, but also to state its findings as to differences in costs of production of foreign and domestic articles and to specify the changes in duties and classifications (within prescribed limits) shown by the investigations to be necessary to equalize such differences. It makes express provision for proclamation of the new rates and classifications by the President if he approves the changes specified by the Commission. Provisions regarding the ascertainment of differences in costs of production are modified and the method of initiation of investigations is made specific. All uncompleted investigations prior to the approval of the Act of 1930 are ordered to be dismissed without prejudice, subject to consideration in future investigations instituted under this section upon evidence secured by the Commission. This section replaces Sections 315 and 318 of the Tariff Act of 1922.

(2) Section 337 of this act, relating to unfair practices in import trade, replaces section 316 of the act of 1922. The penalty that

Diagram 1



may be imposed by the President is changed by limitation to "exclusion of merchandise from entry", but the procedure in investigations made by the Commission to furnish the President with the record remains the same. Transmission to the President of the final findings by the Commission is expedited by elimination of review by the Supreme Court.

(3) Section 338 takes the place of section 317 covering discriminations by foreign governments against the commerce of the United States. The only important modification of this section as reenacted is the extension of its application to articles imported in vessels of such foreign countries as discriminate against the commerce of the United States.

The Reciprocal Tariff Act of 1934, section 4, provides that before any foreign trade agreement is concluded with any foreign government under the provisions of the act, reasonable public notice of the intention to negotiate an agreement be given in order that any interested person may have the opportunity to present his views to the President or to such agency as the President may prescribe; and before concluding such agreement the President shall seek such information and advice with respect thereto from the United States Tariff Commission, the Departments of State, Agriculture and Commerce, and from such other sources as he may deem appropriate.

PART TWO

PRODUCTION COSTS AND THE "FLEXIBLE" TARIFF

POLITICAL CONTROL OF THE "FLEXIBLE" TARIFF.

The Tariff Acts of 1922 and 1930 in their "flexible" tariff provisions, in effect, command the President to equalize the foreign and domestic cost differences which occur in the production of "like and similar" goods of domestic and foreign manufacture. The United States Supreme Court held in the Hampton case¹ that whatever the President decides to do, after an investigation by the United States Tariff Commission, he is merely carrying out the will of Congress as expressed in the Tariff Act of 1930. Therefore, according to the doctrine set forth in the above mentioned case by the Supreme Court, the President is administering the congressional act whenever he chooses to accept the advice of neighbors or private interests in preference to that of the commission. The decision of choosing whom to favor and when; the decision of what evidence is to be accepted and what rejected; and all other decisions in discretion of a purely legislative sort are left to the administration and rest finally in the person of the President. This means that the Executive and not the Congress decides if and when the "flexible" tariff plan shall operate, and whether or not it is to be carried out at all.

Section 315 of the Tariff Act of 1922 did not even require the President to hold any hearing before making a change in the "flexible" tariff. The only hearing required was that of the Tariff Commission, and it was, and is, in no way binding upon the President. "Legally, the

¹J.W. Hampton Jr., and Co. vs United States, 276 U.S. 394, 396-397

President is in the same position to alter the commission's recommendations regarding changes in customs legislation as the House of Representatives is when it modifies the recommendations of the Ways and Means Committee. The courts cannot intervene or review, in whole or in part, the political act involved. The theory accepted by the Supreme Court in the Hampton case was that Congress is really acting through the President. He is the agent acting within prescribed limits. And any attempt on the part of the courts to control or regulate either the President's actions or those of the commission, would be judicial interference with the legislative process".²

Section 336 of the Tariff Act of 1930, which supercedes⁵ section 315 of the Tariff Act of 1922, is essentially the same on this same point. "The President shall ... approve the rates ... and changes in classification and in basis of value specified in any report of the commission ..., if in his judgment such rates of duty and changes are shown by such investigation of the commission to be necessary to equalize such differences in costs of production." Consequently, if the President cares to use his own judgment, or that of some other person, instead of the judgment of the Tariff Commission, the law provides no restraint. The President has full liberty to decline to act upon a recommendation. He may see fit to order another investigation on the same subject and be within his rights. Such an order, at times in the past, has been a rather ominous warning to those commissioners anticipating a reappointment to the commission.

The members of the United States Tariff Commission have not been free of political pressure and those men who have been appointed

² Larkin, John Day, The President's control of the tariff, Cambridge 1936

have seen eye to eye with the President on certain matters before they were considered for appointment. The Commission was set up to be a non-partisan body, however, as it is well known, political appointments are not made to maintain a non-partisan status in any department of the government. Consequently, as vacancies have occurred on the Commission from time to time they have been filled with men favorable to the President's views on tariff matters. Likewise, by political pressure, members of this Commission unfavorable to the Administration have been forced into resignations or into accepting positions of less irritating character to the Administration. President Harding removed Commissioner Culbertson, after making things extremely uncomfortable for him on the Commission, by offering him the position of Minister to Rumania. Further political strategy settled the case of Commissioner Lewis. President Harding simply asked, as a condition of his reappointment, that he sign an undated resignation which might be used at the President's discretion. Mr. Lewis naturally refused and his position was filled when his term expired with a Harding follower. Thus, the holdovers on the commission from the Wilson administration were effectively removed and the balance of power on the commission was swung to the Harding high-tariff viewpoint. This saved the President from the indignity of recommending increases in the tariff on certain items when the Tariff Commission recommended at best no increase and probably a decrease. Politics and patronage have certainly not been removed from either tariff legislation or tariff administration. Political trading has simply diminished on the floors of Congress as far as the tariff is concerned and instead has been concentrated in the hands of the President. It is true that the President may not make use of the tariff to further political ends and grant patronage favors but, what is more important, there is nothing to prevent him from so doing if and when he sees fit to do so.

The cost investigations of the Tariff Commission have not been above political juggling and use in the past and probably will not be in the future either. A very pertinent example of such use occurred in 1926. This is a case where the "flexible" tariff has been of value to the administration as much for the false hopes which it aroused as for the protective favor it might have actually dispensed. The approach of the congressional election of 1926 caused no little amount of apprehension in official circles over the possible election results in the states of Washington and Oregon because of the influence of the "lumber interests" in those states. The domestic producers of the red-cedar-shingle industry were, at this time just as they are now, clamoring for protection from the imports from British Columbia. This element had to be appeased or the party in power would be faced with the loss of important congressional seats and at the same time a much larger element throughout the country was thoroughly opposed to any further increase in the duty on shingles. The Tariff Commission's preliminary survey indicated that so far as variations in production costs were concerned there was little or none between British Columbia and Washington and Oregon. (The greatest blow to the shingle industry had come as a result of (a) a sudden decline in building, (b) a great increase in the number of city ordinances prohibiting the use of wood shingles because of fire hazards, and (c) the competition of a better grade of shingles from Canada. The agrarian organizations and all retail lumber dealers and construction companies were opposed to any increase in the shingle duty.) Not with-standing this preliminary report, at a very appropriate time, the commission received word from the President that a thorough investigation of the comparative costs of red cedar shingles should be instituted without delay, and, what is more important, that the report would not be expected by the President until after the first week

in November. On its face value alone this request was tantamount to a command and was quite ominous in respect to possible disobedience. Consequently, the commission's experts again proceeded to the Northwest and began one of the most thorough-going and exhaustive investigations yet undertaken by the commission. The spokesmen of the party in power made high political capital out of the incident as the investigation progressed. Thus, the cedar-shingle industry of the states of Washington and Oregon was reassured of the genuine interest of the party in power and consequently supported it at the polls in the fall election of that year. However, when the political campaign was over and the election safely past, the President made the commission's second, and this time final, report, public. It of course recommended no increase in the duty on shingles just as the previous unpublicized report had done and no increase was made. Never-the-less the President was quite naturally able to carry on for another two years with a safe majority of his own party in both houses of Congress.

The public letter written by President Taft from Beverly, Massachusetts, August 20, 1910, to Mr. McKinley, the Chairman of the National Congressional Republican Committee, most adequately expresses the unsoundness of the base upon which cost of production studies have been predicated both in the investigations of the Forest industries and others. This statement from President Taft's letter was quoted by the Journal of Commerce and Commercial Bulletin, August 20, 1910 and August 29, 1910:

"The difficulty in fixing the proper tariff rates in accord with the principle stated in the Republican platform is in securing reliable evidence as to the difference between the cost of

production at home and the cost of production abroad. The bias of the manufacturer seeking protection and the importer opposing it weakens the weight of their testimony. Moreover, when we understand that the cost of production differs in one country abroad from that in another and that it changes from year to year and from month to month, we must realize that the precise difference in cost of production sought for is not capable of definite ascertainment, and that all that even the most scientific person can do in his investigation is, after consideration of many facts which he learns, to exercise his best judgment in reaching a conclusion." In effect, cost of production is a meaningless term unless applied to a specific firm which has certain costs at a particular time. It cannot be applied in any general sense as has been attempted in the Tariff Commission's investigations of costs of production in certain forest industries under the provisions of the Tariff Acts of 1922 and 1930.

PRODUCTION COST INVESTIGATIONS BY THE TARIFF COMMISSION OF CANADIAN-
AMERICAN FOREST INDUSTRIES

A SUMMARY OF THE INVESTIGATION OF "LOGS OF FIR, SPRUCE, CEDAR, OR WESTERN HEMLOCK.

Under the Tariff Act of 1922 logs of fir, spruce, cedar, or Western hemlock were dutiable under paragraph 401 at \$1 per thousand board feet with a provision for exemption from duty when imported from a country which did not maintain any embargo, prohibition, or other restriction upon the export of such class of logs. No change in the duty resulted from this investigation. Logs of these species were placed on the free list in the Tariff Act of 1930 under paragraph 1803.

This investigation was authorized under section 315 of the Tariff Act of 1922. Canada was considered to be the chief competing country and the year 1923 was used as the cost period. Costs were obtained from 38 domestic companies with 43 operations and 18 Canadian companies with 20 operations. It was submitted in report form to the President dated as of March 14, 1928.

The first table shows comparisons of costs of logs in the boom and the other two differ only by inclusion of specified charges for delivery to the American market.

(1)

Logs, range of domestic and foreign costs in boom, in corresponding intervals with production, 1923:

Delivery cost per M bd. ft.	Domestic			Foreign		
	M bd. ft. production	Percentage of total production		M bd. ft. production	Percentage of total production	
		Group	Accumula- tive.		Group	Accumula- tive.
Under \$12	(3)	(3)	(3)	216,213	31.7	31.7
12 to 13	110,806	6.2	6.2	(4)	(4)	(4)
13 to 14	101,587	5.7	11.9	(3)	(3)	(3)
14 to 15 (1)	187,764	10.5	22.4	95,297	14.0	45.7
15 to 16	235,558	13.1	35.5	164,567	24.1	69.8
16 to 17 (2)	520,356	29.1	64.6	(3)	(3)	(3)
17 to 18	258,313	14.4	79.0	144,944	21.2	91.0
18 to 19	146,068	8.2	87.2	(4)	(4)	(4)
19 to 20	138,506	7.7	94.9	(3)	(3)	(3)
20 to 21	(3)	(3)	(3)	(N)	(N)	91.0
21 to 22	22,549	1.2	96.1	(N)	(N)	91.0
22 and over	69,510	3.9	100.0	61,173	9.0	100.0
	<u>1,791,017</u>	<u>100.0</u>		<u>682,194</u>	<u>100.0</u>	
Weighted average costs		\$16.63			\$14.97	

(1) Typical Canadian cost group.

(2) Typical domestic cost group.

(3) Combined with higher cost group in order not to reveal confidential information.

(4) Combined with lower cost group in order not to reveal confidential information.

(N) No statistics available.

(2)

Logs, range of domestic and foreign costs delivered at Bellingham, Washington, in corresponding intervals with production, 1923:

Alternative I for towing charges and timber tax.

Delivery cost per M bd. ft.	Domestic (1)			Foreign (2)		
	M bd. ft. production	Percentage of total production		M bd. ft. production	Percentage of total production	
		Group	Accumula- tive.		Group	Accumula- tive.
Under \$14	(3)	(3)	(3)	155,932	22.9	22.9
14 to 15	212,393	11.9	11.9	(3)	(3)	(3)
15 to 16	187,764	10.5	22.4	130,967	19.2	42.1
16 to 17	235,558	13.1	35.5	38,301	5.6	47.7
17 to 18 (4)	520,356	29.1	64.6	202,231	29.6	77.3
18 to 19 (5)	258,313	14.4	79.0	(3)	(3)	(3)
19 to 20	146,068	8.2	87.2	93,590	13.7	91.0
20 to 21	138,506	7.7	94.9	(6)	(6)	(6)
21 to 22	(3)	(3)	(3)	(6)	(6)	(6)
22 to 23	22,549	1.2	96.1	61,173	9.0	100.0
23 and over	69,510	3.9	100.0	(6)	(6)	(6)
	<u>1,791,017</u>	<u>100.0</u>		<u>682,194</u>	<u>100.0</u>	
Weighted average costs		\$17.72			\$16.57	

- (1) Including towage charge of \$1.09 (see pages 24-25 of original report)
(2) Including towage charge of \$1.60 but exclusive of timber tax (export royalty)
(3) Combined with higher cost group in order not to reveal confidential information.
(4) Typical Canadian cost group.
(5) Typical domestic cost group.
(6) Combined with lower cost group in order not to reveal confidential information.

(3)

Logs, range of domestic and foreign costs delivered at Bellingham, Washington, in corresponding intervals with production, 1923;

Alternative II for towing charges and timber tax

Delivery cost per M bd. ft.	Domestic (7)			Foreign (8)		
	M bd. ft. production	Percentage of total production		M bd. ft. production	Percentage of total production	
		Group	Accumula- tive.		Group	Accumula- tive.
Under \$14	156,389	8.7	8.7	155,932	22.9	22.9
14 to 15	221,499	12.3	21.0	(3)	(3)	(3)
15 to 16	218,110	12.2	33.2	130,967	19.2	42.1
16 to 17 (10)	546,073	30.5	63.7	38,301	5.6	47.7
17 to 18 (11)	211,900	11.8	75.5	202,231	29.6	77.3
18 to 19	129,050	7.2	82.7	(3)	(3)	(3)
19 to 20	132,596	7.4	90.1	93,590	13.7	91.0
20 to 21	85,224	4.8	94.9	(6)	(6)	(6)
21 to 22	(3)	(3)	(3)	(3)	(3)	(3)
22 to 23	38,812	2.2	97.1	61,173	9.0	100.0
23 and over	51,364	2.9	100.0	(6)	(6)	(6)
	<u>1,791,017</u>	<u>100.0</u>		<u>682,194</u>	<u>100.0</u>	
Weighted average costs	\$17.07			\$16.74		

Foreign (9)

M bd. ft. production	Percentage of total production
(3)	(3)
155,932	22.9
(3)	(3)
130,967	19.2
38,301	5.6
202,231	29.6
(3)	(3)
93,590	13.7
(6)	(6)
(3)	(3)
<u>61,173</u>	<u>9.0</u>
<u>682,194</u>	<u>100.0</u>
Weighted average cost	\$17.66

(7) Included towage charge of \$0.44 (see page 42 of original report).

(8) Included towage charge of \$1.77 but excludes the timber tax.

- (9) Included foreign average timber tax (export royalty) of \$0.92 and towage charge of \$1.77 (see page 42 of original report).
- (10) Typical foreign group, including the towage charge but excluding the timber tax.
- (11) Typical domestic group and also typical foreign group, including both the timber tax and the towage charges.

A SUMMARY OF THE INVESTIGATION OF THE "RED CEDAR SHINGLE INDUSTRY".

Red cedar shingles were on the free list under paragraph 1660 of the Tariff Act of 1922 and continued on the free list under paragraph 1760 of the Tariff Act of 1930.

The cost investigation of 1926 was authorized under section 318 of the Tariff Act of 1922. Canada was considered to be the chief competing country and the year 1925 was used as the cost period. Costs were obtained from 29 domestic companies operating 34 mills in Washington and Oregon, and 19 Canadian companies operating 20 mills in British Columbia. Costs were obtained f.o.b. mill because freight rates from mills on either side of the Border to the major consuming markets were approximately the same. It was submitted in report form to the President in 1927.

The costs of shingles by specific grades were established by three methods, as follows:

(1)

Piecework labor for sawing and packing was charged direct to each grade, allocating time labor in the ratio that the total time labor for all grades was to the total piece labor, allocating supplies and miscellaneous expenses on a uniform rate per M, and allocating

general and administrative expenses, log cost, and interest according to the ratio of the sales value of production of each grade to the total sales value of production of all grades.

(2)

Piecework labor was charged to each grade directly as in method (1), allocating all other items of cost according to the ratio of the sales value of production for each grade to the total sales value of production of all grades.

(3)

Piecework labor was charged directly to each grade as in methods (1) and (2). Time labor and all other items of cost of overhead, including interest, were allocated at a uniform rate per M. Log costs were distributed to the various grades of shingles on what might be called the "modified sales allocation basis". On this basis piecework labor, time labor, overhead and selling expense are deducted, both from total sales value of production and the sales value of production by grades, before distributing material costs according to the relative sales value of production of each grade of shingles.

Red Cedar Shingles; Summarized cost of production in Washington and Oregon and British Columbia of grades of shingles classified by degree of comparability, 1925.

Method (1)

	Cost per M with interest		Ratio of B.C. cost to Wash.-Oreg. cost Wash.-Oreg cost=100
	Wash. - Oreg.	Br. Columbia	
Companies buying raw material.			
1. Grades comparable.	\$3.794	\$3.825	100.82
2. Grades probably comparable.	\$2.893	\$2.857	98.76

3. Grades of doubtful comparability.	\$2.563	\$2.698	105.27
4. All grades	\$2.968	\$3.530	118.94
Companies producing raw material.			
1. Grades comparable.	\$3.978	\$4.183	105.15
2. Grades probably comparable.	(1)	(1)	125.12
3. Grades of doubtful comparability.	\$2.480	\$3.187	128.51
4. All grades	\$3.310	\$4.030	121.75
Companies, both buying and producing raw material, combined.			
1. Grades comparable.	\$3.877	\$3.953	101.96
2. Grades probably comparable.	\$2.848	\$2.895	101.65
3. Grades of doubtful comparability.	\$2.545	\$2.841	111.63
4. All grades.	\$3.043	\$3.688	121.20

Method (2)

	Cost per M with interest		Ratio of B.C. cost to Wash.-Oreg.cost Wash.-Oreg.cost=100
	Wash. - Oreg.	Br. Columbia	
Companies buying raw material.			
1. Grades comparable.	\$3.966	\$3.843	96.90
2. Grades probably comparable.	\$2.852	\$2.861	100.32
3. Grades of doubtful comparability.	\$2.474	\$2.601	105.13
4. All grades.	\$2.954	\$3.530	119.50
Companies producing raw material.			
1. Grades comparable.	\$4.099	\$4.271	104.20
2. Grades probably comparable.	(1)	(1)	118.11
3. Grades of doubtful comparability.	\$2.377	\$3.109	130.80
4. All grades	\$3.340	\$4.087	122.37

Companies, both buying and producing raw material, combined.

1. Grades comparable.	\$4.077	\$3.994	97.96
2. Grades probably comparable.	\$2.776	\$2.880	103.75
3. Grades of doubtful comparability.	\$2.407	\$2.744	114.00
4. All grades.	\$3.027	\$3.705	122.40

Method (3)

	Cost per M with interest		Ratio of B.C. cost to Wash.-Oreg. cost. Wash.-Oreg. cost = 100
	Wash. - Oreg.	Br. Columbia	
Companies buying raw material.			
1. Grades comparable.	\$4.054	\$3.910	96.45
2. Grades probably comparable.	\$2.807	\$2.762	96.24
3. Grades of doubtful comparability.	\$2.372	\$2.476	104.38
4. All grades.	\$2.948	\$3.547	120.32
Companies producing raw material.			
1. Grades comparable.	\$4.192	\$4.322	103.10
2. Grades probably comparable.	(1)	(1)	117.73
3. Grades of doubtful comparability.	\$2.317	\$3.017	130.21
4. All grades.	\$3.364	\$4.116	122.35
Companies, both buying and producing raw material, combined.			
1. Grades comparable.	\$4.175	\$4.055	97.13
2. Grades probably comparable.	\$2.780	\$2.785	100.18
3. Grades of doubtful comparability.	\$2.325	\$2.632	113.20
4. All grades.	\$3.032	\$3.725	122.86

(1) Cost data for these grades are included in the weighted average but are not separately shown because to do so would reveal confidential information.

Compared with other roofing materials, cedar shingles are at some competitive disadvantage, because they are produced almost entirely in Washington, Oregon, and British Columbia which are at a great distance from the principal shingle consuming areas in the Middle West, East, and South.

The majority of shingle shipments are by rail, however, most of the shipments which go to the Atlantic Coast are by water. The costs for regularly established service from British Columbia and Washington and Oregon districts show little difference. Some shipments are reshipped to interior points but the length of the possible back haul is very limited. Rail road freight rates from British Columbia and Washington and Oregon are generally speaking on an equality. The western portions of these areas, where most of the shingles are manufactured, are in the same rate zone as far as eastern freight movement is concerned. On freight movements to California, mills in Oregon have some advantage over those in Washington, and a still greater advantage over those in British Columbia.

A SUMMARY OF THE INVESTIGATION OF "LUMBER AND TIMBER OF FIR, SPRUCE, PINE, HEMLOCK, OR LARCH."

The Tariff Act of 1930 placed a duty of \$1 per M board feet on the lumber of the above species and this rate of duty was not changed as a result of this investigation. The year 1929 was used as the cost period and Canada was considered to be the chief competing country. This investigation was made under the authority of section 336 of the

Tariff Act of 1930. The figures given in the following tables are the totals for all mills investigated including a number producing lumber from mixed species not considered in the final comparisons.

(1)

Douglas Fir: Range of domestic and foreign costs in corresponding intervals with production, 1929.

Cost of delivery at New York

Domestic				Foreign		
Delivered cost per M bd. ft.	Production per M bd.ft.	Percentage of total production		Production per M bd.ft.	Percentage of total production	
		Group	Accumulative.		Group	Accumulative.
Under \$26	9,679	0.3	0.3	(N)	(N)	(N)
26 to 27	56,758	1.8	2.1	(1)	(1)	(1)
27 to 28	115,312	3.6	5.7	75,975	8.8	8.8
28 to 29	90,302	2.9	8.6	68,981	7.9	16.7
29 to 30	122,215	3.9	12.5	140,574	16.2	32.9
30 to 31	750,371	23.8	36.3	(2)	(2)	(2)
31 to 32	329,174	10.4	46.7	161,099	18.5	51.4
32 to 33 (3)	340,256	10.7	57.4	62,252	7.2	58.6
33 to 34 (4)	196,360	6.2	63.6	52,104	6.0	64.6
34 to 35	523,095	16.6	80.2	173,110	19.9	84.5
35 to 36	(2)	(2)	(2)	(2)	(2)	(2)
36 to 37	118,975	3.8	84.0	(1)	(1)	(1)
37 to 38	162,419	5.1	89.1	(N)	(N)	84.5
38 to 39	(N)	(N)	89.1	108,952	12.5	97.0
39 and over	343,265	10.9	100.0	25,203	3.0	100.0
	3,158,181		100.0	868,250	100.0	
Weighted average cost		\$33.41			\$32.61	

Cost of delivery at Chicago

Under \$32	(1)	(1)	(1)	(N)	(N)	(N)
32 to 33	24,028	0.8	0.8	(N)	(N)	(N)
33 to 34	42,409	1.3	2.1	(1)	(1)	(1)
34 to 35	142,101	4.5	6.6	75,975	8.7	8.7
35 to 36	99,840	3.2	9.8	(1)	(1)	(1)
36 to 37	85,888	2.7	12.5	209,555	24.1	32.8
37 to 38	793,206	25.1	37.6	(2)	(2)	(2)
38 to 39	346,906	11.0	48.6	161,099	18.6	51.4

Delivered cost per M bd. ft. in New York		North Carolina Pine Mills			Canadian Douglas Fir Mills		
Under \$35	(1) 35,369	18.0	18.0	765,727	88.2	88.2	
35 to 36	(N)	(N)	18.0	(6)	(6)	(6)	
36 to 37	(N)	(N)	18.0	(6)	(6)	(6)	
37 to 38	(2)	(2)	(2)	(N)	(N)	88.2	
38 to 39	(3) 116,401	58.9	76.9	(2)	(2)	(2)	
39 to 40	(6)	(6)	(6)	102,523	11.8	100.0	
40 to 41	(4) (6)	(6)	(6)	(6)	(6)	(6)	
41 to 42	(5) (2)	(2)	(2)	(N)	(N)	(N)	
42 to 43	(2)	(2)	(2)	(N)	(N)	(N)	
43 to 44	45,414	23.1	100.0	(N)	(N)	(N)	
44 and over	(N)	(N)	(N)	(N)	(N)	(N)	
	196,824	100.0		868,250	100.0		
Weighted average cost		\$38.34			\$32.61		

- (1) Typical Canadian cost group for Douglas Fir mills as indicated by the weighted average cost of \$32.61.
- (2) Combined with higher cost group to keep from disclosing confidential information.
- (3) Typical North Carolina Pine mill group as indicated by the weighted average cost of \$38.34.
- (4) Typical domestic cost group for Short Leaf mills as indicated by the weighted average cost of \$40.94.
- (5) Typical domestic cost group for Long Leaf mills as indicated by the weighted average cost of \$41.91.
- (6) Combined with lower cost group so as not to disclose confidential information.

Delivered cost per M bd. ft. in Chicago		Short Leaf Mills		Long Leaf Mills			
Under \$33	66,640	7.7	7.7	(4)	(4)	(4)	
33 to 34	109,751	12.7	20.4	160,995	25.1	25.1	
34 to 35	127,093	14.1	35.1	(N)	(N)	25.1	
35 to 36	50,077	5.8	40.9	(4)	(4)	(4)	
36 to 37	55,118	6.3	47.2	70,836	11.1	36.2	
37 to 38	(1) (4)	(4)	(4)	32,818	5.1	41.3	
38 to 39	(2) 102,802	11.9	59.1	(4)	(4)	(4)	
39 to 40	(3) 159,367	18.4	77.5	187,222	29.2	70.5	
40 to 41	110,987	12.8	90.3	80,748	12.6	83.1	
41 to 42	59,621	6.9	97.2	35,481	5.5	88.6	
42 and over	24,375	2.8	100.0	72,809	11.4	100.0	
	865,831	100.0		640,945	100.0		
Weighted average cost		\$37.46			\$38.43		

Delivered cost per M bd. ft. in Chicago	Canadian Douglas Fir Mills		Group	Accumulative
	Production per M. bd. ft.	Percentage of total production		
Under \$33	(N)	(N)	(N)	(N)
33 to 34	(4)	(4)	(4)	(4)
34 to 35	75,975	8.7	8.7	8.7
35 to 36	(4)	(4)	(4)	(4)
36 to 37	209,555	24.1	32.8	32.8
37 to 38	(5)	(5)	(5)	(5)
38 to 39	161,099	18.6	51.4	51.4
39 to 40	62,252	7.2	58.6	58.6
40 to 41	(4)	(4)	(4)	(4)
41 to 42	212,830	24.5	83.1	83.1
42 and over	<u>146,539</u>	<u>16.9</u>	<u>100.0</u>	<u>100.0</u>
	868,250	100.0		

Weighted average cost \$39.81

- (1) Typical domestic group for Short Leaf mills as indicated by the weighted average cost of \$37.46.
- (2) Typical domestic group for Long Leaf mills as indicated by the weighted average cost of \$38.43.
- (3) Typical Canadian group for Douglas Fir mills as indicated by the weighted average cost of \$39.81.
- (4) Combined with higher cost group so as not to disclose confidential information.
- (5) Combined with lower cost group so as not to disclose confidential information.

(3)

Costs of domestic and Canadian lumber delivered at New York and Chicago, 1929 (per M bd. ft. measure).

Comparison

Domestic	Canadian	Excess of domestic cost	
		At N.Y.	At Chicago
1. Douglas Fir	Douglas Fir	\$0.80	\$0.43
2. Southern Pine	" "	\$7.08	-\$1.93
3. 1 and 2 combined	" "	\$3.65	-\$1.56
4. Northern Pine	Northern Pine	\$2.11	-\$2.66
5. Eastern Spruce	Eastern Spruce	\$1.11	+\$1.27

Transportation is included at average rates for the two groups of mills, as these mills are located in a narrow area with a slight variation in transportation.

Southern pine delivered at New York includes longleaf and shortleaf and North Carolina pine; delivered at Chicago includes only longleaf and shortleaf. Transportation is included at average rates for each group of mills.

Summary tables shown in this section were taken from "Economic Analysis of Foreign Trade of the United States with Relation to the Tariff", prepared by the United States Tariff Commission in response to Senate Resolution 325 of the United States Senate in 1933.

PART THREE

CANADIAN-AMERICAN INVESTMENT IN FOREST INDUSTRIES

AMERICAN INDUSTRY IN CANADIAN WOOD AND PAPER PRODUCTS ECONOMY

The capital investment in American paper and wood products companies in Canada is second only to that in public utilities among the fields in which American companies are operating in Canada today. The industry is no less important in Canadian economy as a whole. In 1931 pulp and paper products took first place among Canadian manufactures. The Dominion Bureau of Statistics show a total investment in American controlled and affiliated companies in Canada of \$287,600,990 for the pulp and paper industry alone, and this excludes any investment in timber lands. American companies produce 34 per cent of all Canadian pulp, newsprint, and lumber production, and 8 per cent of all other wood products and varied paper products produced in Canada. These same companies produce 21 per cent of the total Canadian output of wood and paper products.

NEWSPRINT.

The United States is the worlds largest consumer of newsprint and newsprint has been admitted to its markets free of duty for 28 years. In Canada 85 per cent of all the paper produced is for the newsprint industry and 4/5 of this is shipped to the United States. The amount of Canadian newsprint supplied to the United States is approximately 65 per cent of the total annual consumption. Canada is the most important source of newsprint paper for United States consumption.

Canada supplied less than 4 per cent of the newsprint used in the United States in 1909 but by 1916 the amount supplied had risen to

25 per cent and in 1934 to 62 per cent. During this 25 year period the newsprint production industry made a northern migration. Some American paper companies, newsprint and others, had made investments in Canadian timberlands prior to 1911 and were importing a portion of their pulpwood from these lands. However, while such companies were probably fully aware of a cost differential in the manufacture of newsprint in favor of Canada, they were sheltered by a tariff and with investments already made in this country they would not be expected to move northward with their mills.

Ontario began the process of stimulating the northern migration of the newsprint industry by prohibiting the export of pulpwood from the Crown lands in that Province. In 1907 the Dominion Parliament passed similar legislation with reference to Dominion Crown lands in the Prairie Provinces. The next prohibition came in 1910 on Quebec Crown lands and was shortly followed in 1911 by the same restriction applicable to Crown lands in New Brunswick. British Columbia finally followed and adopted export prohibition from Crown lands in 1913. These export prohibitions added to the free admittance of newsprint to the markets of the United States in 1911 did more than a little to hasten the migration of the newsprint industry. However, in the past privately owned timber land in Canada had been sufficient to supply the needs in the northeastern United States and consequently the Provincial prohibitions cannot be regarded as completely shutting off pulpwood exports from Canada nor can they be considered as the primary motivating force for the northern migration of the industry. However, American companies who had planned

to supplement decreasing pulpwood supplies in the United States with imports from Canadian Crown lands were undoubtedly influenced in a large measure by Canadian pulpwood export restrictions. It is very probably as Constant Southworth said in "The American-Canadian Newsprint Paper Industry and the Tariff" (Journal of Political Economy, Oct., 1922) that, "giving free entry to Canadian newsprint only hastened a little a process which was bound to begin in any case." However, it did hasten the process and much more than "a little", at this time.

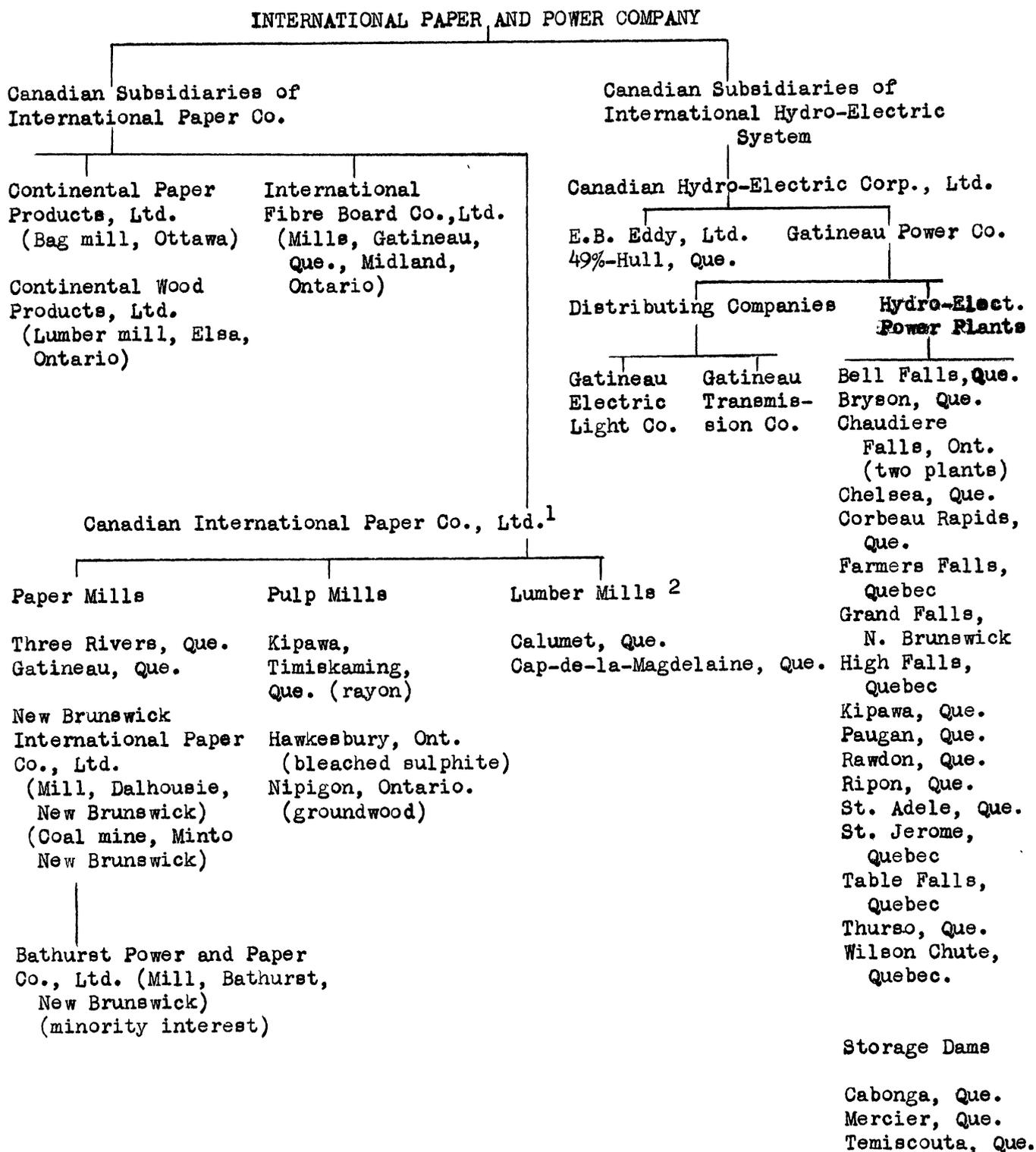
Although it was the removal of the duty on newsprint and the Canadian prohibition of pulpwood export that started the migration, it is thought by many that the newsprint industry would have, granted freedom of political barriers, shifted in time to the conveniently located, inexpensive timber and water power in Canada. However, notwithstanding the long argument that production costs in Canada are cheaper and that newsprint mills are obsolete in this country, it was the opinion of the Industrial Adviser to the N. R. A. in 1933 that mills in the United States were not obsolete and that little or no Canadian cost advantage existed at that time. The fact remains, however, that whatever the cause might be, the United States production began declining in 1926; since then there has been a net withdrawal of 241,220 tons per annum capacity from newsprint production in the United States. Many of the former newsprint mills may be obsolete as compared with newer Canadian mills but they still are efficient as producers of more expensive types of paper.

The exact pulpwood resources of pulp and paper companies in Canada are difficult to determine. However, in 1928 a careful survey was made of Canadian forest resources which included the forest lands of a number of pulp and paper companies. Of the 10 American companies shown in Appendix G, 9 either owned or leased some 40,765 square miles of timber land. This is an area as large as Maine and Massachusetts combined, and only a little less than the combined areas of the Canadian Provinces, Nova Scotia and New Brunswick. These American companies are estimated to have 118,300,000 cords of pulpwood on their holdings. The 13 semi-independent and independent Canadian companies shown in Appendix G controlled 57,464 square miles of timber land with an estimated 213,201,000 cords of pulpwood on the same. In 1929 American-owned mills produced 37 1/2 per cent, and in 1933 51 per cent of the newsprint produced in Canada. It may be safely stated that American mills today control 40 per cent of the capacity and 36 per cent of the timber reserves of the Canadian newsprint industry. Lands owned in fee simple by American companies represent heavy investments, however, the cutting rights in Quebec on Crown lands involved only small annual fees in 1930. The magazine "Fortune", May, 1930, states that the International Paper and Power Company pays \$8 a year per square mile for its Quebec rights. In addition to annual rental fees, stumpage fees must be paid as the timber is cut but in 1932 the stumpage fees in Quebec were as low as \$2.00 per thousand feet and at such prices American companies can well afford to invest in Canadian Crown lands. However, holders of Crown leases are required to pay a substantial bonus before they are granted cutting rights and in some cases have been required to build pulp and paper mills before such leases could be secured.

Undoubtedly the largest reserves of any American financial group are those of the Canadian International Paper Company. This company in 1933 owned 5,500 square miles of timber land (15,407,000 cords) and had under lease from the Crown 31,800 square miles (90,932,000 cords) in Newfoundland and Canada combined. A diagram on the following page shows the Canadian holdings of this American company. A short history of the present organization will serve to show the manner in which a large amount of American newsprint industry made its migration to Canada. The International Paper Company, the predecessor of the present company, was incorporated in New York in 1898. It was the result of a merger of 19 companies in New York and New England and very few of these had anything like perpetual holdings on this side of the Border. At this time they were becoming more or less dependent on imported pulpwood. However, in 1892 the St. Maurice Lumber Company of New York, a member of the consolidated company, had begun operations at Three Rivers, Quebec. The International Paper Company was reincorporated in Quebec in 1916 and in 1925 it changed its name to the Canadian International Paper Company.

From 1898 to 1914 the International Paper Company was busy building up its Canadian timber reserves. In 1914, because of the increasing quantities of newsprint imports, the Company started the conversion of its mills to other paper and by 1916 at least 1/3 of its capacity was devoted to the production of paper other than newsprint. As a result of the profitable period during the war, the first of this company's Canadian mills was built at Three Rivers, Quebec

Diagram 2



¹ Also owns Newfoundland Power and Paper Co., Ltd., with a large mill at Corner Brook, Newfoundland.

² There are also 9 other sawmills and drum barkers devoted chiefly to preparing pulpwood, notably at Gaspe, Pentecost, Batiscan, Three Rivers, Hull, Quebec; Rockland, Ontario.

in 1921. By 1924 this company had begun to feel the pinch of inadequate timber reserves near its mills, obsolete equipment, and Canadian competition. In 1925 a new business policy was adopted which involved (1) building new newsprint and pulp mills at Canadian points where perpetual reserves of pulpwood could be acquired and maintained; (2) abandoning the higher-cost American mills while converting the more efficient ones to higher grades of paper production; (3) developing Canadian water power, both to reduce costs and to diversify the income of the company. Immediately, a new newsprint mill was built at Gatineau with a daily capacity of 600 tons and the properties of the bankrupt Riordon Company, Ltd., were bought in at auction. These properties included, the Kipawa pulp mill which in 1936 had an annual capacity of 100,000 tons and produced one-half of the world rayon cellulose supply, the Hawkesbury pulp mill, several sawmills, 10,000 square miles of timber land, and water power sites on the Nation and Gatineau rivers. All of these properties were added to those already owned by the Canadian International Paper Company which in turn was soon placed under Canadian International Paper, Ltd., and by 1932 its subsidiaries owned newsprint, sulphite, and ground-wood pulp mills and sawmills in Canada, and the Newfoundland mill which was acquired in 1928.

The mills situated at Three Rivers, Gatineau, Dalhousie and Corner Brook; the Bathurst mill, which Canadian International operates and partly owns; and the Eddy mill, in which Canadian Hydro-Electric Corporation, Ltd., has a 49 per cent interest, have a total daily capacity of 2,500 tons, as compared with 1,262 tons produced daily by

the International owned mills in the United States.

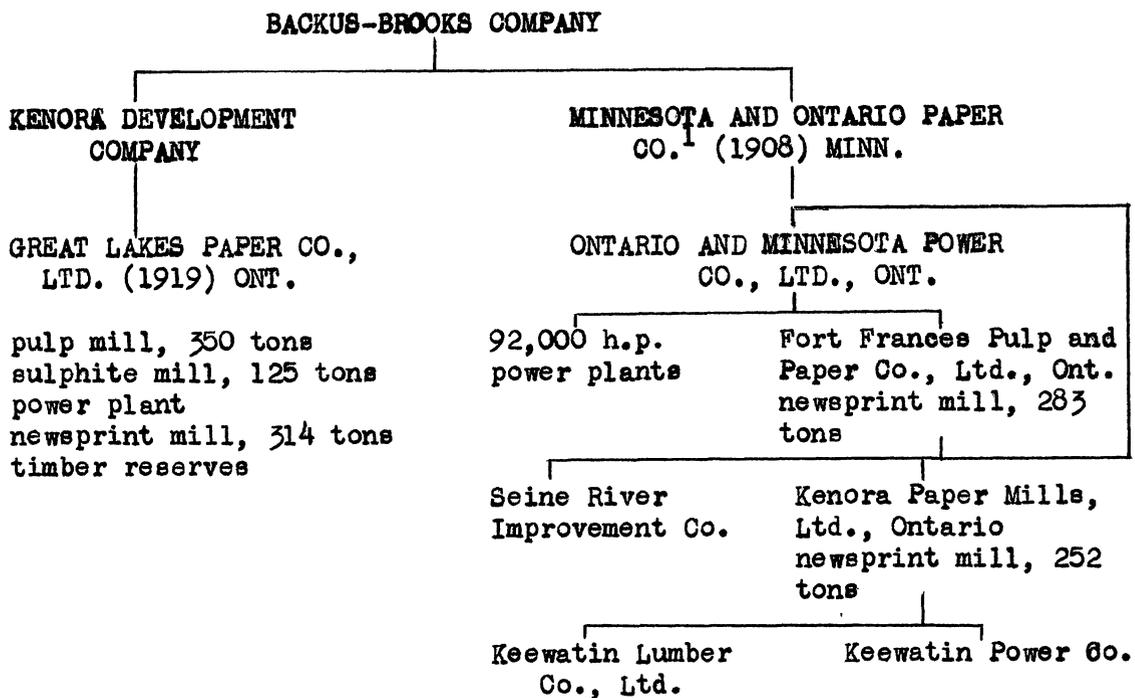
The newsprint mills are, practically speaking, dependent on the American market for their continued existence. However, the pulp and lumber products are sold either in Canada or abroad. The lumber produced enters the United States market only when the American tariff is sufficiently low enough to allow it to compete with lumber produced within the United States. The two fibre-board mills and the bag mill are concerned primarily with Canadian and other foreign markets.

The consolidated balance sheet of the International Paper and Power Company at the end of 1933 showed total assets of \$881,000,000 and of these \$270,000,000 were in Canadian properties.

Other American newsprint companies in Canada are owned as follows; two by American newspapers, two by companies which do not produce newsprint in the United States, and the others are subsidiaries of the Backus-Brooks and the Crown Zellerbach companies, both being newsprint producers in the United States. The chart on the next page shows the Canadian holdings of the Backus-Brooks Company.

The "Chicago Tribune" built and still owns the mill of the Ontario Paper Company, Ltd., at Thorold, Ontario. Most of the output of this 429-ton newsprint mill goes to the "Tribune" and the rest to a New York paper. The "New York Times" obtains most of its newsprint from the Spruce Falls Power and Paper Company, Ltd., at Kapuskasing, Ontario. This company has cutting rights on 4,700 square miles, an area as large as Connecticut, and is 49 per cent owned by the "New York

Diagram 3



¹ The Canadian companies produce kraft liner board and insulating material, but it is not clear just which mills handle those products.

Times". The remainder of the shares are owned by the Kimberly-Clark Corporation.

Other American-owned newsprint mills are in British Columbia and the chief producer of paper on the Pacific Coast is the Crown Zellerbach Corporation. In 1928 it supplied $\frac{3}{4}$ of the newsprint used in California, Washington, and Oregon. The Corporation produces about a 1,000 tons of newsprint a day and of this its Canadian company, Pacific Mills, Ltd., contributes 256 tons. Of the estimated 10 billion feet of timber owned by the parent company in 1932, 30 per cent was in Canada, and, through the Graham Islands Timber Company, Ltd., a saw mill was operating at a rate of 300,000 feet in 10 hours. The Canadian assets of this company are carried at \$20,000,000. There is another important American company operating across the border in British Columbia and that is the Brooks-Scanlon Lumber Company. This Company owns the Powell River Company, Ltd., which in 1934 was producing 650 tons of newsprint daily. The parent company, however, produces no paper but its subsidiary, the Powell Company sells 70 per cent of its newsprint in the southwest, east as far as Kansas City, and on the Pacific Coast of the United States.

Newsprint prices and output tell the story of the northward migration of the heavy fixed-cost industries of pulp and paper. In 1920 newsprint spot market prices reached \$270 a ton at New York and then the migration speeded up. During the ten years following 1919 the total increase in United States newsprint production was only 40,000 tons and

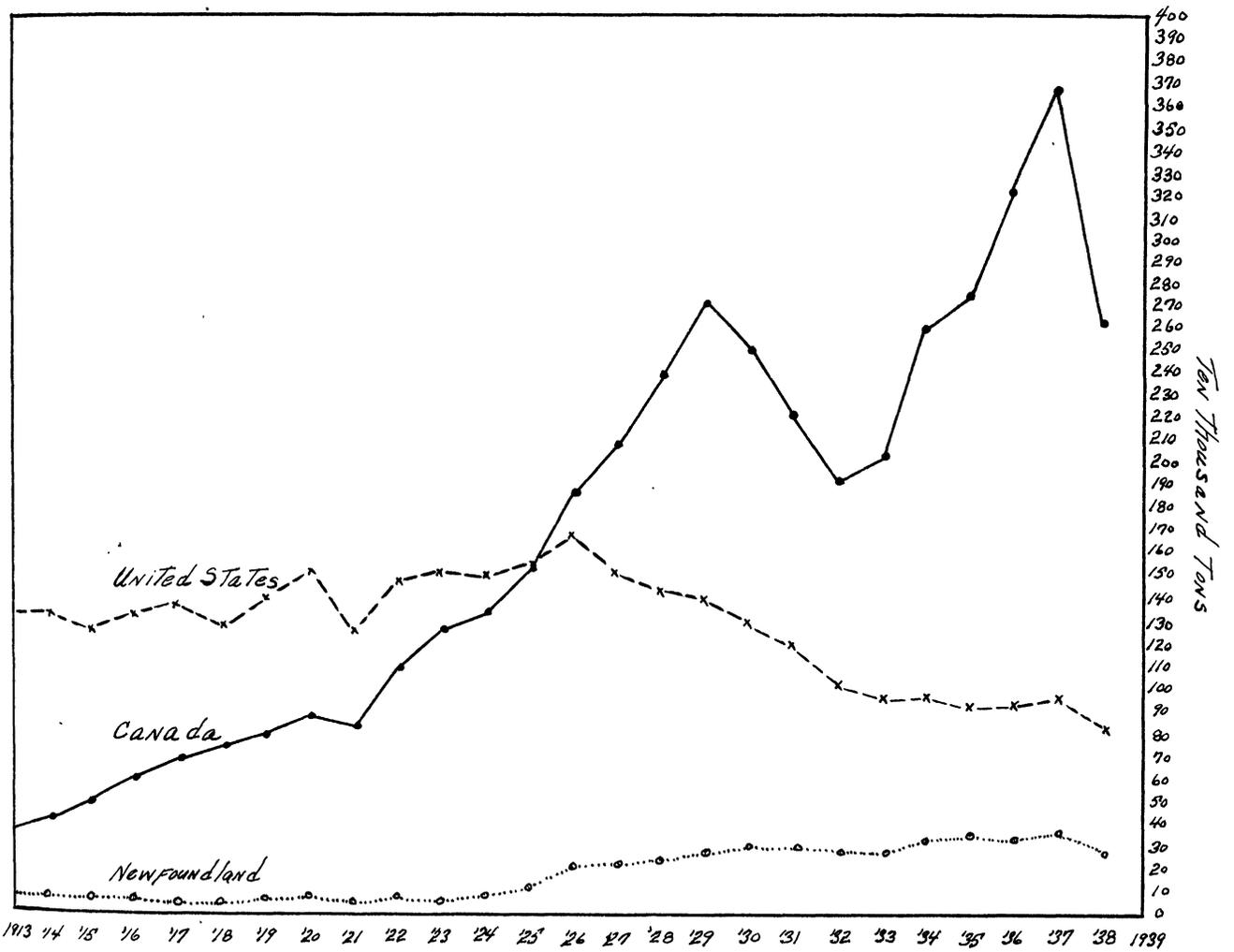
that of Canada in this same period of time increased from 807,000 to 2,381,000 tons. In 1929 prices fell to \$62 a ton and drifted on down to an average of \$41.20 in 1933. The price situation was still confused in 1935. Although \$40 was the official price, the mills absorbed delivery costs, made many unofficial discounts and rebates, and on the average were really getting no more than \$30 a ton, f.o.b. mill. In 1936 the official price went up to \$41 and in 1937 when newsprint production reached an all time high of 4,944,000 tons the price was \$42.50. The 1938 price for Canadian mills was \$50 and for American mills in the East it was \$48. However, in 1938 with prices artificially fixed at these higher levels production fell almost to the 1931 tonnage figure. The industry experienced the greatest drop in both quantity and per cent for one year that it has ever known. Canadian mills operated at 62 per cent of capacity and produced 72 per cent of North American production while American mills operated at 84 per cent of capacity and produced 22 per cent of the total. Newfoundland made up the balance of 7 per cent and operated at 72 per cent of capacity. Newsprint production for Canada, the United States and Newfoundland from 1913 to 1939 is shown in chart number 4 on the following page.

Exports of newsprint from Canada in 1938 were 2,425,000 tons or a drop of 30 per cent from the 1937 figure and imports into the United States amounted to 2,275,000 tons with a corresponding drop of 31 per cent. Canada supplied 86 per cent of the total, Newfoundland 3 per cent, and Europe 11 per cent.

Diagram 4

NEWSPRINT PRODUCTION

United States - Canada - Newfoundland



Source: News Print Service Bureau, January 1939

PULP MILLS.

There are other American companies outside of those in the newsprint field operating pulp mills in Canada. Many of these mills were built or bought to supply the parent company in the United States with needed raw material. Examples of mills set up for this purpose are the Canadian Scott Paper Company, Ltd., the A. P. W. Paper Company mill in Nova Scotia, the Halifax Power and Pulp Company, Ltd., (1923), the Vancouver Kraft Company, Ltd., (1928), and the Brown Corporation in Quebec (1905). The latter three mills have a daily capacity of 500 tons of pulp, and have extensive timber reserves. The Brown Company owns 1,000,000 acres and has the rights to 2,000,000 more. It values its Canadian holdings at \$25,000,000.

PAPER GOODS FACTORIES.

These American factories in Canada are true branch factories. They manufacture their products primarily for sale in Canada and thus constitute only a very small part of the total American investment in the Canadian pulp and paper industry. Some of these factories produce boxes, liners, tissue paper, wall paper, or paper cups. While others produce paper bearing the well known trade names of Eaton, McCall and Vortex. An example of such invested interests in Canada is the Hinde and Dauch Paper Company of Canada, Ltd., (1910) owned by a similarly named Ohio company. It acquired, through an exchange of stock in 1928, Thompson and Norris Company and now operates three Canadian plants which are valued at more than \$4,000,000.

SAW and PLANING MILLS; LUMBER, WOOD PRODUCTS.

There are, in addition to those mills operated by newsprint companies for utilizing their timber which is unsuited to pulping, some 35 to 40 lumber and timber companies operating in Canada under American supervision and finance. About the same number of companies are producing other and varied wood products. Fifty per cent of the American owned companies are owned by individual Americans who are prominent in the exploitation of Canadian timber lands, and not the extension of similar ventures in the United States. An example of such exploitation is the Empire Lumber Company which was incorporated in Delaware in 1909 and is financed and directed from Philadelphia. It markets lumber from a 30,000 acre tract, a Crown grant on Vancouver Island.

Examples of lumber companies under American control which are extensions of companies previously established on timbered lands in the United States are as follows; Bloedel, Stewart and Welch, Ltd., which has a \$1,000,000 sawmill in British Columbia with a capacity of 100,000 M feet per year, the Carpenter-Hixon Company, Ltd., Blind River, Ontario and owned by Shevlin, Carpenter, and Clarke of Minnesota, and the Shevlin-Clarke Company, Ltd., Fort Frances, Ontario. The last two named subsidiaries have a combined capacity of 160,000 M feet of lumber per year and they supply a very large percentage of the northern white pine, western white spruce, and Norway pine which the parent company sells in its United States markets.

Americans have also pushed over into the red cedar shingle industry of British Columbia and are now operating extensive interests in this Province. Americans own or have a major interest in 20 shingle mills, operating some 173 shingle machines, representing about 40 per cent of the total machines in use.

All this is not a new development since American activity in Canadian lumbering dates back for over a century. By 1914, a great deal of American capital was going into the Salmon River (Bay of Fundy), Miramichi, Restigouche, and Bathurst localities in the East and it was reported that some 75 per cent of the 17,000 timber leases in British Columbia were held by American interests, as well as 2/3 of the interior and 1/3 of the coast sawmills. At this same time about \$75,000,000 of American capital was invested in British Columbia stumpage.

A great percentage of the capital that has been poured into Canada for the exploitation of timber resources looked towards the export trade and the American markets in particular. The 8 American lumber companies operating in Canada which replied to the questionnaire sent out by the Dominion Bureau of Statistics sold 77 per cent of their production in American markets. The lumber tariff of 1932 closed the American market to 3 of these companies completely.

The American wood working factories in Canada are hard to summarize because of the large variety of products which they produce. Six manufacture furniture and about the same number of factories manufacture boxes. Other factories produce such articles as billiard tables, cork products, athletic goods, pencils, and like products.

CANADIAN INDUSTRY IN AMERICAN WOOD AND PAPER PRODUCTS ECONOMY

It is seldom realized by either Americans or Canadians that in proportion to Canada's wealth and population her direct investment in the United States is even larger than the direct investment made by the United States in Canada. It is estimated, excluding investment trusts, that 110 Canadian companies maintain some sort of permanent organization in the United States and of these only 76 are primarily concerned with Industry. There are 11 parent Canadian paper products companies operating some 17 factories in the United States as classified in the Industry group.

Three Canadian companies were operating paper mills in the United States in 1936. The most important of these is Fraser Companies, Ltd. This Company in 1925 organized Fraser Paper, Ltd., New Brunswick, to build a mill at Madawaska, Maine, with a capacity of 51,000 tons of high-grade sulphite papers and 39,000 tons of paperboard per year. The main bleached sulphite pulp mill of the parent company is located across the St. John River, in Edmundston, New Brunswick. Half of its output is piped in slush form to the American mill. In 1929 Fraser Companies signed a 10 year contract, with Sears, Roebuck and Company, to supply catalogue paper from the American mill. One of the largest Canadian subsidiaries of Fraser Companies is the Restigouche Company, Ltd., which owns the Ashland Company, a lumber company in Sheridan, Maine, and two Stetson, Cutler sales companies in Boston and New York. In 1932 Fraser Industries,

Inc., was formed to handle Fraser products in the United States.

In 1924 the Brompton Pulp and Paper Company acquired 140,000 acres of timber in Maine. This Company had owned, since 1918, 4 paper companies close to the Border in New Hampshire at the time it made this purchase. Brompton today is controlled by the St. Lawrence Corporation, Ltd., and still owns Claremont Paper Company which produces kraft paper at two mills. The parent company is chiefly a newsprint producer.

In the Northwest the Pacific Coast Paper Mills, Inc., was organized in 1926 by the Westminster Paper Company, Ltd., to provide for its increased business activity in the United States and also to evade the import duty. The American mill, situated at Bellingham, Washington, produces several kinds of paper.

A most interesting group of Canadian companies in the United States is that now either controlled by or affiliated with Moore Corporation, Ltd., which is in a very strong position in the sales and manifold book business. In 1934 the Moore Company operated 11 plants in the United States and 4 in Canada.

The remaining Canadian wood and paper companies in the United States are less important. A New Brunswick lumber firm controls the Calais Box and Lumber Company in Maine; a Vancouver company owns a paper box factory in Seattle; and a Buffalo paper plant is controlled by Canadian financial interests.

TABLE 1

American Owned Companies in Canada According to the Year when Established

Year	Number	Year	Number
Before 1900	66	1917	30
1900	13	1918	17
1901	10	1919	49
1902	12	1920	51
1903	12	1921	51
1904	14	1922	45
1905	13	1923	43
1906	18	1924	35
1907	19	1925	41
1908	25	1926	49
1909	17	1927	54
1910	26	1928	56
1911	30	1929	70
1912	39	1930	97
1913	25	1931	91
1914	25	1932	92
1915	21	1933	42
1916	34	1934	34

The record for the years 1900-1932 was obtained from a census of American-owned companies known to be in operation as of December 31, 1932, taken by the Dominion Bureau of Statistics. The figures for 1933 and 1934 were obtained by the Dominion Bureau from its current file of new American branch companies

Note acceleration under stimulus of increased Canadian tariffs following 1906 and during the years 1920-'22 and 1930-'32 as well as deceleration in periods either of quiescence in tariff making or business inactivity.

TABLE 2

American Controlled and Affiliated Manufacturing Establishments in
Canada, 1870-1887, Classification by Industries

Year Established	Metals	Textiles	Wood Products	Misc.	Total
1870	1				1
1871					
1872	1				1
1873				1	1
1874					
1875				1	1
1876	2		1	1	4
1877		1		2	3
1878	2	2	1	2	7
1879	12	2	4	3	21
1880	2	1		4	7
1881	1	1			2
1882	6	2		2	10
1883	6			1	7
1884	3	1		2	6
1885	2	2	1	2	7
1886			1	1	2
1887			1	1	2
Totals	38	12	9	23	82

Note large increase in 1879 following change in tariff policy

TABLE 3

**American Controlled and Affiliated Wood and Paper Products Companies
in Canada in 1932**

Items	Pulp, Paper and Lumber	Other Wood and Paper Products	Totals
Number of firms	46	69	115
Total capital employed	\$265,983,224	\$21,617,766	\$287,600,990
Percentage of capital employed of non- American minority interest, chiefly Canadian	10.61	5.29	10.21
Total gross value of products	\$65,084,333	\$14,082,325	\$79,166,658
Percentage of Canadian gross value of products	34.32	7.83	21.42
Cost of materials	\$24,178,520	\$5,073,068	\$29,251,588
Number of employees	11,139	3,729	14,868
Salaries and wages paid	\$12,695,534	\$3,887,268	\$16,582,802

TABLE 4

American Controlled and Affiliated Wood and Paper Products Companies in
Canada Classified According to Amount of Capital Employed in 1932

Capital Group	Number of Companies	Capital Employed	Gross Volume of Products
Totals	115	\$287,603,000	\$79,166,000
\$1,000,000 and over	23	267,497,000	64,900,000
\$500,000 to \$999,999	12	8,229,000	4,993,000
\$200,000 to \$499,999	24	8,090,000	5,229,000
\$50,000 to \$199,999	30	3,159,000	3,040,000
Under \$50,000	26	628,000	1,004,000

TABLE 5

American Controlled and Affiliated Wood and Paper Products Companies in
Canada Classified According to Amount of Capital Employed, Showing
Percentage of Total Companies, Capital Employed, and Gross
Value of Products in Each Size Group for 1932

Capital Group	Percentage Companies	of Capital Employed	Total Value of Products
Under \$50,000	23	#	1
\$50,000 to \$199,999	26	1	4
\$200,000 to \$499,999	21	3	7
\$500,000 to \$999,999	10	3	6
\$1,000,000 and over	20	93	82
Totals	100	100	100

Less than one per cent

Diagrams and tables shown in this section are taken from, "Canadian-American Industry- A study in international investment", by Herbert Marshall, Frank A. Southard, Jr., and Kenneth W. Taylor; Yale University Press, New Haven.

PART FOUR

CANADIAN-AMERICAN FOREST PRODUCTS TARIFFS AND THE AMERICAN LUMBER INDUSTRY

CANADIAN-AMERICAN FOREST PRODUCTS TARIFFS
AND THE
AMERICAN LUMBER INDUSTRY

THE DEBATABLE EFFECTS OF THE LOG AND LUMBER TARIFFS AND RECIPROCITY ON THE HISTORY AND DEVELOPMENT OF THE INDUSTRY.

Prior to 1854.

The first attempt to negotiate reciprocal arrangements between what is now the United States and the Dominion of Canada was made by New England merchants in 1647-1651. (see Cadwallader Colden, "Memoir to Burnet on the Fur Trade in New York", November, 1724, reprinted in "Documents Relative to the Colonial History of New York, Albany 1855, V, 728 ff.) This first negotiation for reciprocity on the North American continent, like many of its successors, was an unsuccessful one. However, it was the beginning of the reciprocity movement which has played an important part in the shaping of the economic, political, and social controversies both in the United States and the Dominion of Canada to the present day.

Prior to 1845 the trade between the United States and the British provinces of North America was burdened with a system of differential duties. These duties discriminated against foreign importations into Canada in favor of British goods to such an extent as to prevent any trade of much importance between British North America and the United States. However, as early as 1840 American money and enterprise were crossing the border into British North America and developing the Canadian lumber trade. In earlier years

American enterprise was limited by the strict application of the rule which restricted ownership of lands to British subjects in British North America. In spite of this restriction, however, the depletion of the better timber reserves in New England led to a migration of both men and money engaged in the lumber trade into Canada. The impetus of this migration increased when the ownership restriction was removed. Agitation in Upper Canada, because of the slowness with which Canadian capital alone was developing natural resources, led to this extension of ownership rights to Americans in Canada.

The British government changed its commercial policy in 1845. At this time the Canadian legislature was granted the privilege of regulating its own tariff and in 1847 the legislature removed the existing differential duties and admitted American goods on the same terms as those imported from Great Britain. This change of policy was the result of two causes;

(1) The change of policy in England which resulted in the abolition of the Corn Laws in 1846 and in the repeal of the Navigation Acts in 1849.

(2) The Canadian Rebellion of 1838-1839. This rebellion was the result of a long continued hostility between the English in upper Canada and the French in lower Canada. The attempts of Pitt in 1791 to settle this hostility by dividing Canada into two provinces had failed to reduce the friction and consequently in 1838-1839 the long pent up feeling between the two factions broke out in open rebellion in both provinces. The British government, following this outbreak, decided to reunite the two provinces and give to the consolidated province a responsible government in accord with the report made by Lord Durham on the Canadian situation in 1839. This was done in 1840 but the situation was

extremely delicate. The Canadian people saw, with increasing discontent, the rapidity with which the United States was growing in wealth at this time and consequently were desirous of sharing in its progress. Demands in some quarters were made for annexation to the United States and to quiet such a movement Great Britain granted additional privileges to the Canadian government. Among these privileges granted was that of tariff regulation. Largely through the efforts of Lord Elgin, the Governor-General of Canada, 1847-1854, the Reciprocity Treaty of 1854 was negotiated with the United States. In this manner the annexation element was appeased since the treaty made it possible for the Canadian people to share some of the advantages possessed by the richer and more fortunate United States.

Prior to the Tariff Act of 1842 American tariffs on lumber and forest products were for revenue only and for the most part were of very little importance. However, in 1842, the Whig administration put through a protectionist tariff act which contained a separate paragraph of lumber items. This lumber schedule remained for the most part intact until the Reciprocity Treaty of 1854.

Although this was one of the few times that the United States and Canada have agreed on tariff regulations there was a good deal of bickering, during the life of the treaty, over the articles listed on the free list in Article 111 of the treaty. This was especially true in the United States from the time of its adoption to the time of its abrogation.

Article 111 of the Reciprocity Treaty of 1854 reads as follows:

"It is agreed that the articles enumerated in the schedule here unto annexed, being the growth and product of the aforesaid British Colonies, or of the United States, shall be admitted into each country respectively free of duty."

Forest products were mentioned on this list as follows; "timber and lumber of all kinds, roughed, hewed and sawed, unfinished in whole or in part". "Firewood" was also listed as free of duty.

The Reciprocity Period (1855-1866).

It is a disputed point as to just how much effect the treaty of 1854 had upon the recovery in Canada from the economic distress of 1846 to 1849 and upon the growth of the lumber trade in importance with the United States. Lower states in "The North American Assault on the Canadian Forest", as follows; "it did not take the Reciprocity Treaty of 1854 to bring about recovery from the distresses of 1846 to 1848-1849 and the growth of a lumber trade of importance with the United States. Recovery came from the ordinary operation of economic forces, and the lumber trade with the United States, based on canals, railroads, the scarcity of convenient American supplies and the rapid growth of great American centers of consumption, was one considerable phase of it."

However, in discussing the effects of this treaty, it must be remembered that;

(1) The statistics used are not mathmatically correct.

(2) The treaty was one of several causes at work at the same time upon the commerce between the two countries. The increase of population, the improvement of means of transportation

with canals and railroad building, the development of manufacturing industries, were all influencing trade.

(3) The working of the treaty was disturbed by 2 major economic events, the crisis of 1857 and the Civil War (1861-1865).

The total trade figures, year by year, are given in the following table for the 12 year period that the treaty was in force:

Year	Millions of \$	Year	Millions of \$
1855	49	1861	50
1856	57	1862	48
1857	49	1863	46
1858	37	1864	--
1859	45	1865	60
1860	48	1866	75

The above figures show the effect of the treaty rather clearly. The total trade for the last year before the treaty went into force was \$34,899,544, while for the first year (full year) the treaty was in force it was \$57,041,594 or an increase of more than \$22,000,000. Under the favorable conditions furnished to trade by the Reciprocity treaty, trade increased twice as much in one year as it had in three years without the treaty.

This increased trade continued with the usual fluctuations during the continuance of the treaty and also, after the treaty was terminated. In any consideration of the effects of this treaty it must be admitted that the continued trade which followed its termination was a result of the treaty itself in part. This is true because channels of trade were created by the treaty which would naturally persist even after the treaty was abrogated. The amount of the imports into the United States for 1866, the last year of the operation of the treaty, were \$48,528,628.

This unusually large volume of imports was undoubtedly due to the desire of the American business man to profit as much as possible by the treaty. It becomes increasingly evident that such was the case because the treaty expired on March 17, 1866 and consequently the total imports of \$48,528,628 was for a less than nine month rather than a twelve month period. It is also important to note that this quantity of imports from Canada was not again reached even in a twelve month period until 1882 when \$50,775,581 was imported from the Dominion.

The following table exhibits in contrast the value of forest products imports into the United States and the Province of Canada, under the treaty of 1854:

Year	Into United States	Into Canada
1850	\$1,539,488	\$ 45,505
1851	\$1,279,929	\$ 18,620
1852	\$1,838,775	\$116,159
1853	\$2,589,898	\$ 66,620
1854	\$2,131,725	\$107,459
1855	\$3,016,880	\$186,830
1856	\$3,345,284	\$362,904
1857	\$3,393,068	\$411,820
1858	\$3,290,383	\$232,177
1859	\$3,524,850	\$162,113
1860	\$4,019,278	\$137,392
1861	-----	-----
1862	\$2,980,477	\$181,519
1863	\$3,679,559	\$134,281

Statistics for the years 1850-1860 are from reports of House Committees, Vol. 3, No. 22, p 36. Those for the years 1862-1863 are from the returns of the Minister of Finance of Canada and the Secretary of the Treasury of the United States in their respective reports.

Throughout the period of the treaty, the slavery question, or questions closely concerned with it, determined the attitude of both parties, both Democrats and Republicans, upon questions of less pressing

importance. Consequently the policy of reciprocity, since it was supported by the Democrats in 1864-1865, was renounced by the Republicans. Thus the treaty terminated in 1866. Not only terminated but without any good reason.

Charles Francis Adams, Minister to Great Britain at the time, wrote in February 1865 to Secretary Seward that it was his belief that, "all these measures for abrogation were the result rather of a strong political feeling than of any commercial considerations. I should not disguise the fact of the prevalence of great irritation in consequence of the events that have taken place in Canada, neither should I conceal my regret, as it seems to me to be one of the cardinal points of our policy, both in a political and commercial sense, to maintain the most friendly relations with the whole population along our Northern Border".

A convention, composed of the Boards of Trade and Chambers of Commerce of both the United States and Canada, met in Detroit on July 11-14, 1865 and voted unanimously for extending the limit of the freedom given trade under the treaty. However, as has already been stated, politics caused the abrogation of the treaty.

The first few years of the existence of the treaty made it a popular treaty since with it came conditions of rising prosperity in 1857. However, with the slavery question becoming acute and finally with the start of the Civil War, the reciprocity treaty was doomed. It has been said, that the treaty fell a victim "to the anger which the behavior of a party in England had excited in America". In addition there were the inevitable commercial disturbances which occur in a time of war and even to its supporters the treaty was far from perfect. However, it is

unquestionably true that the defects in the treaty would have been settled by negotiation rather than by abrogation, if there had been no war.

Statistics tend to show that the treaty of 1854 had a definite influence upon the increase in the flow of trade across the Canadian-American border and the statistics already shown herein indicate that the trade in value of forest products was no exception to the rule. It is true that it might have been just a coincidence that trade in forest products should have been definitely increased in no small amount in the very year that reciprocity was established but hardly likely. It is also true that there were other factors which contributed to the increasing prosperity of that time but just because these other factors existed is no indication that the treaty had any less direct effect upon the stimulation of trade between the two countries.

From 1866 to 1900.

This period is marked by the beginnings of the high protectionist movement in both Canada and the United States. It marks the beginning of the active organization in both countries of the lumber interests. The battle between the Canadian and American lumbermen, for the most part, in this period is not one of free competition but one of tariffs with their attendant weapons, import and export duties.

The period is also marked by a large migration of American enterprise into the Canadian forests. In 1870 the "Monetary Times" in a review of the lumber trade remarked on the eagerness with which U.S. interests were acquiring Canadian limits. In 1874 Boston speculators bought the island of Campobello, New Brunswick, with a view to exploiting its timber and later developing it as a summer resort. In 1880 the New Brunswick Land Company

and the New Brunswick Lumber Company were organized by wealthy Montreal and New York interests, with an original capital of \$1,500,000. In 1885 Messrs. Todd and Company, of Calais, Maine rebuilt a large mill at St. Margarets Cove, Nova Scotia. In Ontario, W.E. and A.M. Dodge, of the Lackawanna Iron and Steel Company, established the Collingwood Lumber Company in 1879 and this company later became one of the most prominent firms engaged in the Northern Ontario lumber industry. In 1882 John Dollar was the manager of an immense sawmill owned by the American Lumber Company of French River, Ontario. In 1885 a Michigan syndicate purchased limits containing 200,000 M feet of pine on the north shore of Lake Huron. The "Canada Lumberman", April 1, 1886, reported that Michigan men held upwards of 1,750,000 M board feet of standing timber in the Georgian Bay area. The first reference to Americans acquiring British Columbia limits is in 1887, when the Minneapolis and Ontario Lumber Company bought 1,500,000 M feet of standing timber in that Province.

With the abrogation of the reciprocity treaty of 1866 the general American lumber tariff of 20 per cent went into effect. The Canadians immediately retaliated with an export duty of one dollar per M on pine saw-logs. The first indication of American dependence on foreign supplies of timber came in 1870 when the United States put saw logs on the free list. In 1872 the United States modified the ad valorem duty on lumber to a specific duty of \$2 per M board feet. This change to all intents and purposes barred the poorer grades of Canadian lumber from the American markets. In 1886 Canada increased the export duty on logs to \$2 per thousand feet, with a view of forcing American timber companies to establish sawmills in Canada. As a result of this a number of American companies which had

recently acquired limits across the Border with easy access to their home mills had to either abandon their limits or erect mills in Canada. In 1888 the Canadian export duty went up to \$3 per thousand and in 1889 it dropped again to \$2 per thousand. In 1890 the Canadian export duty was revoked and in return for this concession the United States, under the McKinley tariff bill, reduced the duty on lumber to \$1. This, in effect, meant that the Canadians received tariff reductions on lumber to the tune of more than half a billion board feet annually as a bonus for the removal of their log exporting tax. The result of this reciprocal action was an increase in the importation of Canadian logs to the United States and the continued operation of Michigan mills. There was also, at this time, a definite stimulation in the American acquisition of Canadian stumpage as well as a decrease in investment by Americans in mill operations in Canada.

A temporary supremacy of free trade ideas in the United States led to the removal of the remaining duty in the Wilson bill of 1894. This bill increased the American investment in Canadian timber lands still further. Since this was a depression period, free trade did not bring a marked expansion in American imports. The last year of the operation of the Wilson bill was marked by a rush to get a lot of board footage across the border because the pending Dingley tariff bill called for a restoration of the \$2 duty on lumber.

The restoration of the \$2 duty on lumber in the Dingley Tariff of 1897 was the result of very effective lobbying on the part of the lumber interests. The effect of this tariff act was immediately evident. American imports of lumber dropped off, the migration of mills to Canada was halted, and the Michigan sawmills took on new life.

James E. Denebaugh in his "History of the Lumber Industry of America", Vol. I, pp 456-457, has this to say concerning the American lumbermen and the Dingley bill:

"The agitation among American lumbermen which resulted in the Cincinnati convention and which ultimately effected the \$2 tariff on lumber when the Dingley bill was enacted in 1897, was to a considerable extent due to a desire on the part of American lumbermen to remove from the coarse lumber of American manufacture the competition of Canadian mills. The issue between Canadian lumbermen and American lumber, while it somewhat affected, never seriously concerned the upper grades except that as it lessened the demand for low grades it lessened the demand and price of the entire product of the log, particularly on the Atlantic and Pacific Coasts; but the manufacture of the upper grades necessitated the production of lower grades in large quantities. So long as the East was open to Canadian lumber without a restrictive tariff, Canada supplied almost totally the coarse lumber used in the east."

In 1898 the province of Ontario passed an act to prohibit the exportation of saw-logs cut on Crown lands. Edwin M. Fitch in his "The Tariff on Lumber", p 18, has this to say about the effect of this action;

"The effect was immediate and drastic since, during the previous few years, the import of Canadian logs had amounted to 250 to 300 million feet annually. American lumbermen had made heavy investments in licenses to cut Canadian stumpage, and they had been rafting the logs to mills in the United States, and as a result of the high rates on lumber in the Dingley tariff they lost the privilege to do so. Application to the Canadian courts for relief was unsuccessful, although the case was carried to the British Privy Council, the highest court of appeal for

the British Empire."

"For Ontario, the embargo resulted in the building of mills with American capital on the Canadian side of the international boundary. Other provinces proceeded to follow Ontario's example, and by means of export restrictions attempted to secure the manufacture of the raw materials into lumber within their own boundaries. The South may possibly have benefited from the protection which this act afforded, but Michigan and Wisconsin, because of their increasing dependence on Canadian raw materials, got much the worst of the bargain. The failure of reciprocity was having its disagreeable results for both sides."

With the exception of Ontario, which in 1937 modified its stand on exports from crown lands to allow the exportation of pulp wood, no unmanufactured wood is exported other than what is cut on "freehold property" from the Dominion of Canada.

From 1900 to 1938, Inclusive.

The Dingley Act remained in force until 1909 when the Payne-Aldrich tariff of 1909 was passed. It did not materially differ from its predecessor, however, a reduction in the basic rate was made from \$2 per M to \$1.25 per M board feet and this served to pave the way for the free trade in lumber which was initiated by the tariff act of 1913. Lumber continued on the free list until the passage of the tariff act of 1930.

Edwin M. Fitch in his, "The Tariff on Lumber", pp 19,20 and 21, has the following to say concerning the log tariff of 1922:

"The tariff on logs in the 1922 Act marked the first time

that logs have been taxed in any American tariff act. The new rate, however, had a direct kinship with the old retaliatory measures because it was intended to force free trade in logs rather than to give tariff protection to loggers on the American side. This time the retaliation was aimed directly at logs rather than lumber. Sawed lumber had been on the free list in the United States since 1913 and continued on the free list in the Act of 1922. Ontario and the Lake States had become much less important as producers of softwood lumber, and the center of tariff interest had shifted to the state of Washington and the province of British Columbia. The tariff amounted to \$1 per thousand feet on logs of fir, spruce, cedar, or western hemlock and was collected only on logs that were subject to export restrictions in the country of origin. In the words of the act:

"any such class of logs shall be exempt from such duty if imported from any country, dependency, province, or other subdivision of government which has, at no time during the twelve months immediately preceding their importation into the United States, maintained any embargo, prohibition, or other restriction (whether by law, order, regulation, contractual relation or otherwise, directly or indirectly) upon the exportation of such class of logs from such country, dependency, province, or other subdivision of government, if cut from such class of lands."

It has been the general policy of all the Canadian provinces for many years to encourage their forest products industries by prohibiting the export of raw material. These restrictions have proved particularly irksome to American mill owners in Washington, for whom adjacent Canadian stumpage in British Columbia would have proved a welcome addition

to their own timber supplies. They have not applied to all Canadian logs imported into the United States since some of these logs are sent from lands which are not subject according to the terms of their tenure, to the Canadian export tax of \$0.50 to \$2.00 per thousand feet. Logs from other forest lands in British Columbia do not carry a statutory right to be exported from British Columbia, but may be exported under permit on payment of the lumber tax.

After the new tariff was imposed, British Columbia logs, not subject to payment of export taxes, continued to enter free of duty. The rest bore the \$1.00 rate, and the Canadian log producer wishing to export was further handicapped by this duty. Washington mill men might hope that the additional handicap would emphasize to Canadian lumbermen the economic disadvantage of export taxes and that British Columbia might be induced to rescind them in consequence.

This new departure in tariff making failed, however, to secure the free trade in logs for which it had apparently been intended. And the opposition of interests of certain loggers and lumbermen in the Northwest soon made the tariff on logs the center of a protracted controversy.

The separation of logging and lumbering interests in Washington and the failure of British Columbia to withdraw her export restrictions has gradually shifted the emphasis from the retaliatory to the protective features of the log tariff. At the hearings held by the Senate Finance Committee and the House Ways and Means Committee previously to the Smoot-Hawley Act, the log tariff was both opposed and supported on frankly protectionist grounds."

The debates in both Houses of Congress over the introduction of a tariff on lumber into the Smoot-Hawley Tariff of 1930 are an interesting display of the conflicting desires of special interests in different sections of the United States. The welfare of the nation as a whole and even the welfare of the lumber industry itself, considered as a whole, are only incidental in these debates. Instead, the lobbying influence of this group and that, within the industry itself, is evident. The debates are permeated with factional strife and self interest. Different groups within the lumber industry have presented arguments to the Congress proving directly opposite conclusions from essentially the same data. It is obvious with such factional interests existing within the industry itself that no rational and economic thinking could be expected of the public servants which represent them. In all probability the near scandal connected with this tariff act of 1930 did the lumber industry more harm than the \$1 duty would have done even if it were possible for such a duty to have a beneficial effect upon the industry.

The Washington and Oregon interests were largely responsible for the duty of \$1 per thousand feet which was placed upon fir, pine, spruce, hemlock, and larch. This duty applied to hewn timbers, and round timbers, as well as to sawed lumber of these species. However, these special interests in the western states were not satisfied with only a \$1 duty and agitated for an investigation by the United States Tariff Commission. The Commission made its investigation and reported in the latter part of 1931 that any change, such as Washington and Oregon desired, in the tariff Act of 1930 was not warranted. However, in spite of the report made by the Commission, the Washington and Oregon interests succeeded in lobbying

themselves and the country into a still higher tariff on lumber disguised as an excise tax. This tax was placed upon fir, pine, hemlock, and larch lumber, clapboards, and sawed timber. The tax jumped the duty, to all intents and purposes, from \$1 to \$4 per thousand feet on these species. In addition, a \$3 excise tax was placed on hardwood lumber except flooring of birch, beech, and maple. Flooring of birch, beech, and maple was taxed at a rate of 8 per cent ad valorem.

It would be reasonable to assume that, following the imposition of what amounted to a \$4 duty on Canadian lumber and the destruction of free trade in lumber as far as this country was concerned, the lumbermen of the West Coast should be satisfied. However, such was not the case. The new excise taxes had hardly taken effect (effective June 21, 1932) when there was a clamor for more protection. The following paragraph appeared in the "West Coast Lumberman for July 1932 under the title, "Currency Equalization is Imperative":

"Lumbermen should not be satisfied with the \$3 lumber tariff wrung from Congress in recent weeks. A bigger and far more important job remains to be finished. American industry needs ~~the~~ relief that currency equalization will afford. No industry in America will profit more from currency equalization legislation than the lumber business, because a large percentage of the cut of western mills in particular must find an outlet in foreign markets, where it comes into direct competition with almost identical lumber cut in the mills of British Columbia."

Undoubtedly it is unfortunate that the West Coast lumbermen cannot run the affairs of the whole nation to the benefit of their particular business. However, they certainly have tried it and in the

process ruined their foreign markets. It is little wonder that the lumber of the United States lost its place in the markets of the United Kingdom following such actions as the lumber interests in this country logrolled through the United States Congress from 1929 to 1933.

Fortunately in 1934 the pyramiding lumber tariffs were exposed by Congress to an administrative checkmate. Under the Trade Agreements Act of 1934 the President was empowered to negotiate and conclude reciprocal trade agreements with foreign countries. As a result of this Act the Canadian Trade Agreement, effective January 1, 1936 was negotiated. This agreement reduced the duty by 50 per cent on an annual quota of 250 million board feet of Douglas fir and western hemlock and applied to other woods without restriction as to quotas.

The Canadian Trade Agreement of 1936 was very important. It succeeded in freeing trade between the United States and Canada to a large extent and ended an unhealthy attitude which this country had maintained, allowing for one exception, since 1866, that of definitely refusing to grant any tariff concession what-ever to Canada.

The Canadian Trade Agreement of 1936 was followed by what is known as the New Canadian Trade Agreement which became effective January 1, 1939. This latter Canadian Agreement was negotiated coordinately with the United Kingdom Trade Agreement which became effective as of the same date. Both are in operation at the present time and they should do much to free and stimulate the foreign trade of this country if political events in Europe do not too greatly restrict the operation of the entire trade agreements program in the next few years.

THE ECONOMIC IMPORTANCE OF THE INDUSTRY.

Wilson Compton in "Lumber Industry Facts, 1939" has the following to say concerning the American lumber industry:

"Forests are America's greatest renewable natural resources. Wood; in its mechanical uses, fiber forms, and chemical derivatives, is the most versatile material of industry. Lumber continues the most generally useful and most economical material for home-building. Usable cellulose fiber can be produced in larger volume and harvested in trees more economically than in any other commercial form. Nearly one-third of the area of the United States is useful, by nature and in the national economy chiefly or solely for growing timber. The modern world-wide trend is toward an increasing and more diversified use of lumber and timber products. In these facts lies our great opportunity for permanent forests and permanent forest industry. "

"The lumber industry is the oldest great American industry. More than any other, it has blazed the trails westward. For economic reasons it has been a migratory industry. For economic reasons it is now "settling down". Formerly its livelihood came from the rush of "liquidation" of virgin timber. Hereafter its livelihood will come from the conservative management of its forest lands, from widened markets for its products and from forest industry conceived of as a permanent and a continuing source of employment."

"The lumber industry is in a difficult transition. The great migration is over. The future of the industry is in making the most of its assets in forest lands, mills and facilities for the dis-

tribution of its products. This means more research; more science; lower costs; better products; more efficient distribution. Especially it means better understanding, -both within the industry and without, - more Facts."

The following essential facts concerning the American lumber industry are taken from "Charting the American Lumber Industry", published in 1937 by the National Lumber Manufacturers Association;

"The forest products industry (lumber and its manufactures) was fourth in the list of 15 general industrial groups, as classified by the Census Bureau, in number of wage-earners and fifth in wages paid, in 1929. It had 1,000,000 wage earners in 1923 and 1925 and nearly 900,000 in 1929. It paid wages of about \$1,000,000,000 annually, 1923 to 1929. Its value of products averaged \$3,600,000,000."

"The lumber industry led all others in number of industrial wage-earners in 1933, and probably in 1935, in the states of Washington, Oregon, Mississippi, Idaho, Arkansas, Louisiana, New Mexico and Arizona. In the first seven named it ranged from 27.1 percent (Louisiana) to 48.1 percent (Oregon) of all industrial wage-earners. In 1929, the lumber industry in Mississippi, Oregon and Washington employed 59, 53, and 51 percent of all industrial wage-earners in the respective states."

"Lumber production was at its highest in 1906-1909, at 40 to 44 billion feet. It was 37 billion feet in 1929, then declined rapidly to 10 billion in 1932. It has now recovered to more than one-

half the peak output. Some authorities think production will recover to between 25 and 30 billion feet a year. Forest growth under sustained yield and adequate protective measures can sustain that production indefinitely. Under improved forest management policies, the lumber industry is not a declining industry; it is permanent, and is based upon a perpetual timber crop reproduction."

"Tonnage of lumber carried by rail in 1935 was exceeded only by coal, iron, ore and oil. Lumber was second only to oil as the leading commodity shipped through the Panama Canal from the Pacific to the Atlantic in 1935 and prior years, except 1933. Shipments of lumber through the Canal from Pacific to Atlantic were 12 percent of all tonnage in 1935. Exports of lumber and sawn timber are about 8 percent of the total output. They should be 10 to 12 percent."

"More than 1,200,000,000 feet of lumber was made into furniture in 1928; about 675,000,000 feet in 1933. Ninety percent of all household furniture is of wood. Eighty-two to 84 percent of all caskets are of wood. More than a billion feet of lumber went into railroad car construction and repair in 1928; about one-third of this in 1933. Boxes and crates take 15 percent of the total lumber cut. Lumber used in automobile manufacture dropped from more than a billion feet of hardwoods in 1928 and 1929 to less than one-fourth of a billion in 1934 and 1935. About 80 percent of the individual homes built each year are at least lumber framed. Lumber builds 90 percent of all farm structures. The railroads in 1929 took directly 16 percent of the total lumber cut of the United States. No substitute has as yet been found to replace the wooden cross tie."

TABLE 6

1937 BEST YEAR SINCE 1929 FOR MOST FOREST PRODUCTS

Table .--Wages, Wage-Earners and Value of Products in Forest Products Industries

		Estab- lishments	Wage Earners	Wages (thousand dollars)	Value of Products
Lumber and Timber Products ¹	1929	12,915	419,084	421,585	1,273,472
	1931	4,996	196,647	155,870	443,629
	1933	3,783	189,367	113,183	350,464
	1935	5,981	255,230	183,074	551,614
	1937	7,648	323,928	275,034	848,481
Turpentine and Rosin	1929	1,183	40,157	15,036	36,282
	1931	953	28,257	7,280	16,506
	1933	843	26,285	5,501	16,427
	1935	895	27,248	6,519	19,233
	1937	993	32,386	8,933	22,670
Planing Mill Products ²	1929	4,849	90,134	116,423	553,583
	1931	3,453	54,493	58,552	235,681
	1933	2,356	35,388	26,117	124,235
	1935	2,753	48,297	42,197	196,272
	1937	2,858	66,814	67,745	312,552
Other Wood Reworking ³	1929	1,232	24,506	26,144	101,762
	1931	977	21,081	19,592	74,997
	1933	750	18,475	13,058	52,881
	1935	941	24,891	19,735	73,983
	1937	947	27,364	24,360	90,449
Wooden Boxes	1929	792	30,554	29,194	135,026
	1931	675	22,864	17,572	74,667
	1933	595	21,753	12,515	54,995
	1935	661	23,061	15,015	63,278
	1937	634	25,981	19,544	86,347
Other Wooden Containers ⁴	1929	977	24,418	21,884	100,152
	1931	815	20,413	15,484	64,349
	1933	622	20,254	11,668	53,957
	1935	683	22,061	14,585	57,209
	1937	660	22,192	16,652	74,004
Furniture and Related In- dustries ⁵	1929	3,996	199,235	250,447	976,175
	1931	3,340	131,310	130,077	497,197
	1933	2,566	108,298	78,421	305,960
	1935	3,221	133,772	116,741	447,441
	1937	3,283	173,984	176,529	676,781
Caskets and Coffins	1929	414	13,033	16,411	88,282
	1931	399	11,932	14,225	69,810
	1933	396	12,155	11,837	58,740
	1935	548	13,779	13,817	65,653
	1937	521	13,678	15,120	71,757

Other Allied Products ⁶	1929	366	25,478	29,077	266,548
	1931	408	22,668	21,523	170,086
	1933	384	22,199	16,797	109,747
	1935	444	30,673	26,730	177,538
	1937	469	38,894	41,418	250,134
TOTAL FOREST PRODUCTS	1929	26,724	866,599	936,201	3,531,282
	1931	16,016	509,665	440,176	1,646,922
	1933	12,295	454,171	289,097	1,127,405
	1935	16,127	579,012	438,395	1,662,221
	1937	18,013	725,221	645,308	2,433,175

¹Establishments operating logging camps, sawmills, lath, shingle, cooperage stock and veneer mills, also planing mills and box factories connected with sawmills.

²Planing mills not connected with sawmills; includes sash, doors, plywood, millwork etc.

³Window and door screens, wood turned and shaped, lasts.

⁴Cigar boxes, cooperage, baskets and willow ware (not furniture).

⁵Includes billiard and pool tables, mirror and picture frames.

⁶Cork products, matches, synthetic resin, etc., wood preserving and excelsior.

Source: U. S. Census Bureau (biennial reports).

THE CLOSE ECONOMIC RELATIONSHIP BETWEEN THE INDUSTRY AND AGRICULTURE

The fact that 90 per cent of all farm structures in the United States are made of lumber is sufficient in itself to establish a definite relationship between the lumber industry and American agriculture. The lumber industry swept westward with the agricultural expansion of the country. It was the lumber of the Lake States which made the development of the middle west and prairie farms possible. As fast as the lumber could be cut it was used for construction, largely rural. A prosperous agriculture today would undoubtedly restore a reasonably large demand for lumber.

The peak year for lumber consumption in the United States was 1906. The decade from 1899 to 1909 far exceeds any other decade in the history of the country in the consumption of lumber. Lumber consumption fell rapidly as soon as agricultural demand for lumber slackened. The amount of lumber used for rural construction fell off more than 60 per cent from 1912 to 1928. This drop was due primarily to the great curtailment in agricultural expansion which reduced in large amount the wood used for new farm construction and the development of the agricultural depression. The depression in agriculture has reduced the amount of lumber normally consumed even for farm maintenance. In 1912 the lumber used for rural construction was approximately 15 billion board feet whereas in 1928 it was only about 5 1/2 billion. Of this large reduction in rural demand for lumber it is estimated that 4 1/2 billion board feet was due to the slow-up in agricultural expansion and 5 1/2 billion board feet was due to the reduction in maintenance. With a return to prosperous agricultural conditions

it is to be expected that there will be an increase in the amount of lumber used for rural construction due to a decided increase in maintenance demand.

American agriculture was in the depth of what was the grave agricultural depression in the early '20's and yet today farm income is 25 per cent below the average of the 1920's. The American farm problem, simply stated, is the farmers lack of buying power. And this problem is indirectly but yet definitely of vital concern to the lumber industry. The farmer does not get enough for what he raises to buy from any tariff protected industry the things he wants and needs. The trouble is that the high tariff program which we have been embarked on for so long does not work when it comes to protecting the prices of the crops which are grown in excess of domestic demands and which must be exported for sale on world markets. Upon these crops it is necessary to meet world prices and it is in turn these world prices which have been allowed to influence the domestic price at which such export goods or crops are sold in this country. These export crops such as wheat, cotton, tobacco, corn and corn products, and livestock products make up the major part of American farm production. Yet, in an otherwise protected economy, they have received very little domestic price protection, no matter how high the tariff rates have been set. Consequently, the producer of export crops is obliged to sell at unprotected (low) prices both here in the United States and abroad. However, for the industrial products which the farmer must buy he pays the world price plus the industrial price benefit of the American tariff. This is a main cause of the disparity between farm and industrial prices of which American agriculture has been long suffering. Thus when the lumber industry has busied itself logrolling a higher tariff on lumber it has cut deeper into

the rural demand for its products. The industry has been most careful to emphasize in tariff debate to the farm elements that idle lumber labor means less of a demand for domestic agricultural crops in lumbering regions but on the other hand the industry when it has gotten an increase in the tariff has failed to realize that it has also decreased the demand of a great portion of the American population which uses 90 per cent lumber in its construction and maintenance activities.

Eventually the 90 per cent item in rural construction and maintenance is going to drop considerably because the farmer can buy competitive products other than lumber cheaper than he can buy a highly protected lumber product. Consequently unless foreign trade is revived in products other than just American surpluses the world prices on agricultural surpluses which we export abroad will remain depressed. In turn, the farmer will not receive an increase in his buying power and will therefore only naturally turn to a substitute for lumber which is highly protected and too dearly priced.

The rural homes in this country were built with cheap lumber and it is only through cheap lumber that the industry is going to be able to keep those homes maintained and even built of lumber. Cheap lumber is not produced by high tariffs. There is no incentive to do much in the way of cost research and marketing research if everytime the domestic demand drops off the industry lobbys for a higher tariff and thus increases the rapidity with which a vicious circle is completed.

Canadian lumber is much less of a menace to the domestic industry than is the combination of a high tariff, low rural purchasing power, and cheaper competitive products other than lumber.

WHAT THE INDUSTRY EXPECTS OF THE TARIFF.

The following are some of the arguments by which Mr. A. C. Edwards, Secretary of the Lumber Industry Tariff Committee attempts to answer objections to a tariff on lumber (extracted from a letter printed in the Congressional record, March 5, 1930 by request of Senator Jones—Congressional record, 71st Cong., 2d sess., v 72, pt 5, p. 4784-4787):

"The plea of the Senator from North Dakota for conservation is just another attempt to sidestep the real issue. He knows the conservation theory has proved an utter failure. The actual experience of 17 years has proved conclusively that the present no lumbering tariff policy has produced devastation, and not conservation, to American forests, through the efforts of American lumber operators to produce on a comparable low cost basis with the low production costs of foreign lumber producers. The no lumbering tariff policy has not produced one iota of conservation in all the period of its existence. Not only has the no lumbering tariff policy produced devastation to American forests, but it has made lumbering operations unprofitable, and that has almost completely stopped reforestation activities."

"The existence of the present no lumbering tariff policy of the United States is the policy that is most desired by the owners of large timber tracts, for it is our present no lumbering tariff policy that has caused or forced failure upon thousands of owners of small holdings. These small tracts have been forced into sales at sacrifice prices, and generally have been purchased by better financed companies and by holders

of larger timber tracts at sacrifice prices. The longer the present no lumbering tariff policy is continued the greater will become the centralization of mill and timber ownership, which in the end is far more liable to produce increased prices for lumbering products than could possibly result from any lumbering tariffs Congress might impose."

"However, when all the opposing arguments that have been presented against lumbering tariffs are surveyed and carefully analyzed it is found that they are largely confusing and determinedly evasive of the real question involved, and it seems they constitute a persistent effort to divert attention from the real opponents of lumber tariffs."

"The real opposition to lumber tariffs has not come from American interests-- every witness which appeared before the Ways and Means Committee of the House and the Finance Committee of the Senate in opposition to lumber tariffs were owners of foreign mill and timber or represented interests or agents of foreign mill and timber or importing interests. Foreign ownerships presented, fostered and urged opposition to United States lumber tariffs. I have the statement on the fact that owners of foreign mill and timber interests told me personally that they were assessed certain sums of money with which to pay the expenses of presenting opposition to lumber tariffs before the Congress of the United States."

"Citizens of the United States now own more than 1,000,000,000 acres of British Columbia timberlands, valued, according to Canadian statistics, at \$443,806,000. These are the interests that are now and have been opposing lumber tariffs. They are the interests that sent agents and representatives among west and midwest farming circles soliciting resolutions of protest against lumber tariffs. Their sole aim and interest is to keep the American

market free for their foreign lumber products, and that is their only object. They are seeking to enrich themselves from their foreign investments at the expense of the American public."

"Lumber tariff apponents assert they are opposing such tariffs on behalf of the American farmer, and their efforts indicate they expect to accomplish a beneficial result through impoverishment and pauperizing American lumber workers. Lumber workers cannot buy farm products unless they have employment."

"Lumber tariffs have been requested by nearly a million American workmen, and by American manufacturing, mercantile and business interests."

"Labor will undoubtedly be the chief beneficiary from any lumber tariffs possible of imposition, because such tariffs will produce more steady employment and prevent wage reductions."

The following are some of the statements presented by Colonel W. B. Greeley, Secretary-Manager, West Coast Lumbermen's Association, in a "Brief for Import Taxes on Forest Products" (presented in the Senate, April 22, 1932, by Sen. T. L. Oddie--Congressional record, 72d Cong., 1st sess., v. 75, pt. 8, p. 8666-8668):

"Forest resources, industries, and labor of the United States are entitled to such protection as may be offered by reasonable import taxes to at least an equal degree with any other natural resource industry and furthermore, the imports of forest products into the United States offers an appropriate means of obtaining additional federal revenues."

"Import taxes we propose are:

- (1) On rough lumber of all softwood species \$3 per thousand feet board measure.
- (2) On dressed lumber (planed 1 side or more) of all softwood species \$5 per thousand feet board measure.
- (3) On logs, poles, and piling of all species \$1.50 per thousand feet log scale.
- (4) On pulpwood of all species \$1 per standard 128 foot cord.
- (5) On mechanically ground wood pulp, one-sixth of one cent per pound dry weight; chemical wood pulp, unbleached, one-third of one cent per pound dry weight; chemical wood pulp, bleached, one-quarter of one cent per pound dry weight.
- (6) On cross arms, shingles, laths, handles, and fence posts, 25 per cent ad valorem."

"Other benefits from import taxes on forest products:

- (1) Equalization of competitive conditions for American forest industries.
- (2) Increased employment of idle men, resulting in some increase in volume of domestic forest products which would be absorbed by increased markets."

"The critical condition of the American lumber industry is due, in the first place, to a great loss in domestic consumption. In 1929 the United States consumed 28,581,000 M board feet of softwood lumber but in 1930 only 21,462,000 M, or a shrinkage of 25 per cent. In 1932, estimated shrinkage is 58 per cent of 1929 level, or consumption at the 1869 level."

"The critical condition of the American lumber industry is due in the second place to an almost proportionate loss of foreign markets for its

products. In 1929 softwood lumber exports were 2,609,000 M board feet and in 1930 only 1,856,000 M board feet, or a shrinkage of 25 per cent. In 1931 softwood lumber exports fell to 49 per cent of the 1929 level, or 1,325,000 M board feet."

"At this same time Canada retains an American market for 30 to 35 per cent of her lumber production."

"While dealing primarily with the lumber industry of the Pacific Northwest we believe that the conditions set forth apply to all forest regions and industries of the United States, and that the national emergency in these and other natural resource industries demands relief through import taxes on their products."

In "American Forests", January 1939, Mr. Greeley in his article "Bricks without Straw" complains;

"Ten years ago, the United States was the leading lumber export country of the world. Now it is fifth, exceeded by Sweden, Finland, Russia and Canada. The Pacific Northwest particularly needs its old offshore markets. We are an export industry, and successful forest culture, resting upon stable values, is hardly conceivable without offshore trade. But the State Department, through its "Lumber Declaration", makes the restoration of West Coast lumber trade with the entire British Empire contingent upon opening our own domestic markets to the unlimited competition of lumber from the entire world. Whatever it may claim otherwise, this certainly is not a policy to encourage reforestation."

To all intents and purposes Mr. Greeley is desirous of having his cake and eating it too. He wants to keep the domestic market closed to the world and yet continue to export to the world surpluses at prices which are higher than those of his competitors in the world markets. A very nice idea but more in the way of wishful thinking rather than economic. The desires of Mr. Greeley are no more logical than the high tariffs which he so strongly supported in his "Brief for Import Taxes on Forest Products" in 1932. If Mr. Greeley and the lumber industry of the Pacific Northwest in 1932 were cognizant of the fact, "we are an export industry", they certainly failed to analyze the effects of the high tariffs they promoted upon their own "offshore markets".

It might be well to call to the attention of Mr. Greeley that timber on the West Coast may be non-commercial for reasons of price as well as for reasons of location. Private industry, naturally, even if it so desired, finds it difficult to reforest lands which should have never been cut-over in the first place. Real conservation begins before reforestation is necessary and not afterward.

It also might be well for Mr. Greeley to read Dr. B.E. Fernow's Report as Chief of the Division of Forestry, in the Annual Report of the Commissioner of Agriculture, 1887, from which the following is quoted:

"That the existence of the tariff would have had any other effect upon our own forest resources than to hasten their depletion could not very well be expected. It is also reasonably certain that the larger margin created by the import duty and the consequent stimulated home competition have induced a more wasteful utilization of the standing supplies, while competition of foreign raw material might have necessitated a closer

working or delayed the opening of distant forest areas."

PART FIVE

**CANADIAN-AMERICAN FOREST PRODUCTS TARIFFS AND THE AMERICAN PULP
AND PAPER INDUSTRY**

CANADIAN-AMERICAN FOREST PRODUCTS TARIFFS

AND THE

AMERICAN PULP AND PAPER INDUSTRY

THE HISTORY OF THE INDUSTRY.

The pulp and paper industry, one of the oldest in the United States, had its beginning in 1690 when Rittenhouse built the first hand mill in Germantown, Pennsylvania. The establishment of other mills followed quickly and in 1810, according to the first census of manufactures which was made at this time, there were approximately 200 operating mills in the United States. These mills were all hand mills and production was necessarily limited since the sheets of paper were formed by dipping hand molds into large vats of prepared rag pulp. The recorded production of paper in 1810 was 3,000 tons.

The first paper machine was introduced in 1827 and this event was followed by a rapid mechanization of the industry. Only two hand mills were still in operation in 1850 but the number of mills had jumped to 443 and total production was 78,000 tons.

The most rapid expansion of the pulp and paper industry took place in the 1880's when the wood pulp processes came into general use. These processes released the industry from the restrictions of the limited rag supply and consequently the industry expanded throughout the Northeast. As methods were developed for pulping western and southern woods the pulp and paper industry spread into those regions from the Lake and Central States. The industry reached significant proportions in the West just before the World War and in the South in the late 1920's.

The pulp and paper industry has always had a severe raw material problem in spite of the shift from rag material to wood. The only wood, following the shift to wood pulp processes, that met all the pulping requirements was spruce and it was limited both in supply and distribution. All available spruce forest lands were blocked up by 1900 and paper production by that time had reached 2,000,000 tons per year. The industry, in order to meet the constantly growing demand for paper products in this country, began to import Canadian wood in ever increasing quantities from 1900 to 1910 and the paper production by 1910 had reached the 4,000,000 tons a year level.

In 1909 the United States made an unsuccessful attempt to negotiate a reciprocal trade treaty with the Dominion of Canada. However, in the process of the negotiations for such a treaty, the United States removed all duties upon wood pulp and newsprint paper in the Tariff Act of 1909. The character of the industry's imports from Canada changed following the passage of that Act. Although pulpwood imports remained at about the same level, the imports of wood pulp definitely increased. Nor was it long before newsprint paper started its climb in the import statistics of this country. These imports increased with great rapidity and by 1926 the United States looked to foreign sources for more than one-half of the pulpwood consumed by the industry. The imports of unprocessed wood had thus reached a point by 1926 where they exceeded the industry's use of domestic raw material. The annual paper production in 1926 was very little short of 10,000,000 tons.

Imports continued to grow following 1926 but the percentage of foreign raw material did not increase. The industry had, by this time, begun the use of western and southern woods for its raw material. These woods were relatively cheap and abundant. The growth of the pulp and paper industries in these regions led to the production record of 12,500,000 tons in 1937. The result of this development was a reversal of the former trend towards less use of domestic wood in comparison with the use of Canadian raw material. Since 1937 the industry has been increasing its use of domestic wood. The possibilities of meeting total requirements by the use of domestic wood are becoming constantly greater, at a price. However, mechanically ground wood pulp is still very largely dependent upon spruce and consequently a large percentage of the spruce pulpwood used in the industry is of Canadian origin. Further experiments in the grinding of southern pine may lead to the reduction of the use of spruce in groundwood pulp. The chief fiber ingredient of newsprint paper is this groundwood pulp.

The American Paper and Pulp Association now claims that the achievements of this American industry would not have been possible, for the most part, had it not been for the almost continuous tariff protection which has been afforded it. In support of this conclusion the Association advances the following instances:

"In connection with the treaty ending the War of 1812, tariffs were reduced. The subsequent inflow of paper so completely overcame the domestic industry that nearly one-half of the 200 mills reported in operation in the census of 1810 were found to be idle or abandoned in the enumeration of 1820. The industry did not revive until tariffs were restored in 1824."

"Again in the 70's the industry met overwhelming competition from foreign sources when the tariffs were reduced. Subsequent restoration gave the needed protection and the industry was again able to resume its course towards world leadership."

"The removal of the tariff on newsprint paper is another case in point. Within the period of 15 years after the removal of the tariff, imports had increased to a level that exceeded that of domestic production. Since then domestic production has decreased further, and imports continuing to gain, now supply over three-quarters of the domestic requirements."

THE ECONOMIC IMPORTANCE OF THE INDUSTRY.

The second statute enacted by the Congress of the United States on July 4, 1789 provided for a duty on paper. However, this duty on paper was for revenue and not protection. Today, the American pulp and paper industry, whether because of or in spite of protection, is one of the most important industries in the United States. It is one of this country's largest industries. Paper products have become very essential in the daily lives of a large percentage of the population and in every business, large or small.

It is claimed that approximately one-half of the paper manufactures of the world are made in the United States. The annual production of primary grades exceeds \$850,000,000 in value and these primary grades of paper are converted into many thousands of articles for which paper has proven to be best suited. The value added by conversion is said to be approximately \$1,000,000,000. The primary manufacture of paper ranks tenth among the industries in this country

on the basis of value. The industry ranks seventh when the value of converted products is added.

The American pulp and paper industry has more than one and one-half billion dollars invested in mill property and equipment. Other large sums of money are invested in power facilities, transportation systems, and timberlands. This industry employs 150,000 full time workers with annual earnings of approximately \$200,000,000. As many more workers are employed in the conversion process of the primary grades of paper production. Farmers, pulpwood cutters, forest workers, waste handlers, coal miners, transportation workers, chemical plant employees and many others make up an auxiliary working force of 500,000. This auxiliary working force services the raw material and manufacturing requirements of the industry. Such a force is necessary to the pulp and paper industry because it requires about four and one-half tons of wood, chemicals and coal to produce the average ton of paper in the United States.

There are 751 mills operating in the American pulp and paper industry today and there is at least one mill to be found in each of 37 of the 48 states. The manufacture of paper in New England, the Middle Atlantic, Central, and Lake States was a pioneer industry which has developed into a position of extreme if not vital importance. The industry is rapidly expanding both in the South and in the Pacific Coast States where it is expected to create an industrial income which will add to the returns of a 'faltering' agriculture and of a lumber industry which may continue to shrink.

The American pulp and paper industry is largely rural in character since about 63 per cent of the mills in the industry are located in communities of less than 25,000. Consequently, where such mills are located, the local economy is largely dependent upon the industrial employment afforded.

This industry is expanding more rapidly than any other comparable major industry and its labor requirements are becoming increasingly greater. It may be said that the pulp and paper industry is absorbing, in a small part, some of the labor released for technological reasons from other industries as well as a large auxiliary working force. In the South where cash revenue is badly needed the expanding pulp and paper industry is furnishing a large market for pulpwood cut by local farmers.

The pulp and paper industry has experienced a fairly steady operative schedule through the latest depression of business and while paper production does fluctuate seasonally, the swings are reported to be less than 15 per cent. Cyclical movements appear to be less pronounced than they are in some other industries of major importance. This is, in all probability, due to the large number of uses for which paper is adapted or being adopted for. The industry conforms closely to the trends of other essential industries such as the food and clothing trends. However, the manufacture of paper is increasing with much greater rapidity. The shrinkage in production from the 1929 peak to the low year of the last depression, 1932, was only 26 per cent and recovery from this depression low was very rapid.

The American Paper and Pulp Association makes the following claim:

"Because of its wide distribution, rural character, large mill and auxiliary labor demands, constant expansion and stability, the manufactures of paper rank among the most important American industries. It has achieved its importance because it has been for the most part adequately protected from outside competition. To maintain its position in the national economic structure it must continue to have such protection."

THE 1938 STAND OF THE INDUSTRY ON THE TARIFF.

The following paragraphs under this heading are presented as the arguments of the American pulp and paper industry for tariff protection. These arguments were incorporated in a brief prepared jointly by the Import Committee, Counsel and the staff of the American Paper and Pulp Association. This brief was filed March 12, 1938 with the Committee on Reciprocity Information. It presented the position of the paper industry in respect to reduction of tariffs on paper in trade between Canada and the United States.

The Necessity for Adequate Tariff Protection.

The reason why the domestic paper industry must have adequate tariff protection is not by any means because it is inefficient; it is because American wages are substantially higher than those in any other paper-making country and because the costs of moving the great mass of raw materials from their sources to the fabricating plant are also higher.

The paper industry has a historic tariff policy. It is based not upon prohibitory rates but upon a rate that will equalize the difference between foreign prices and American costs of comparable grades.

The average wage in the American paper industry is today 64 cents per hour. This is approximately twice the Swedish average, three times the Finnish average and from ten to fifteen per cent greater than the Canadian level. Data are not available to compare wages of woods workers in the various countries. It is probable that the same relationships hold, with the possible exception of Finland where rates may be lower.

The differences in wages substantially affect production costs, for labor costs including all operations from cutting pulpwood through the pulp and paper mill to the finished paper, but omitting those incident to the production of chemicals, fuel and other manufacturing materials, range from 40 to 55 per cent of the total cost of making wood pulp papers, dependent upon the grade. On the basis of the present average value of all grades of paper produced in the United States, this range is from \$26 to over \$35 per ton. One-third, one-half or even ten per cent off these amounts constitutes a substantial cost advantage which is reflected in selling price in world markets.

The assembling of four and one-half tons of raw and manufacturing materials at the mill for every ton of paper produced involves transportation costs that average higher in the United States than in other countries, because freight rates are higher and because distances are greater.

The most important difference is in pulpwood costs. With certain exceptions, particularly in Maine, pulpwood is transported by rail or by trucks. Generally in the Northeast and in the Lake States, transportation costs from the landing in the forest to the mill average in the neighborhood of \$2.50 per cord, ranging from less than a dollar on some short truck hauls to well over \$7.50 per cord for Canadian wood deliveries to New York mills. The charges are generally lower in Maine where much wood is river driven or brought from the Maritime Provinces by boat. Most western wood is rail-hauled if not all of the way to the mill, at least to tidewater and then towed in rafts. The costs vary considerably but the average is lower than the eastern figure.

Pulpwood is almost universally river driven in Canada and although the distances may be relatively great, the costs are low, probably not over \$1.50 per cord. In Sweden and to a lesser extent in Finland, pulpwood is floated through the numerous river connected lakes at costs that are reported not to exceed \$1.

In the manufacture of chemical pulps, which require roughly two cords of wood per ton of pulp, the transportation costs of pulpwood range from \$5 per ton in the United States to around \$3 in Canada to about \$2 in Sweden. These differences are substantial.

In fuel costs the difference in transportation costs are not so great except in the cases of New England and of Lake States' mills that use coal. The high transportation costs on coal delivered in Canada are in many cases offset by the use of water-delivered fuel oil and in a few cases by utilizing excess electric power for steam generation.

The spread in the combined labor and transportation costs between the

United States and other countries amounts to a substantial total. As compared with identical costs in Canada, the domestic industry has no offsetting factor except somewhat lower delivery costs on finished paper in the case of the northern mills. Canadian mills are at least as efficient as American mills in the manufacture of newsprint. These same mills with their wide, high speed machines would undoubtedly prove to be more efficient than most mills in the production of other grades were they shifted to the production of those grades.

The Result of Inadequate Tariff Protection.

The net result of the failure to protect the domestic newsprint industry has been to cause tremendous losses to domestic labor and to investors, and at the same time to make the United States dependent upon a foreign country for the supply for one of its vital necessities.

The broad economic factors which produced this situation are identical with the situation which confronts us now. Prior to 1913 newsprint was dutiable; today all other grades of paper are dutiable. Then and now foreign countries made the same product on the same machines, of the same raw materials, at lower costs because of lower standards of living reflected in lower wages. Then as now reciprocity, as a means to encourage world trade, was the motivating factor. In 1913 the duty was removed from one grade of paper in a reciprocity gesture with disastrous results; today we are considering reducing duties on other grades of paper. There is nothing to indicate that the ultimate results will not be identical in kind.

In shifting the newsprint mills shifted completely away from newsprint and are now making book, tissue, toilet, groundwood, writing and wrapping papers. These mills of necessity forced shifting, reorganiz-

ation, bankruptcy and liquidation in those fields which they were forced to invade. The whole United States paper industry suffered acutely through this enforced realignment of mills. The growth in the use of paper has made it possible to achieve a near balance in the industry now after twenty-five years of adjustment, although the process is still going on. A dozen United States newsprint mills are still in the process of shifting off of newsprint onto other grades of paper. During the past year, one more mill has decided to shift off of newsprint and has commenced to force its way into the market of other grades of paper; one more mill has been closed down completely and one more has been added to the roster of those in the process of reorganization under 77-B of the Bankruptcy Act.

This tremendous upheaval of an industry has not even had the compensating moral satisfaction of producing good times in a friendly neighboring country. Five of the seven large newsprint companies in Canada are today operating in receivership. None of them is making an adequate return on capital invested. The disruption of an industry in a competitive field cannot be accomplished without loss to everyone concerned.

The Likely Effect of Duty Reductions Upon the American Industry.

The effect upon the American industry of reductions in duties sufficient to be worthwhile from the point of view of Canadian manufacturers would be quite the same as the addition of large blocks of new capacity to the American industry. There is first a large capacity in wholly idle mills that would be immediately available for manufacture of grades other than newsprint. If market conditions warranted paper mills could be built to convert into paper, wood pulp that is now exported as such. Moreover, there are still large areas of pulpwood available to supply entirely new combined

pulp and paper mills.

These three manners by which capacity could be made available are timed differently. The immediate expansion of production for export would come from the present idle capacity followed later by the addition of paper mills to present pulp equipment and finally by the building of new pulp and paper mills. The total potential figure amounts to a huge total.

In the manufacture of grades other than newsprint, Canadian output is limited at present chiefly to the requirements of the domestic market. Exports are relatively small, and the possibilities of expansion under present conditions are almost completely blocked by tariffs in all important consuming countries of the world. Although some increase in production of these grades in existing mills is undoubtedly possible, this is not what the American industry fears. What threatens the American industry is the probability that newsprint mills, especially those now idle, would shift to the production of other grades if tariffs were reduced.

The Canadian newsprint industry is new. Its equipment is modern, designed primarily for quality manufacture upon a mass production basis. High speeds on wide machines, continuous operation, integration of processes, all factors so important in mass production, are well developed in the Canadian industry. No other national industry can compete with it in production efficiency except the newly developed kraft industry in the southern part of the United States.

Most Canadian mills which were not capable of a high degree of efficiency in producing newsprint were shut down during the depression. They are still idle despite the fact that Canadian production and American

consumption of newsprint established all-time records in 1937. It is estimated that Canada has today 800,000 tons of idle paper-making capacity, most of it in mills that are completely idle.

Although this tonnage may be considered submarginal in so far as newsprint production at present prices is concerned, it is wholly supermarginal for the production of other kinds of paper. It is equal to much more than the American production of groundwood papers other than newsprint, to more than one-half the production of book papers, and to more than the combined production of all sulphite wrapping and tissue papers. It can be turned to the production of any of these grades even in some cases to the production of pulpboards with little additional expenditure of funds, if markets are made available.

Here lies the immediate threat to the American industry. To be attractive to Canadian producers, any reduction in duties must be in tonnage grades. Given such an advantage, a large tonnage of production can be shifted into their manufacture almost overnight. In view of the existing idle capacity in Canada, this tonnage would not be taken off newsprint, thereby giving some advantage to American newsprint manufactures; on the contrary, existing operations in newsprint would not be affected.

In addition, a large tonnage of pulp capacity is now used in Canada to produce pulp for sale, largely for export to the United States. There is no reason why paper mills could not be built to convert this pulp into paper prior to export. It would support the production of over 700,000 tons of paper.

Moreover, there are still pulpwood resources in Canada that are not

required to supply existing mills. How much additional production could be installed is not known. One study made in 1928 indicated that Canada could produce in the neighborhood of 2,500,000 tons more newsprint than its record of that date which would amount to about 1,500,000 tons of other kinds of paper. Since then a few of the locations cited in this study have been developed. Accurate data as to possibilities, however, are not essential, for it is obvious that a substantial increase could be made if markets were available.

The summation of these possibilities reaches the towering total of 3,000,000 tons of annual production, a total which amounts to one-quarter of the 1937 American production- and what is even more important- a total that could easily absorb the normally expected increase in American consumption of grades other than newsprint and paperboards (eliminated because most of them are made of waste paper) for a period of over twenty years. Translated into terms of present wages American labor would lose up to \$60,000,000 a year if this tonnage was shipped into the American market.

Immediate development of this tonnage would be impossible. Although the quoted figures represent the extreme possibility, they do indicate that the American industry could easily lose a large block of tonnage in grades other than newsprint, just as it lost the newsprint industry during the past two decades.

A substantial and prompt increase in production capacity would undoubtedly take place, however, if the tariff structure were sufficiently altered. When a new area is opened up in any natural resource industry there is invariably an initial rush to secure the most advantageous

locations. This happened when the newsprint industry shifted to Canada, it happened in a modified form in the late 20's when the sulphite pulp industry expanded in the West, and it happened in a virulent form in 1936 and 1937 when the kraft board industry expanded in the South. Obviously all mill locations still remaining in Canada are not equally advantageous, and a similar over-expansion could be expected, if the market possibilities were sufficiently attractive.

The distance from Canadian production centers to the localities of largest consumption in the United States would not necessarily handicap Canadian competition. Present Canadian paper production extends along a line from the Maritime Provinces west to Manitoba, which throughout its length is approximately 500 miles north of a similar line from New York to Chicago running through the center of the area in which most paper is used in the United States. The St. Lawrence River and the Great Lakes lie in the intervening territory, both open to water shipment. Atlantic Coast cities are open to coastwise shipment. The cost of transporting Canadian tonnage, in the light of these possibilities, would not greatly exceed the bulk of the shipments from northern mills, and they would be less than most shipments from the South and the West Coast.

It is likely that Canadian mills would not be able to compete in trucking areas, but it is doubtful if business handled by trucks would interest them. Because of its facilities and its experience, the interest of Canadian mills would undoubtedly lie in mass production of tonnage grades. If so, they would also be interested in mass distribution. And this would be possible because practically all of the grades listed for consideration are used in large quantities by converters and publishers, as book paper and groundwood printing by publications, tissue paper by

toilet roll and towel converters, sulphite papers by printers, waxers and bag manufacturers and boards by container manufacturers.

Competition in these fields would hurt domestic manufacturers the most for it would reduce their available volume of production, and by doing so affect their manufacturing costs.

Volume of production is an important criterion in paper manufacture. Within certain limits it is even more important than the bare out-of-pocket costs of materials and labor.

The investment in facilities for producing paper in the United States averages approximately one and one-half times the value of the annual production of primary products. The industry turns its capital but once in each 18 months.

It is generally considered that up to \$50,000 of capital is required to finance construction of production facilities for each ton of daily capacity. Interest upon this capital ranges from \$6 to as high as \$12 per ton, averaging in the neighborhood of \$8 per ton, as contrasted with an over-all average f.o.b. mill cost of paper, all grades included, of \$70 per ton. This charge, together with taxes, insurance and other expenses, adds up to a total that constitutes one of the highest overhead charges in proportion to value of product in all American industry. Such high charges are always a burden even under the best operating conditions; they become increasingly burdensome when sales volume is low.

The industry has never operated in excess of 85 per cent of capacity over a year's period. It has carried 15 per cent of its capacity idle in years of peak consumption; during the last two decades 25 per cent

of over-all capacity has been idle as an average. Some of it was in marginal mills, mills that could not operate successfully except during periods of high prices. Most of it, however, was in operating mills; it was made up of idle machine time due to lack of orders.

Any increase in capacity that is not harmonized with corresponding increases in consumption, immediately affects the industry's operating ratio and thereby its profitableness. Relatively small increases will frequently have this effect, for the industry generally cannot operate profitably at less than 70 per cent of capacity. The spread between this figure and the average operating rate during the past ten years is but five.

Opening the American market to Canadian imports would suddenly throw additional capacity into the industry which obviously would affect operating ratios. It would, in fact, have a double effect; it would tend on the one hand to weaken prices because of greater tonnages in the market, and on the other hand to raise costs in American mills because their share of the available tonnage would be reduced.

It is, of course, impossible to estimate how much tonnage would come in if tariffs were reduced. If the potential capacity possible of development in Canada, as set up previously, were added to the present capacity of the American industry, the operating rate in 1937 would have been reduced by at least twenty-five per cent. No one can doubt what would be the condition of the industry under such circumstances. This is obviously an extreme example, but even so it illustrates the possible effects.

Paper Tariffs Must Be Adequate.

The reason why the paper industry insists that no modifications be made in the existing tariff schedule is because of the unique phenomenon in the paper industry known as "machine shifting." Most paper machines can be shifted from one grade to another through wide ranges of quality with little or no additional capital expenditure.

This is the principal reason why all countries capable of making paper, whether they possess the necessary raw materials or not, set up tariff schedules designed to keep out all imports except perhaps specialties of small tonnage demand. For any loophole in the tariff schedule that will let in substantial amounts of a tonnage grade, thereby forcing price reductions, will set in motion a series of machine shifts that will transmit in relatively short time the depressed condition of all grades.

Machine shifting is possible in the paper industry because of relatively small differences in manufacturing procedure between grades. Some five thousand kinds of paper are manufactured from five kinds of materials upon two types of machines.

A paper machine, either a Fourdrinier or a Cylinder, ranks among the largest and most intricate machines used in American industry. A modern tonnage machine may well measure over 350 feet in length, it may be designed to produce a sheet of paper in excess of 250 inches in width, at speeds ranging up to 1,500 feet per minute. Such a machine, installed in a mill, will cost from \$600,000 to \$1,250,000. It requires an additional substantial expenditure for equipment to prepare materials at

the one end and to prepare products for delivery at the other end.

The economic life of a paper machine is almost unlimited. For instance, of the Fourdrinier machines in operation in 1936, 23 per cent of the capacity and 33 per cent of the number were installed prior to 1900, and 80 per cent of the number and 71 per cent of the capacity were installed prior to 1920. There are six machines still operating which were installed prior to 1850.

This does not imply that paper machine design has not progressed. It has, but because of the vast variety of kinds of paper and wide range in qualities, machines that become obsolete in the production of one grade may shift without substantial additional investment to the manufacture of a higher quality in which they may be faster and actually of a more advanced design than any machine in that group. Generally in paper manufacture the older machines are used for making the higher quality grades. Within limits, their slower speed and narrower width adapt them for this type of use.

This ability to shift governs many important economic phases of the industry. For instance, the industry grows principally from two broad bases, the newsprint base on the one side and the more recently developed kraft paper base on the other. But few new mills have been built in North America in the last decade for the production of paper other than newsprint or kraft. Production in other grades grows because the new machines in the base grades force the marginal machines to shift.

The production record of 56 mills, that have at some time or other between 1910 and the present produced the bulk of American output of newsprint paper, is a case in point. These mills had a capacity of

1,092,000 tons in 1910. Since that time 1,621,000 tons of capacity have been added. The production of newsprint paper in these mills, after reaching 1,163,000 tons in 1926, has now declined to 603,000 tons. But the production of other kinds of paper, which in 1910 amounted to 160,000 tons, has now increased to a total of 1,025,000 tons. In spite of this shift 487,000 tons of capacity were idle in 1937 and during the period 599,000 tons of capacity were completely removed.

Again reviewing the whole domestic newsprint industry; from 1910 to date 98 mills in the United States were engaged in the manufacture of newsprint at some time or other. Today only 23 mills make newsprint exclusively. Of those that have shifted or have gone out of business 44 have shifted completely to other grades, 12 are now in the process of shifting, and 19 have gone out of business. The grades now produced in the shifted mills range from groundwood papers in the more recently shifted mills to sulphite bonds and wrapping and book papers in those that shifted earlier.

This shifting was forced by the rapid expansion of newsprint manufacture in Canada. These mills did not shift easily; they faced the necessity of forcing their way into new markets, usually by price concessions. In doing so they transmitted to other branches of the industry the condition of over-production that developed in Canada.

Any modification in paper tariffs that permits the flow of substantial quantities of any major grade of paper into the United States immediately sets in motion the shifting process. Competition is increased not only in the grade affected by the tariff change but in all grades. It

is like a leak in a dike. The water does not flood only the territory immediately behind the leak but spreads, and though 100 miles of dike may remain intact, a single hole would cause the flooding of all of the territory formerly protected.

Tariff Reduction Is Not an Effective Conservation Measure.

It is not necessarily true that any measure designed to increase imports of articles derived from the forest in the hope that the forest drain will be lessened, is in the best interest of forest conservation. The efficacy of such measures depends upon the character and volume of forest use.

The United States Forest Service has shown that the drain upon American forests for the manufacture of wood pulp and paper amounts to but 4 per cent of the forest drain for all purposes. Pulpwood is a low quality product. It consists chiefly of small second growth that has little or no immediate commercial value for any other purpose. Its utilization constitutes the chief source of income to many owners of forest land.

The national supply of pulpwood is today much greater than it was two decades ago. This is not necessarily due to growth but to the fact that technical research has made it possible to pulp species that formerly could not be satisfactorily converted into paper. This has had the effect of spreading the nation's pulpwood requirements over the entire coniferous forest area. Current expansion of paper manufacture is occurring almost exclusively in forest regions that a few years ago were considered unsuitable.

Forestry upon privately owned land is vitally dependent upon a sustained use that will yield an income. Use for pulp manufacture is a sustained use and sale of pulpwood provides an income, the first income possible from a growing forest.

Moreover, wood removed in silvicultural improvement is frequently suitable for pulpwood and much pulpwood in the older forest regions is cut in thinning operations or in conformance with some predetermined standard. Leaving all trees below certain diameter limits has long been a practice in the Northeast and it, combined with efficient fire protection, is the chief reason why large areas are now in good growing condition. In fact, in some sections of the Northeast, notably in Maine, a rough balance between growth and drain has been achieved.

In the South the industry has set up a cooperative forestry program that is outstanding in American forestry. The purpose is to improve forest conditions and to increase forest growth as pulpwood is cut. The industry has undertaken to enforce forest management practice not only upon company owned lands but also upon lands from which pulpwood is purchased.

American forestry needs more paper manufacture rather than less. It needs in addition a consciousness on the part of forest owners that small second growth has a value as pulpwood, which may be realized from time to time during the growing period. Such incomes are essential to finance the transition to managed forestry upon a broad sustained yield basis.

Summary.

Modification of the paper tariff schedule involves far-reaching problems, particularly so in this case because the Canadian paper industry, quite like that of the United States, is organized on a mass production basis. It is capable of shifting its production through a relatively wide range of paper grades. Its manufacturing costs and its distribution costs to the principal American markets are low. It is possible for Canada to expand its production to a point that would absorb the normally expected increase in American consumption for more than twenty years.

The United States industry has always supplied adequately and at reasonable prices the full national requirements for all paper other than newsprint. The industry has kept fully abreast of demands; it has expanded its production facilities as consumption has increased; it has established new mills in new regions; it has employed constantly more labor as it has expanded. It can produce without additional capital investment at least 20 per cent more paper than the nation has ever consumed. In fact, this excess capacity, occasionally needed for short periods when demanded by seasonal requirements, creates a chronic condition of over supply.

Opening United States markets to a country with as great a production as those possessed by Canada, and with even greater production possibilities, constitutes the most serious threat that the industry has ever faced. Moreover, any duty reduction made to Canada would also apply automatically to most other paper-making countries, each of which is potentially more dangerous than Canada because of their vastly lower standards of living and consequent lower wages.

PART SIX

DETAILED ANALYSES OF RECENT ADJUSTMENTS IN FOREST PRODUCTS TARIFFS
BETWEEN CANADA, THE UNITED STATES, AND THE UNITED KINGDOM

A DETAILED ANALYSIS
OF THE CONCESSIONS TO THE DOMINION OF CANADA ON FOREST PRODUCTS
IN THE NEW CANADIAN AGREEMENT

LUMBER AND TIMBER.

The Tariff Act of 1930 imposed a duty of \$1 per thousand feet board measure on timber and lumber of fir, spruce, pine, hemlock, and larch, other softwood lumber and practically all hardwood lumber remaining free of duty.

A provision waiving the duty on lumber of the dutiable species, if rough or planed on only one side, when imported from a contiguous country granting free entry to similar lumber from the United States, permitted free entry of such lumber from Canada until June 1932, when the imposition of the United States excise tax brought retaliatory action by Canada. The Revenue Act of 1932 imposed an import tax of \$3 per thousand feet on imports of lumber of the species named above, and also on imports of other softwood and hardwood lumber, except flooring of birch, beech, and maple other than Japanese maple.

The Canadian agreement of 1936 reduced both the duty and the tax by 50 per cent. In the case of Douglas fir and Western hemlock, however, the reduced rates applied to an annual quantity not exceeding 250,000,000 board feet of both species combined. In the new agreement the reduced rate has been continued and the quota limitation has been removed. Furthermore, by an act of Congress in 1938 the import tax was repealed on northern

white pine, Norway pine, and western white spruce, so that under the new agreement the total charge on these species will not exceed 50 cents per thousand feet. The 1936 agreement specifically excluded lumber of balsa and teak from the benefits of the reduction in the revenue tax. They are again excluded in the new agreement and a number of cabinet woods of which Canada is not a supplier, but which formerly benefited from the reduction, are excluded, thus restoring on them the statutory tax of \$3 per thousand feet. These same species are excluded from the binding on the free list under paragraph 1803 (1) of the Tariff Act of 1930.

An important consideration involved in discontinuing the quota on Douglas fir and Western hemlock is the fact that this quota, which represented a relatively small fraction of the domestic production consumed even of these two species, has not been filled in any year. At their maximum in 1937, imports were barely 60 per cent of the quota. More important, however, is the fact that valuable concessions have been obtained for American soft wood, including Douglas fir and Western hemlock, in the markets of the United Kingdom and certain colonial areas. Canadian lumber enters the British market free of duty. These concessions involve the relinquishment by Canada of a large portion of its preferences in those markets. Moreover, Canada has agreed to make further relinquishment of its guaranteed preference if and when the United States repeals the import tax on Canadian lumber.

Apart from its provisions regarding rates of duty and tax on lumber, the new agreement has other important bearings on the trade.

(a) For many years prior to September 1, 1938, sawed lumber and timbers and certain other lumber products imported into the

United States had not been required to be marked to indicate the country of their origin. While these articles have been subject to the marking requirements since September 1, 1938, by virtue of a proviso in the Customs Administrative Act of 1938, this statute specifically authorizes the President to suspend the effectiveness of this proviso if he finds such action required to carry out any trade agreement entered into under the authority of the Trade Agreements Act. Article IX of the agreement assures Canada that sawed lumber and other specified lumber products which were not required to be marked during the 5-year period preceding January 1, 1937, will not be subject to the marking of origin requirement.

(b) Congress in the Revenue Act of 1932 did not specifically mention timber as subject to the tax of \$3 per thousand board feet, apparently assuming that the word 'lumber' would include timber. Inasmuch, however, as this language differs from that of the Tariff Act of 1930, which mentions both lumber and timber, there has been uncertainty as to whether sawed timber was taxable. The new agreement expressly provides, on the authority of the Revenue Act of 1938, for the application of the tax (reduced to \$1.50 per thousand) to sawed timber.

FLOORING OF MAPLE (EXCEPT JAPANESE MAPLE), BIRCH, AND BEECH.

In 1937 Canada supplied all of the imports of this product, valued at \$83,000, which were equal to less than 2 per cent of domestic production. Exports have exceeded imports in recent years. The duty of 4 per cent ad valorem, which appeared in the 1936 agreement as a maximum reduction from 8 per cent ad valorem, is continued.

VENEERS OF BIRCH AND MAPLE.

The duty on birch and maple veneers is reduced from 20 to 10 per cent

ad valorem. Imports and exports are not reported separately for these types of veneer, but imports are known to come chiefly from Canada; for veneers of all types, imports from Canada are much smaller than exports to that country. Imports are insignificant compared with domestic production.

HUBS FOR WHEELS, HEADING AND STAVE BOLTS, LAST AND OTHER BLOCKS, ETC.

Canada has been practically the sole supplier of imports of this group of items. Total imports in 1937 were valued at over \$75,000. Immediately after repeal of prohibition in this country, increased demand for stave bolts led to exceptionally large imports from the Soviet Union. Since 1934 imports have been small compared with domestic production. The duty is reduced from 10 to 5 per cent ad valorem.

CASKS, BARRELS, AND HOGSHEADS (EMPTY) OF WOOD.

Imports of these items, other than beer barrels and beer kegs, are normally very small compared with production and are much smaller than exports. Since 1934 annual imports have not exceeded \$31,000, and were only \$7,000 in 1937. The reduction in duty is from 15 to 7 1/2 per cent ad valorem.

PAINT-BRUSH HANDLES OF WOOD.

Domestic production of paint-brush handles is large, contrasted with small imports and exports. Imports average less than 2 per cent of domestic production and are very irregular; they were valued at \$12,000 in 1937, nearly all from Canada. Imports supplement the supply of handles

available for domestic production of paint brushes, which are exported in large quantities. The duty on paint-brush handles is reduced from $33\frac{1}{3}$ to 20 per cent ad valorem.

BROOM HANDLES AND MOP HANDLES OF WOOD.

United States production, located largely in the Pacific Northwest, is 10 times as large as Canadian production, and imports are small. The duty of $33\frac{1}{3}$ per cent ad valorem is reduced to 20 per cent.

TENNIS-RACKET FRAMES OF WOOD, VALUED AT \$1.75 OR MORE EACH.

Imports are small compared with domestic production and are principally high-priced frames which do not seriously compete with the bulk of domestic production. Canada is the principal supplier of imports of tennis-racket frames in this value bracket. The reduction in duty is from $33\frac{1}{3}$ per cent to 20 per cent ad valorem.

CARRIAGES, DRAYS, TRUCKS, AND OTHER HORSE-DRAWN VEHICLES, BABY CARRIAGES AND WHEEL BARROWS, WHOLLY OR IN CHIEF VALUE OF WOOD.

Imports of these articles are insignificant compared with domestic production and are probably smaller than exports. Canada was the chief supplier from 1934 to 1936. The United States rate on these items is reduced from $33\frac{1}{3}$ to 20 per cent ad valorem.

TOBOGGANS OF WOOD; CANOES AND CANOE PADDLES.

Domestic production of toboggans is much larger than imports, practically all of which are from Canada. Domestic production of canoes

and paddles, valued at more than \$200,000 in 1935, supplies almost the entire domestic market. The small, irregular imports are almost wholly from Canada. Exports probably exceed imports. The duty on these items is reduced from $33\frac{1}{3}$ to 20 per cent ad valorem.

ICE-HOCKEY STICKS OF WOOD.

Ice-hockey sticks are a minor product in the total output of practically all of the domestic producers. Imports, which supply a sizeable proportion of domestic consumption and come almost entirely from Canada, were valued at \$11,300 in 1937. The duty was reduced from $33\frac{1}{3}$ to 20 per cent ad valorem in the 1936 agreement; the 20 per cent rate is now continued in the new agreement.

UNCOATED BOOK AND PRINTING PAPER, NOT SPECIALLY PROVIDED FOR.

The duty on this paper is reduced from $1/4$ cent per pound plus 10 per cent ad valorem to $1/5$ cent per pound plus 5 per cent. Canada supplied over 80 per cent of the 15,000 tons, valued at \$715,000, imported in 1937. Even with a marked increase in imports in recent years, they have been less than 1 per cent of the domestic production of over 1,000,000 tons per year. Imports from Canada are chiefly of low-grade printing paper.

PULPBOARD IN ROLLS FOR WALLBOARD, NOT PROCESSED, AND NOT SPECIALLY PROVIDED FOR.

The reduction from 10 to 5 per cent ad valorem in the 1936 agreement is continued. Canada is practically the sole supplier of imports, which in 1937 amounted to over 11,000 tons, valued at \$489,000. Domestic

production is very large.

TISSUE PAPER AND ALL SIMILAR PAPER, NOT SPECIALLY PROVIDED FOR, VALUED NOT OVER 15 CENTS PER POUND.

Tissue paper has been dutiable at 5 cents per pound plus 15 per cent ad valorem, and 6 cents per pound plus 20 per cent ad valorem, according to the weight of the paper. Because the specific part of these compound duties is prohibitive of imports of tissue paper of the grades specified, imports have been confined to high priced material coming from countries other than Canada for the most part. Under the new agreement with Canada these compound duties are reduced 50 per cent on tissue paper valued at not over 15 cents per pound. Canada is equipped to produce low-priced tissue, and any imports are likely to originate in that country. Domestic production of toilet and toweling tissue usually selling at about 5 cents per pound is very large.

CREPE PAPER, VALUED AT NOT MORE THAN 12 1/2 CENTS PER POUND.

The duty on crepe paper valued not over 12 1/2 cents per pound is reduced from 6 cents per pound plus 15 per cent ad valorem to 3 cents per pound plus 7 1/2 per cent ad valorem. Imports are insignificant compared with the large domestic production; Canada, however, is a potential supplier of this grade of crepe paper.

HANGING PAPER, NOT PRINTED.

The duty on imported hanging paper (unprinted wallpaper) is reduced from 10 to 7 1/2 per cent ad valorem. Imports are less than

3 per cent of domestic production. Canada was practically the sole foreign source in 1936 and 1937, in the latter year supplying about 6,000,000 pounds, valued at about \$139,000.

TOURIST LITERATURE.

Tourist literature is segregated from other printed matter by a reclassification. On such literature of bona fide foreign authorship the duty is reduced from 15 to 7 1/2 per cent ad valorem, and on all other such literature from 25 to 12 1/2 per cent ad valorem. The duty on printed matter consisting chiefly of drawings, photographs, maps, etc., is reduced from 25 to 12 1/2 per cent ad valorem. There are no statistics of imports or of domestic production, but the latter is very large. Canada is believed to be the largest foreign source.

PULPBOARD IN ROLLS FOR MANUFACTURE OF WALLBOARD, PROCESSED.

Canada is the sole supplier of processed pulpboard for use in the manufacture of wallboard, but imports in 1937 were valued at only \$3,000. The maximum reduction to 15 per cent ad valorem granted in the 1936 agreement with Canada is continued.

A DETAILED ANALYSIS
OF THE CONCESSIONS TO THE UNITED STATES ON FOREST PRODUCTS
IN THE UNITED KINGDOM AGREEMENT

The United Kingdom has been for many years the principal foreign market for United States products in the general classification of wood and paper, normally taking a considerably larger volume than either Canada or Japan, the next most important outlets, although in some years Canada or Japan has been a close second. While the actual volume of exports in this commodity group has fluctuated widely, the United Kingdom has consistently taken from about one-fifth to one-fourth of the total exports. The high point in the trade in recent years was reached in 1929 when total exports were valued at \$210,947,033, of which \$40,043,321 or 19 per cent of the total went to the United Kingdom. In 1932, exports dropped in value to a low of \$57,500,418 of which the United Kingdom took \$13,776,256 or 24 per cent. Since 1932, there has been a substantial recovery, the value of the total exports reaching \$136,627,453 in 1937, of which \$28,950,000 or 21.2 per cent went to the United Kingdom.

On the basis of these figures, the trend of the trade with the United Kingdom in the wood and paper group as a whole since duties were imposed in 1932 would not appear to have been wholly unsatisfactory either in terms of the actual volume of trade or of the share of the total exports taken by the United Kingdom. However, on the basis

of the share of the United Kingdom supplied by the United States, the trend has been less satisfactory. In 1929 the United States furnished 16.7 per cent in value of total British imports of unmanufactured wood and timber, which constituted by far the major portion of the wood and paper group; but in 1932 the American share declined to 14.8 per cent and by 1937 only 8.7 per cent of the total imports originated in the United States.

A similar but even more marked downward movement has taken place in the trade in manufactures of wood, the American share falling from 17.8 per cent in 1929 to 15 per cent in 1932 and to only 7.5 per cent in 1937. It is only in the relatively minor section of paper and related products, in which the United States is a comparatively unimportant factor, that the American share has been maintained. The United States supplied 3 per cent of British imports of this trade in 1929, 3.2 per cent in 1932, and 3.6 per cent in 1937.

The position with regard to a number of important individual products is even more unsatisfactory than that with regard to the wood group as a whole, since there has been, as result of the import duties, a very serious diversion of trade from the United States to Empire countries in several products, notably Douglas fir and certain other softwood lumber, plywood, and doors. In the case of doors, the United Kingdom had taken as high as 94 per cent of the United States total annual exports, but the increase in 1935 in the duty to 2s. 6d. per door has almost eliminated American competition. One of the major objectives of the present trade agreement has been, therefore, to restore so far as possible the competitive position of the United States as a supplier of these products which have been so seriously affected by

Empire preference in the United Kingdom. Substantial immediate reductions in duty have been obtained for softwood lumber and doors, and some reductions for a number of the other products in this commodity group. Furthermore, provision has been made for free entry in the United Kingdom for a considerable proportion of American softwood lumber if and when the excise tax applying to lumber imported into the United States, which is chiefly Canadian lumber, shall have been removed. On plywood faced with softwood the best obtainable concession was a binding. Imports of plywood into the United Kingdom from Empire countries are free of duty.

SOFTWOOD LUMBER.

The situation regarding softwood lumber, and with particular reference to Douglas fir and related species, is a triangular one involving the United States, the United Kingdom and Canada. The 10 per cent ad valorem duty imposed on lumber in March 1932 by the United Kingdom has adversely affected shipments from the United States primarily because imports from Canada have not been subject to duty. This differential treatment has resulted in a material expansion of Canadian and a substantial contraction of American lumber shipments to the United Kingdom. United States lumber exports to other Empire markets also have been seriously curtailed because of the setting up of preferential duties in those countries.

The United States, however, which is an important market for Canadian lumber, had imposed an import duty of \$1 per thousand board feet, effective in June 1930, on the principal species of softwood lumber imported from Canada and in June 1932 an import tax of \$3 per

thousand board feet became effective on a large part of United States imports on lumber, inclusive of those from Canada. In the trade agreement with Canada which came into effect January 1, 1936, the import duty was reduced to 50 cents and the excise tax to \$1.50 per thousand board feet (the Revenue Act of 1938 specifically exempted Northern white pine, Norway pine, and Western white spruce from excise tax, effective July 1, 1938), and an import quota of 250,000,000 board feet at the reduced rate was established on Douglas fir and Western hemlock. Canada is the sole source of imports into the United States of these two species.

There was also the previously mentioned consideration that in the Ottawa agreement concluded with Canada in 1932, the United Kingdom had undertaken to maintain for the benefit of Canada, the duty of 10 per cent ad valorem imposed under the Imperial Duties Act, 1932, on lumber imported from non-British countries. The Canadian Government, in return for an undertaking to release the United Kingdom from its commitment in order that concessions in the United Kingdom could be granted for the benefit of softwood lumber from the United States, requested that the United States excise tax on Canadian lumber be removed. The removal of the excise tax would, of course, require an act of Congress. The Canadian Government also requested, as a part of the general solution of the lumber situation, that the United States quota, on Douglas fir and Western hemlock be removed. As a result of these various considerations the concessions granted by the United Kingdom in the present agreement consist of certain immediate reductions in duty together with certain additional undertakings conditional upon the action taken by the United States in regard to its

import charges on lumber.

As regards the immediate concession, the United Kingdom duty of 10 per cent ad valorem is reduced to 16 shillings per standard (A standard of lumber is 1,980 feet board measure), approximately \$2 per thousand feet board measure or about 4 1/2 per cent ad valorem, on all softwood lumber, square sawn (other than box-boards, railway sleepers, and sleeper blocks), when valued at £18 Os. Od. or more per standard (landed value in the United Kingdom) or when 11 inches or more in width. On softwood lumber, square sawn (but without regard to dimensions), valued at £17 Os. Od. or more, but less than £18 Os. Od. per standard, the rate is fixed at 10 per cent ad valorem less 1 per cent ad valorem for each 4 shillings by which the value exceeds £16 16s. Od. This graduated duty scale is provided in order to establish a gradual approach to the lower duty on the higher valued lumber.

Greater benefit will accrue to exporters of American softwood lumber to the United Kingdom under the agreement if and when the United States excise tax on imports of lumber is removed and for so long as the United States customs duties and charges on lumber of Canadian origin and subject to duty under paragraph 401 of the Tariff Act of 1930 do not exceed 50 cents per thousand feet. Under these conditions, entry free of duty into the United Kingdom would be granted all softwood lumber, square sawn (except box-boards, railway sleepers, and sleeper blocks), valued at £18 Os. Od. or more per standard, or 9 inches or more in width and 15 feet or more in length; on softwood lumber not covered by the above value or dimension qualifications when valued at £16 4s. Od. or more per standard but less

than £18 Os. Od. per standard, the duty would be 10 per cent ad valorem less 1 per cent ad valorem for each 4 shillings by which the value exceeds £16 Os. Od. per standard.

Although the United States is not a leading supplier to the United Kingdom of softwood lumber as a whole it does have a major interest in the United Kingdom market for softwood of the values and sizes described above. In order, therefore, to assure that the trade of major interest to the country will be covered even in the event of wide fluctuation in the price of lumber the agreement provides for an adjustment of the value limitations in the event that the average value of sawn softwood imports into the United Kingdom (exclusive of planed or dressed stock) either exceeds £14 Os. Od. per standard or is less than £10 Os. Od. per standard. The adjustment, to be made after consultation with the United States Government, involves an increase in the valuation basis in the one case by £1 Os. Od. per standard for each pound sterling by which the average value of imports from all countries exceeds £13 Os. Od. per standard or a decrease in the other case of £1 Os. Od. per standard by which the average value of the imports is less than £11 Os. Od. per standard. Provision is made for restoration to the original valuation base when normal prices again prevail.

Canada has guarantees of margins of preference for its lumber not only in the United Kingdom but also in certain British colonies in the Caribbean area and in the British dominions. However, in arriving at the three cornered agreement on lumber, it has agreed to an immediate modification of those guarantees and, in the event that the American import tax on its lumber is abolished, to giving them up entirely. Accordingly, schedule III of the trade agreement provides

for an immediate reduction of the margins of preference against American lumber in the British Caribbean colonies to the equivalent of \$2 per thousand feet and, in the event the American import tax of lumber is abolished, for the abolition of such margins of preference. Nearly all of the margins of preference in those colonies which are less than an equivalent of \$2 per thousand feet are bound in that schedule against increase. Futhermore, Canada has declared that it will interpose no objection to a reduction of the margins of preference in the dominions or colonies to \$2 per thousand board feet and to the abolition of such margins of preference if and when the American import tax on Canadian lumber is abolished.

Although the United Kingdom is the principal foreign market for American lumber the United States is only relatively a minor supplier of softwood lumber to the United Kingdom, the principal foreign suppliers being Finland, the Soviet Union, Sweden, and Poland, with substantial supplies also being imported from a number of other European countries. However, the softwood of the sizes and values to which the concession is limited is chiefly of interest to the United States and covers the bulk of the American softwood lumber exports to the United Kingdom. One of the chief adverse effects of the United Kingdom duty has been to make unprofitable in a large part the cheaper grades of lumber from the United States. Reduction in duty, and the provision for ultimate free entry if and when adopted, should enable the United States again to be in a position to compete in the lower priced grades within the size limitations specified.

During the years 1928 to 1931, inclusive, prior to the imposition of the United Kingdom duty, the United States supplied on the average 9.2 per cent of the total imports of sawn softwood by value and 6.1 per cent by quantity. In the period of 1933 to 1937, inclusive (the duty having been imposed in 1932), the American share of total United Kingdom imports had declined to an annual average of approximately 4.5 per cent by value and 2.4 per cent in quantity, a decline by half in value and by 61 per cent in quantity. The significance of the greater decline in quantity than in value is that, because of the duty, the share of the trade remaining to the United States has been restricted largely to the better grades which command a higher price and are better able to compete against the preferential duty treatment accorded Canadian lumber in the United Kingdom.

The value of imports of sawn softwood from the United States declined from an annual average of \$10,000,000 in the years 1928 to 1930 to about \$4,000,000 in 1933 to 1935. In 1936 the value of the imports from the United States increased to about \$5,500,000 (£1,145,000) and in 1937 there was a further small increase to about \$6,000,000 (£1,223,000). However, these recent increases in imports from the United States were far less than in the case of imports from Canada which more than doubled from 1935 to 1937. In the case of Douglas fir and other West Coast woods, the decline in trade in recent years has been more serious than in the case of the total softwood lumber shipments. Separate British figures of imports of Douglas fir are not available for any period prior to 1933 but, according to United States statistics on exports, shipments of Douglas fir, including sawn timber and rough and dressed lumber, to the United Kingdom

averaged nearly 117 million board feet in the years 1928 to 1930, with an average annual value of about \$2,750,000. In the period 1933 to 1937, inclusive, the annual average shipments were under 36 million feet, with a value of \$1,000,000, and shipments of other West Coast woods have declined correspondingly.

PLYWOOD FACED WITH SOFTWOOD.

The duty of 10 per cent ad valorem on plywood faced with softwood is bound against increase.

The United Kingdom represents an important market for plywood, more particularly for plywood faced with hardwood imported from Finland, the Soviet Union, Latvia, Poland, and Japan. Exports to the United Kingdom of plywood from the United States consist chiefly of plywood manufactured from softwood, principally Douglas fir; similar plywood is exported from Canada to the United Kingdom.

Total British imports of plywood were valued at \$14,542,000 (£2,994,000) in 1929 and \$24,572,000 (£4,970,000) in 1937. The share of the United States was 3.2 per cent in the former year and 3.7 in the later. The figures do not, however, indicate the importance of the British market for Douglas-fir plywood, which is the kind in which the United States is primarily interested.

While British statistics do not separately show imports of Douglas-fir plywood, beginning with 1934 imports of plywood other than that with birch or alder are available. The bulk of the trade under this classification represents Douglas-fir plywood. Imports from the United States under this statistical class were valued at \$1,116,000 (£221,391)

in 1934, \$554,000 (£113,118) in 1935, and \$1,397,000 (£281,122) in 1936 (the latest year for which these figures are available); representing, respectively, proportions of 22.7 per cent, 12.8 per cent, and 21.5 per cent of total British imports of plywood other than that faced with alder or birch for the respective years. In this category imports from Canada (being free of duty) have in recent years increased sharply, until Canada's share of the trade is now larger than that of the United States. It was not possible, however, to obtain a reduction in the duty on plywood faced with softwood because the latter represents only a small proportion of imports of plywood of all kinds and because, in the opinion of the British, plywood of softwood is in direct competition and is interchangeable with plywood of alder and birch.

DOORS.

The duty on doors has been reduced from 2s. 6d. (approximately 67 1/2 cents) each to 1s. 6d. (approximately 37 1/2 cents) each or 20 per cent ad valorem, whichever is the greater. This duty applies to doors of a height and width not less than 6 feet and 2 feet respectively, comprising the commercial trade in doors. Smaller doors have never been subject to any duty higher than 15 per cent ad valorem and continue to be dutiable at this rate under the agreement.

For many years the United Kingdom was the principal foreign market for doors made in the United States, taking from 75 to 90 per cent of the total exports (96.4 per cent in 1933) by quantity, and from 65 to 85 per cent or more (93.9 per cent in 1933) by value. The United States was also the chief supplier to the United Kingdom furnishing 60 per cent or more by both quantity and value of the total

British imports. Prior to 1932, when the duty was first imposed, exports to the United Kingdom amounted to nearly 2,000,000 doors valued at over \$2,000,000 (\$2,287,000 in 1931) annually, according to the United States export statistics (doors were not shown separately in the British import statistics prior to 1932). Empire participation in the trade was negligible, and Sweden and the Soviet Union were the important sources of imports, other than the United States. The Swedish doors exported to the United Kingdom are chiefly of hardwood, are higher in price than the American doors, which are mainly of Douglas fir, and are not directly competitive. The same is true of the relatively small number of doors imported from Finland and some other European countries. Imports of doors from the Soviet Union, which were more competitive with those from the United States, have been practically eliminated following the coming into effect of the duty.

The duty was first imposed in March 1932, at the rate of 10 per cent *ad valorem*, and was successively raised until it became 2s. 6d. per door (or 20 per cent whichever is the greater) at the beginning of February 1935. These successive increases, which were intended primarily as a protection for the domestic door manufacturing industry, have had the effect of practically eliminating importation from the United States and diverting this trade to Canada.

The United States managed to maintain its trade with the United Kingdom fairly well through 1934, but with the final duty increase to 2s. 6d. per door in 1935, and the building up of the industry in Canada (imports from which continued to be free of duty) the American trade declined precipitously, until in the first half of 1938 the

United Kingdom imported only 1,950 American doors, valued at about \$3,500, representing only one-fifth of 1 per cent by quantity and value of the total British door imports. Conversely, imports of Canadian doors have risen from one-fifth of 1 per cent of the total, by number, in 1932 to 89 per cent of the total in the first half of 1938. The actual number imported from Canada rose to a high of 1,771,251 in 1936, and has since declined somewhat, but the Canadian share of the British market has continued to increase, the imports from Canada having declined less quantitatively, in 1937 and 1938 than the total imports from all countries.

The severe handicap placed on American doors by the duty of 2s. 6d. each (in effect since 1935) is perhaps more clearly expressed in terms of the ad valorem equivalent of the duty. On the basis of imports from the United States in 1937, the former duty was equivalent to 36.6 per cent ad valorem and the new reduced duty to 21.0 per cent. However, in 1937 the very few American doors which could still be sold in the United Kingdom over the duty were necessarily of a higher price than the normal average. On the basis of the average value of imports from the United States in 1932 (the first year for which doors were separately shown in the British import statistics) the duty of 2s. 6d. would have been equivalent to 66.4 per cent ad valorem.

HICKORY, PERSIMMON, AND CORNEL.

These woods when imported in logs, planks, square cut blocks or lengths, or blocks or lengths of rectangular cross-section tapered by sawing on one or more sides, are duty free in the United Kingdom. The United States is practically the sole source, supplying over 99

per cent of the total imports, which amount to about \$500,000 per year. This trade is therefore protected by a binding of the existing duty-free treatment.

OTHER HARDWOOD.

The duty of 10 per cent ad valorem on hardwood, not further prepared than square sawn, is bound against increase,

The United Kingdom is the principal foreign market for American hardwood lumber, taking well over half of the total exports. For some woods, such as ash and poplar, it is the only major export outlet. The United States, on the other hand, is the chief supplier of hardwood to the United Kingdom, having furnished in some years more than half of the total imports. In recent years the proportion supplied by the United States has declined, the effect of the duty imposed in 1932 having been to increase the share of Empire countries (imports from which remain duty free), notably in the case of mahogany from British Honduras and British West Africa, and various woods from Canada and Australia. The actual volume of hardwood imported from the United States has, however, been fairly well maintained and the existing duty of 10 per cent ad valorem has been bound against the possibility of any increase on this important trade which reached a total of over \$14,000,000 in 1937.

HARDWOOD FLOORING.

The duty on hardwood flooring, including hardwood parquet flooring in sections, has been reduced from 20 per cent to 17 1/2 per cent ad valorem.

As in the case of a number of other important wood products, the United Kingdom has long been the principal export market for American hardwood flooring, taking as high as 72.9 per cent by quantity and 76.3 per cent by value (in 1933) of total American exports of this product. Exports to the United Kingdom have increased steadily in both quantity and value in recent years even subsequent to the imposition of duty in the United Kingdom, except for a temporary decline in 1932. The proportion of the total imports supplied by the United States, however, has declined slightly since 1933 as a result of some increase in imports from Empire countries, mainly Canada.

The United States is by far the major supplier of hardwood flooring to the United Kingdom, furnishing between 45 and 50 per cent of the total imports. The American share of the trade was valued at about \$690,000 in 1936, the last year for which detailed figures are available. Canada is the second supplier, imports from that country reaching a total of about \$500,000 in 1936. In that year imports from Canada represented 35.6 per cent of the total imports by value (quantity statistics not available), as compared with 45.4 per cent from the United States.

The import duty on hardwood flooring was first imposed in the United Kingdom in March 1932, at 10 per cent ad valorem, was raised to 15 per cent in April 1932 and to 20 per cent in June 1933. The officially announced reason for the increase to 20 per cent was that there was a substantial domestic industry which had been meeting with strong competition from imported oak and maple flooring. It was also pointed out that in recent years the domestic industry had developed the use of certain other Empire grown timbers for the manufacture of flooring and that the additional tariff protection was necessary in order to enable

the domestic industry to develop the use of these woods.

The effect of the duty appears to have been not only the protection of the domestic British industry but also stimulation to some extent of imports of manufactured flooring from Canada, which is free of duty. However, the increase in the Empire participation in the market has not been large as in the case of certain other wood products, American exports to the United Kingdom having continued to expand.

TOOL HANDLES.

Tool handles of wood have been subject to three duty classifications in the United Kingdom. Fork, shovel, and spade handles of the box or D type have been duty-free since January 1935 and this duty-free treatment is bound in the agreement.

Handles for agricultural tools, other than those of the box or D type, became dutiable at 10 per cent ad valorem in March 1932, and at 15 per cent in April 1932. This 15 per cent rate is bound in the agreement.

Tool handles other than those included in the two classification described above became dutiable at 10 per cent in March 1932, and at 20 per cent in April 1932. This rate is reduced in the agreement to 15 per cent ad valorem.

British import statistics do not segregate these different types of tool handles, there being only one statistical classification for all types. Total imports have averaged about \$600,000 annually in recent years, with the United States, the predominant source of supply,

furnishing about 85 per cent of the total.

The duty of 20 per cent on tool handles other than agricultural or the box type, was imposed for the protection of the domestic British industry and apparently resulted in an immediate decline in imports which dropped from about \$750,000 (1,154,428) in 1931 to about \$430,000 (1,86,168) in 1933. Since 1933, however, there has been a substantial recovery in imports and the participation of the United States has remained practically without change. Germany is the principal foreign supplier other than the United States but the German participation has declined somewhat since the imposition of the duty. The Empire share of the trade, which is chiefly Canadian, does not appear to have benefited from the preferential duty treatment (imports from the Empire being duty free) and, in fact, imports from Canada declined from about \$50,000 in 1933 to about \$22,500 in 1936, and the Canadian share of total imports declined from 11.7 per cent to 3.5 per cent over the same period.

The United Kingdom, as in the case of a number of other wood products, is the most important foreign outlet for United States tool handles, taking approximately 40 per cent or more of the total exports. The American export classification does not correspond exactly with the British tariff classification, but in 1937 exports of tool handles to the United Kingdom as classified in American statistics reached a total of \$626,000.

COOPERAGE.

The existing rates of duty on oak staves and heading, on certain cask hoops and hoopwood, and wooden bungs and shives are bound

against increase. These rates are 10 per cent on oak staves, not further prepared than sawn; oak sections of cask heads not doweled or pegged; cask heads consisting of a single circular sheet of oak and hoopwood, rough, in strips; and 20 per cent on other oak staves and heading and cask hoops and bungs and shives. While no exact figures are available, it is understood that the bulk of the American trade with the United Kingdom is subject to duty at the 10 per cent rate.

The United Kingdom is one of the leading foreign markets for American cooperage, particularly for oak staves and heading, and in recent years has become an increasingly important market from the point of view of both the total volume of trade and the share of the total exports. In 1929 exports to the United Kingdom were valued at \$723,567, representing 7.5 of total United States exports. The trade declined sharply in the next few years, but the share taken by the United Kingdom remained about the same. By 1937 exports to the United Kingdom had risen to over \$1,000,000, representing 18.3 per cent of the total exports and being considerably in excess of the 1929 trade with the United Kingdom.

The principal items exported to the United Kingdom are tight staves and heading, these items representing roughly three-fourths of the total exports and consisting chiefly of oak. In the period from 1928 to 1930, an annual average of a little less than 6,000,000 staves were shipped to the United Kingdom. In the period from 1931 to 1932 shipments declined very sharply but recovered to an average of about 4,000,000 annually in the period 1933 to 1935. In 1937, exports exceeded the earlier average, reaching a total of

approximately six and a half million pieces, including both tight and slack staves.

The United States is an important but not the principal supplier of staves to the United Kingdom. In earlier years, Sweden and Finland were the principal suppliers, the United States being third. In 1931, imports from both Poland and the Soviet Union were larger than those from the United States, Poland being the chief supplier, and in subsequent years, Poland or the Soviet Union has been the chief supplier, the United States taking fourth place in most years. The United States has, however, maintained its relative position in the trade without much change, supplying 15 per cent of the total in 1929, 18.6 per cent in 1932, and 16.8 per cent in 1936. Empire participation in the trade is relatively unimportant and apparently has not increased as a result of the imposition of the import duty in 1932. Imports from the Empire are free of duty.

PENCIL SLATS.

The duty of 10 per cent ad valorem is bound against increase.

The United Kingdom is normally the second most important foreign market for pencil slats, Germany being the chief outlet. Exports to the United Kingdom have an average value of \$200,000 annually and have expanded somewhat in recent years to a high of \$247,470, representing about one-fifth of the total exports to all countries, in 1937. Exports to the United Kingdom in 1937 exceeded somewhat corresponding shipments in 1929, and the share of the total exports taken by the United Kingdom had increased from 14.2 per cent to nearly 20 per cent. This is a special product of the United States and the trade apparently

has not been affected by the relatively low duty of 10 per cent, and this rate has therefore been bound against increase in the agreement.

BOAT OARS AND PADDLES.

The duty is reduced from 25 to 20 per cent ad valorem.

Wooden boat oars and paddles are classified in the United Kingdom tariff in the general category of sports requisites and appliances and therefore have been subject to duty at the rate of 25 per cent. The duty, although relatively high, does not appear to have affected materially the exports of this item to the United Kingdom, which takes about 60 per cent of the total United States exports. Both the total trade and trade with the United Kingdom have increased in the last few years, and the percentages taken by the United Kingdom have also shown an upward tendency. In 1937 the value of the total exports amounted to \$107,888, of which \$63,590 represented exports to the United Kingdom. Both the total exports and the exports to the United Kingdom are at present nearly at the level reached in the period 1928 to 1930 and are more than double the shipments in 1933.

OTHER WOOD PRODUCTS.

The duty of 25 per cent ad valorem on golf clubs of a value exceeding 12s. 6d. (approximately \$3.12 1/2) each and on golf-club shafts of a value exceeding 4s. 6d. (approximately \$1.12 1/2) each, is reduced to 20 per cent, and the same reduction has been obtained for golf tees of wood. These are relatively minor items of trade for which no trade statistics are available in detail, but the reduction in duty

should be of some assistance in improving the competitive position in the United Kingdom of the United States product. Total exports to the United Kingdom of all golf clubs were valued at \$9,118 in 1937, no figures being available for shafts or tees.

The existing rate of duty of 10 per cent ad valorem on wooden golf club head blocks, wooden boot last blocks, and wooden gun, carbine, and rifle stock blocks is bound against increase, and the duty of 20 per cent ad valorem on wooden boot and shoe lasts, stretchers, and trees has also been bound.

PAPER AND RELATED PRODUCTS.

The general group of products classified in the United Kingdom as stationery, including paper and pulp products and stationery items other than paper, is of considerable and growing importance to the United States, and a number of duty reductions have been obtained in respect thereof which should result in a substantial benefit to American trade.

The value of the total imports of the pulp and papre group into the United Kingdom from the United States rose from over \$2,500,000 (£515,000) in 1935 to over \$3,100,000 (£627,000) in 1937, and a further increase (£350,000) is registered in the first 6 months of 1938. However, the United States is only a comparatively minor supplier to the United Kingdom of this group as a whole, supplying only 3.6 per cent of the total imports in 1937, Sweden, Finland, Norway, Germany, and the Netherlands being the principal suppliers, so that it has been necessary to restrict the concessions to specified items of chief

interest to the United States. The most important of these are vulcanized fiber and paper dress patterns, and the former duty of 20 per cent (certain paper products became dutiable at 50 per cent ad valorem under the emergency duties imposed in November 1931, and this rate of duty was replaced by the 20 per cent rate in April 1932) on these items is reduced to $16 \frac{2}{3}$ per cent, this being the rate granted by the United Kingdom on a number of other paper products included in earlier trade agreements with other countries.

Trade statistics covering this group of items are fragmentary, but it is estimated that the reductions and bindings obtained will benefit from one-fourth to one-third of the total trade with the United Kingdom in this group. Exports to the United Kingdom of paper towels and napkins were valued at \$13,470 in 1937. In the case of paper dress patterns, no official statistics are available from either American or British sources, but information from trade sources indicates that the trade is a substantial one.

Vulcanized fiber is not shown separately in the British trade figures, but according to American statistics exports to the United Kingdom in 1937 amounted to \$526,750, representing 38.6 per cent of the total exports of this item. The United Kingdom is by a considerable margin the chief foreign market for American vulcanized fiber and the trade with the United Kingdom has been expanding both in volume and in the share of total exports.

Exports to the United Kingdom in 1929 totaled \$449,071, representing 30.2 per cent of the total export shipments. In common

with the general level of trade, shipments of this product declined in subsequent years, but by 1935 the value of the exports to the United Kingdom had increased to \$376,049 or 37.6 per cent of the total, and the trade has continued to grow until it is now at a higher level than in 1929.

The detailed information presented in this section is condensed from the "Press Releases" of the United States Department of State, 1938.

PART SEVEN

**CONCLUSIONS CONCERNING THE TARIFF, CONSERVATION AND PROSPEROUS
TRADE IN FOREST PRODUCTS**

CONCLUSIONS CONCERNING THE TARIFF, CONSERVATION AND PROSPEROUS
TRADE IN FOREST PRODUCTS

THE TARIFF AND CONSERVATION.

One of the most common topics of discussion in hearings and debates upon the tariffs on forest products are their effect on conservation. At times in such debates the tariff has been blamed for all the destructive practices found in the industry while at other times the tariff stands alone between the nation and complete forest devastation. Quite naturally these extreme and often heated arguments are colored by the experience, interests, and section of the United States from which the individual debater springs. A dearth of logic and a superabundance of factional oratory have distorted the issue far beyond its worth.

Undoubtedly the influence of the tariff, as regards conservation or non-conservation, will vary with the time in the history of the country which is chosen and the section of the country to which it is referred as well as the price of foreign material delivered to that same section. If any foreign country could supply all sections of the United States with equally fine lumber and at cheaper prices than that lumber which could be produced in any one section of the country, then it could be said that a tariff which in anyway increased the price of the foreign lumber to such a point as to encourage domestic production was detrimental to the conservation of timber in this country. Even then such a sweeping statement would have to be qualified by the meaning which is attached to the word "conservation". If conservation is considered in the strictest sense, that of maintaining the forest just as it stands without any cutting whatsoever, then

the already mentioned assumption would be true. However, if conservation is considered to mean cutting no more than the annual growth in the forest in a years time the assumption would only be true if the domestic drain encouraged by the tariff exceeded growth.

It is entirely possible that at a given time in the United States a given tariff rate on forest products has caused destruction of timber in one part of the country while in another it has exercised little influence one way or the other and, whereas, in a third part of the country it may have exercised a certain amount of conservation influence. This of course would all be contingent upon the foreign price, the cost of transportation, the amount of the duty, the domestics prices in the different regions and the type of operator in each region, assuming that production was possible in each of the three regions.

As a consequence of the varied factors and interpretations which may be considered in determining a conclusion as to the influence of a tariff on wood and its products upon conservation, it is possible to say much that is true and still be wrong and vice versa. However, in the conclusions that may be drawn herein, it is the influence upon conservation as a whole that is considered and not the influence that may have existed under any special circumstance in any one region, state, or locality of the country.

It is maintained by the supporters of a high protective lumber tariff that the lack of a tariff has produced devastation to American forests through the efforts of American operators to produce on a comparable low cost basis with the low production costs of foreign producers.

It is also claimed that a lack of a high protective tariff has made lumbering unprofitable, which in turn has almost completely stopped reforestation activities.

The assumption behind the argument in the preceding paragraph is that lower costs of production in the forest industries are characteristic of destructive forest enterprises, that lower costs mean greater forest destruction. This is not sound thinking. Lower costs are the result of a number of things, none of which need be in their nature any more destructive than under a higher cost set-up. Lower costs mean better planning, better execution of work, efficient transportation and real stumpage values, not speculative values. The supporters of the high lumber tariff must have either a short memory or an utter disbelief in the past history of the forest industries. Long before the introduction of the so-called destructive menace of foreign competition American lumbermen destroyed the forest of this country like grass in the path of a fire. There was no question of low cost nor of foreign competition and yet some of the most effective destruction ever practiced in the history of the forest industries took place. Costs were higher because of this destruction, not lower. Large logs paid the way of small ones and in the process the forest was destroyed. The Pacific Coast lumbermen who profess a belief that foreign competition prevents reforestation certainly do so with their tongues in their cheeks. Reforestation by private interests has been one of those things which have been talked most about and have incurred a minimum, if any, of expense.

Unfortunately, more often than not, in tariff debates conservation has been used as a blind rather than a true end to be achieved. American lumbermen with vast holdings in Canada have used it as an argument to keep American markets open to Canadian lumber and other American lumbermen with no Canadian holdings have bandied the word conservation about just as liberally in order to close the American markets to Canadian lumber. As a consequence of this conservation is used as a subterfuge everytime one of our public servants on the floor of the House or Senate gets into a tough spot in tariff debate or it is used to blow off steam about when someone in either House has something to say gloriously about nothing.

The tariff is too often spoken of as a cure all in conservation matters. The factor of transportation alone makes the tariff question on wood products a local one. The direct competition is confined to the localities into which it will pay to transport the material. Thus the conservation question as has been said before will vary with the region. It will be one thing for the New England States, and still others for the Middle Atlantic, the Southern, and the Northern Pacific States. However, since in effect the argument that no lumber tariffs mean destructive forest enterprises is unsound, it is necessary to proceed with the opposite argument that high tariffs lead to destruction and not conservation.

As anyone knows with any conception of economics at all, a tariff which is protective increases the price of the protected products. This increase in price makes it possible for marginal producers to come into the domestic market. These marginal producers could not stay in existence were it not for the tariff. Likewise, as the tariff changes, up or down, marginal producers are frozen out of the domestic market or encouraged into

it. Now, what makes a producer marginal? It may be either one or the sum of several factors. The location of the raw material, the location of the manufacturing plant, the cost of transportation to the main markets, the costs incident to production, the aptitude of labor, the aptitude of management, all these and others may enter into determining just which producers are marginal at various tariff levels. In some protective industries if there were no tariff all producers might be marginal. However, this is not true of forest industries. High protective tariffs mean one thing to an industry in which all producers are not marginal in relation to a neutral position of the tariff and that is that the higher the tariff goes, the greater the proportion of inefficient operatives in the industry. The question now boils down to whether or not in a given region, other things being equal, a larger or smaller percentage of gippo outfits are conducive to a greater degree of conservation. The answer is self evident.

It has now been shown that high tariffs not only do not decrease destruction of forest resources but that they increase the number of destructive influences present in a forest region. Consequently, if it can be shown that the absence of a protective tariff, no matter how minor, is conducive to conservation in any region in the United States then it can be said in general that the absence of protective tariffs on forest products increases the amount of the natural resource from which they are derived which is conserved for future use and growth. This hardly needs proof. If the United States consumes, or any portion of the United States consumes a definite quantity of wood in a given time and a definite percentage of this consumption is of foreign wood, then the

United States has conserved that same definite percentage of its own raw material for future use and growth. It may be argued that this does not necessarily mean that just because the wood is not used it will be conserved. This is quite true enough but it is dependent upon the attitude and action of the public in general towards the protection of their timber resources rather than any influence of the tariff.

The benefits to conservation resulting from a supply of freely admitted timber may be carried still further. What has been the result in regions where a cheaper foreign timber source has not been available? In the whole region of eastern North Carolina and all of South Carolina, just below the foothills, the region of the yellow pine, it is doubtful if there is enough timber left to build homes for 1/10 of the people living there. There is not even enough timber to interest the mill people anymore. It is practically all gone; it has been depleted. The result has been that since 1908 until 1930 the floods, which are incident to the deforestation of the riparian approaches to the rivers, have destroyed more land and more crops than the timber which has been cut off of these areas was ever worth. And yet the high tariff supporters have since 1929 still further encouraged the destruction of what standing timber has been left to the country by inviting the cupidity of those who want to go into the lumber business.

It is well worthwhile repeating at this point an opinion of Dr. B.E. Fernow's in his annual report to the Commissioner of Agriculture in 1887 concerning the tariff and conservation:

"That the existence of the tariff would have had any other effect upon our own forest resources than to hasten their depletion

could not very well be expected. It is also reasonably certain that the larger margin created by the import duty and the consequent stimulated home competition have induced a more wasteful utilization of the standing supplies, while competition of foreign raw material might have necessitated a closer working or delayed the opening of distant forest areas."

The juggling by governmental control of the Canadian trade in wood products by tariffs and excises will not cure the ills of the American forest product industries under the guise of conservation. Conservation of forest resources is the retention of the existing resource and not the reconstruction of it after it has been destroyed.

THE TARIFF AND PROSPERITY.

That which is stated under this heading is just one opinion among many and is probably far from a true solution of the problem. However, it should show some merit and a degree of originality.

The tariff does not give the lumber industry something for nothing. It allows the industry to make a greater profit on what it sells but it likewise tends to reduce the demand for the products of the industry among those to whom it must sell. High tariffs in general raise the cost of living for the consumers of lumber and consequently cut down their ability to purchase both lumber and other goods. This is especially true of the agricultural population which bears the full brunt of the high tariff system and whose purchasing power is certainly important to the lumber industry. Important because rural consumption is a big item in determining the degree of prosperity enjoyed by the lumber industry. The lumber industry

has sought lumber tariff legislation based on expediency rather than on sound economics. It seems to have assumed that if its labor was employed then the farmer could sell more of his products. However, the prosperity of the farm population in American economy is far more important than that of the lumber industry or any other industry for that matter. A prosperous farm population means a more or less prosperous lumber industry but the lumber industry will never be prosperous without a prosperous farm population. And the lumber industry is not helping but only reducing the farmer's purchasing power that much further when it logrolls a higher tariff on lumber products.

The alliance of the farming and the lumbering elements is fundamental to bring both back to better than depression times. They are fundamentally alike economically. Both are natural resource organizations which can replenish their crops, both produce a surplus for foreign markets, both have suffered declining markets since the long accumulated effect of a protected industry has literally forced them into near bankruptcy. The political unity of both farm and lumber elements is necessary to either secure bounties for agricultural and lumber surpluses from the industrial East or to bring about a drastic reduction in the protective tariff system. The better solution of the two naturally is to reduce the protective tariff and restore foreign buying power as well as domestic rural buying power. If the protective tariff system is not broken bounties must eventually be forth coming to both agriculture and lumber. The lumber industry was built up on the expansion and prosperity of the farm element and upon it the future of the industry unquestionably will rise or fall.

It cannot be denied that tariffs raise some prices but it is also

equally undeniable that tariffs lower other prices, The prices of those articles whose market is in a foreign country are reduced by the amount which high tariffs on goods coming into the United States destroy trade and the prosperity that arises from trade in natural channels. One of the most fundamental reasons why staple agricultural products in this country have brought low prices both here and abroad has been the loss of foreign markets resulting from the ridiculously high tariffs placed upon industrial products.

The trade situation with Canada has been in some ways similar to the general situation. Prior to the lowering of the tariff barriers by the 1936 and 1939 trade agreements Canada was excluded from American markets for her farm products and in 1930 and 1932 she suffered additional exclusion for her principal export commodity, lumber, from those same markets. This exclusion reduced the ability of Canada to buy other goods in the United States and as a result it forced the establishment of further branch factories on the Canadian side of the Detroit river. A tremendous amount of money has been invested in the Windsor area alone as a result of American exclusion of Canadian lumber. It was estimated in the latter part of 1932 that \$150,000,000 of American money was invested in the Windsor area as a result of high tariffs on lumber. This capital movement has naturally meant a proportionate increase in the Canadian payrolls and at the cost of abandoned American payrolls. To the American farmer it makes very little difference whether the workers employed on these Canadian payrolls are Canadians or transplanted Americans. The fact remains that, they are making goods for Canadians inside the Canadian industrial tariff wall and outside the American agricultural tariff wall.

A tariff may help a particular industry which has a demand for its products and for which there are no domestic substitutes. However, it inevitably raises the price of its products and thus makes production more profitable to that particular industry. A tariff may be instrumental in raising the price of a product such as lumber to the point where competing materials of domestic production will undermine the demand to such an extent that the value of the tariff will be purely negative as far as the lumber industry is concerned. In some markets, due to the tariff on lumber and the high costs of transport in domestic production, the demand may be reduced to a minimum. The people in such sections of the country are consequently forced to pay higher prices for substitutes, which may or may not be as efficient, than they would for Canadian lumber if there were no tariff. Thus, in this case, a tariff has a negative value both to Canadian and American lumber interests and works a financial hardship upon those sections of the country which are close to Canadian supplies and far removed from domestic sources of lumber.

During normal times the reciprocal trade agreements program would undoubtedly return to American agriculture a large measure of its former foreign markets and with returning agricultural prosperity, the lumber industry would benefit. However, the actions in recent months of the dictator nations have kept the trade agreements policy from meeting with full success. The reciprocal trade program has not brought back to American farmers more than a small portion of their lost markets for wheat, and due to world conditions apparently cannot do so in the near future. Secretary Wallace has already asked Congress for wheat and cotton export subsidies which may or may not be granted.

Almost all the root causes of the depressed economic conditions existing in the world today are ultimately political in origin and without a return to international cooperation and good will there can be no hope for real recovery in trade. The United States is a prominent offender of international good will. It has shut out other nations' goods with prohibitive tariffs and excise taxes, competed with other nations' shipping with vessels subsidized at the expense of its taxpayers, and has at the same time demanded payment for debts which it makes impossible for debtors to pay except in gold. Nationalism carried to overemphasis, destroys the essential foundation of international credit. No country trusts another and all the machinery of international trade stops.

A sound program of tariff reform in this country must recognize that a tariff is a subsidy and that it is of its very nature necessarily discriminatory. When and if public opinion changes from the view that high tariffs consist in getting something for nothing to the view that high tariffs consist in taxing someone for the benefit of someone else the groundwork will have been laid for genuine tariff reform in the United States.

The imposition of high tariffs and excise taxes upon forest products by both Canada and the United States is not a sane attitude toward the competitive problem which confronts the two countries. Such action only causes bitterness, retaliatory measures, suspicion, ill will and the demoralization of trade. Cooperative marketing of those forest products which the Canadian and American forest industries produce in common for export to the markets of the world and the joint development of those same markets is a much more rational approach to the solution of their competitive problem. The cures for

the economic troubles of the forest industries in North America lie in the development not only of cooperative marketing for common surpluses in the markets of the world but also, and perhaps more importantly, the development of a more balanced relationship between domestic needs and productive capacities.

PART EIGHT

APPENDICES

APPENDIX A

THE REFERENCES TO PAPER IN ALL OF THE
UNITED STATES TARIFF LAWS
1789-1938, INCLUSIVE

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THE TARIFF ACT OF JULY 4, 1789

"On all writing, printing or wrapping paper, paper hangings and pasteboard, 7 1/2 per centum ad valorem. On all other goods, wares and merchandise, 5 per centum on the value thereof at the time and place of importation."

THE TARIFF ACT OF AUGUST 10, 1790

"Section 1. Writing paper, and wrapping paper, paper hangings, pasteboards, parchment and vellum, 10 per centum ad valorem." "- - - and 5 per centum ad valorem upon all other goods, wares and merchandise."

THE TARIFF ACT OF MAY 2, 1792

"Section 1. Paper hangings, 15 per centum ad valorem. Sheathing and cartridge paper, 10 per centum ad valorem. All other, 7 1/2 per cent."

THE TARIFF ACT OF JUNE 7, 1794

"Section 1. Sheathing and cartridge paper, 15 per centum. All other, 10 per cent."

THE TARIFF ACT OF APRIL 27, 1816

"Fifth. Paper of all description, pasteboard, paper hangings, parchment, vellum, 30 per centum ad valorem."

THE TARIFF ACT OF MAY 22, 1824

"Fifth. On all paper hangings, 40 per centum ad valorem."

"Fifth. On folio and quarto post paper, of all kinds, 20 cents per

pound. On foolscap and all drawing and writing paper, 17 cents per pound. On printing, copperplate, and stainers' paper, 10 cents per pound. On sheathing paper, binders, and box boards, and wrapping paper, of all kinds, 3 cents per pound. On all other paper, 15 cents per pound."

TARIFF ACT OF JULY 14, 1832

"Twenty-first. On paper hangings, 40 per centum ad valorem."

TARIFF ACT OF AUGUST 30, 1842

"Section 7. First. On bank, folio, quarto post of all kinds, and letter and bank note paper, 17 cents per pound; on antiquarian, demy, drawing, elephant, double elephant, foolscap, imperial, medium, pot, pith, royal, super-royal, and writing paper, 15 cents per pound; on copperplate, blotting, copying, colored for labels, colored for needles, marble or fancy colored, glass paper, morocco paper, pasteboard, pressing board, sandpaper, tissue paper, and all gold or silver paper, whether in strips or sheets, 12 1/2 cents per pound; on colored copperplate, printing and stainers' paper, 10 cents per pound; on binders boards, box boards, mill boards, paper makers' boards, sheathing, wrapping and cartridge paper, 3 cents per pound; and on all envelopes, whether of plain, ornamental or colored paper and all billet doux or fancy note paper of whatever form or size, when of less size than letter paper, 30 per cent; on music paper, with lines, and on paper gilt or covered with metal other than gold or silver, paper snuff boxes, japanned or not japanned, and other fancy paper boxes, 25 per cent; on all paper hangings, or paper for screens or fireboards, 35 per

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cent; on all parchment and vellum, 25 percent; on all other paper not enumerated, 15 cents per pound."

THE TARIFF ACT OF JULY 30, 1846

"Schedule C. Manufactures of paper, or of which paper is a component material, not otherwise provided for, and wares of papier mache, 30 per cent. Paper; antiquarian, demy, drawing, elephant, foolscap, imperial, letter and all other paper not otherwise provided for, 30 per cent. Paper boxes and all other fancy boxes, paper envelopes, parchment, 30 per cent. Paper hangings, and paper for screen or fireboards, sheathing, 20 per cent."

THE TARIFF ACT OF MARCH 3, 1857

"Section 1. Manufactures of paper, or of which paper is a component material, not otherwise provided for, and wares of papier mache, 24 per cent. Paper; antiquarian, demy, drawing, elephant, foolscap, imperial, letter and all other paper not otherwise provided for, 24 per cent. Paper boxes and all other fancy boxes, paper envelopes, parchment, 24 per cent. Paper hangings, and paper for screens or fireboards, sheathing, 15 per cent."

THE TARIFF ACT OF MARCH 2, 1861

"Section 22. Sheathing paper, 10 per cent. Manufactures of paper or of which paper is a component material, not otherwise provided for, 30 per cent, Paper boxes and all other fancy boxes, paper envelopes, 30 per cent. Parchment, paper hangings and paper for screens or fireboards, 30 per cent. Paper; antiquarian, demy, drawing, elephant, foolscap, imperial, letter and all other paper not otherwise provided for, 30 per cent."

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THE TARIFF ACT OF JULY 14, 1862

"Section 13. Manufactures of paper, or of which paper is a component material, not otherwise provided for, 35 per cent. Paper boxes and all other fancy boxes; paper envelopes, paper hangings, and paper for screens and fire boards, 35 per cent. Paper; antiquarian, demy, drawing, elephant, foolscap, imperial, letter and all other paper not otherwise provided for, 35 per cent."

THE TARIFF ACT OF MARCH 3, 1863

"Section 5. And be it further enacted, that in lieu of the duties now imposed by law there shall be levied and collected upon printing paper, unsized, used for books and newspapers exclusively, 20 per cent ad valorem."

THE TARIFF ACT OF JUNE 6, 1872

Existing rates reduced 10 per cent except unsized printing paper, under Section 2 so that paper rates will be as follows;

"Unsize printing paper, 20 per cent. Manufactures of paper, or of which paper is a component material, not otherwise provided for, 31.5 per cent. Paper boxes and all other fancy boxes; paper envelopes, paper hangings and paper for screens or fireboards, 31.5 per cent. Paper; antiquarian, demy, drawing, elephant, foolscap, imperial, letter and all other paper not otherwise provided for, 31.5 per cent. On all sized or glued paper, suitable only for printing paper, 25 per cent."

THE TARIFF ACT OF MARCH 3, 1883

"Schedule M. Paper, sized or glued, suitable only for printing

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paper, 20 per cent. Printing paper, unsized, used for books and newspapers exclusively, 15 per cent. Paper, manufactures of, or of which paper is a component material, not specially enumerated or provided for in this act, 15 per cent. Sheathing paper, 10 per cent. Paper boxes, and all other fancy boxes, 35 per cent. Paper envelopes, 25 per cent. Paper hangings and paper for screens or fireboards, paper, antiquarian, demy, drawing, elephant, foolscap, imperial, letter, note and all other paper not especially enumerated or provided for in this act, 25 per cent. Pulp, dried, 10 per cent."

THE TARIFF ACT OF OCTOBER 1, 1890

"Schedule M. Mechanically ground wood pulp, \$2.50 per ton dry weight; chemical wood pulp unbleached, \$6 per ton dry weight; bleached, \$7 per ton dry weight. Sheathing paper, 10 per cent. Printing paper, unsized, suitable only for books and newspapers, 15 per cent. Printing paper, sized or glued, suitable only for books and newspapers, 20 per cent. Paper known commercially as copying paper, filtering paper, silver paper, and all tissue paper, white or colored, made up in copying books, reams, or in any other form, 8 cents per pound; and in addition thereto, 15 per cent ad valorem; albumenized or sensitized paper, 35 per cent. Papers commercially known as surface coated papers, and manufactures thereof, cardboards, 35 per cent. Paper envelopes, 25 cents per thousand. Paper hangings and paper for screens or fireboards, writing paper, drawing paper, and all other paper not specially provided for in this act, 25 per cent. Manufactures of paper, or of which paper is the component material of chief value, not specially provided for in this act, 25 per cent."

THE TARIFF ACT OF AUGUST 27, 1894

"Schedule M. Mechanically ground wood pulp and chemical wood pulp unbleached or bleached, 10 per cent. Sheathing paper and roofing felt, 10 per cent. Printing paper, unsized, sized or glued, suitable only for books and newspapers, 15 per cent. Papers known commercially as copying paper, filtering paper, silver paper, and tissue paper, white, printed or colored, made up in copying books, reams, or in any other form, 35 per cent; albumenized or sensitized paper, and writing paper and envelopes embossed, engraved, printed, or ornamented, 30 per cent. Parchment papers, and surface coated papers, and manufactures thereof, cardboards, 30 per cent. Paper envelopes, 20 per cent. Paper hangings and paper for screens or fireboards, writing paper, drawing paper, and all other paper not specially provided for in this act, 20 per cent. Manufactures of paper, or of which paper is the component material of chief value, not specially provided for in this act, 20 per cent."

THE TARIFF ACT OF JULY 24, 1897

"Schedule M. Mechanically ground wood pulp, 1/12 of one cent per pound, dry weight; chemical wood pulp, unbleached, 1/6 of one cent per pound, dry weight; bleached, 1/4 of one cent per pound, dry weight; Provided, That if any country or dependency shall impose an export duty on pulp wood exported to the United States, the amount of such export duty shall be added, as an additional duty, to the duties herein imposed upon wood pulp, when imported from such country or dependency.

Sheathing paper and roofing felt, 10 per cent.

Filter masse or filter stock, composed wholly or in part of wood

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pulp, wood flour, cotton or other vegetable fibre, one and one-half cents per pound and 15 per centum ad valorem.

Printing paper, unsized, sized or glued, suitable for books and newspapers, valued at not above two cents per pound, three-tenths of one cent per pound; valued above two cents and not above two and one-half cents per pound, four-tenths of one cent per pound; valued above two and one-half cents per pound and not above three cents per pound, five-tenths of one cent per pound; valued above three cents and not above four cents per pound, six-tenths of one cent per pound; valued above four cents and not above five cents per pound, eight-tenths of one cent per pound; valued above five cents per pound, fifteen per centum ad valorem; Provided, That if any country or dependency shall impose an export duty upon pulp wood exported to the United States, there shall be imposed upon printing paper when imported from such country or dependency, an additional duty of one-tenth of one cent per pound for each dollar of export duty per cord so imposed, and proportionately for fractions of a dollar of such export duty.

Paper commonly known as copying paper, stereotype paper, paper known as bibulous paper, tissue paper, pottery paper, and all similar papers, white, colored or printed, weighing not over six pounds to the ream of four hundred and eighty sheets, on a basis of twenty by thirty inches, and whether in reams or any other form, six cents per pound and fifteen per centum ad valorem; if weighing over six pounds and not over ten pounds to the ream, and letter copying books, whether wholly or partly manufactured, five cents per pound and fifteen per centum ad valorem; crepe paper and filtering paper, five cents per pound and 15 per centum ad valorem.

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Surface coated papers not specially provided for in this Act, two and one-half cents per pound and fifteen per centum ad valorem; if printed, or wholly or partly covered with metal or its solutions, or with gelatin or flock, three cents per pound and twenty per centum ad valorem; parchment paper, two cents per pound and ten per centum ad valorem; plain basic photographic papers for albumenizing, sensitizing, or baryta coating, three cents per pound and ten per centum ad valorem; albumenized, or sensitized paper or paper otherwise surface coated for photographic purposes, thirty per centum ad valorem.

Paper envelopes, plain, twenty per centum ad valorem; of bordered, embossed, printed, tinted, or decorated, thirty-five per centum ad valorem.

Writing paper, letter, note, hand-made, drawing, ledger, bond, record, tablet, and typewriter paper, weighing not less than ten pounds and not more than fifteen pounds to the ream, two cents per pound and ten per centum ad valorem; weighing more than fifteen pounds to the ream, three and one-half cents per pound and fifteen per centum ad valorem; but if any such paper is ruled, bordered, embossed, printed, or decorated in any manner, it shall pay ten per centum ad valorem, in addition to the foregoing rates. Provided, that in any computing the duty on such paper every one hundred and eighty thousand square inches shall be taken to be a ream.

Paper hangings and paper for screens or fireboards, and all other paper not specially provided for in this Act, twenty-five per centum ad valorem; all Jacquered designs of one line paper, or parts of such designs, finished or unfinished, thirty-five per centum ad valorem; Jacquered designs cut on Jacquered cards, or parts of such designs,

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finished or unfinished, thirty-five per centum ad valorem.

All fancy boxes made of paper, or of which paper is the component material of chief value, or if covered with surface coated paper, forty-five per centum ad valorem.

Manufactures of paper, or of which paper is the component material of chief value, not specially provided for in this Act, thirty-five per centum ad valorem."

THE TARIFF ACT OF AUGUST 5, 1909

"Schedule M. Mechanically ground wood pulp, one-twelfth of one cent per pound, dry weight; Provided, however, that mechanically ground wood pulp shall be admitted free of any duty from any country, dependency, province, or other subdivision of government (being the product thereof) which does not forbid or restrict in any way the exportation of (whether by law, order, regulation, contractual relation, or otherwise, directly or indirectly) or impose any export duty, export license fee, or other export charge of any kind whatsoever, either directly or indirectly (whether in the form of additional charge or license fee or otherwise) upon printing paper, mechanically ground wood-pulp, or wood for use in the manufacture of wood pulp; Provided further, that if any country, dependency, province or other subdivision of government shall impose an export duty or other export charge of any kind whatsoever, either directly or indirectly (whether in the form of additional charge, or license fee, or otherwise) upon printing paper, mechanically ground wood pulp, or wood for use in the manufacture of wood pulp, the amount of such duty (export) or other export charge shall be added as an additional duty to the duty herein imposed upon mechanically ground wood pulp when imported directly or indirectly

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from such country, dependency, province, or other subdivision of government. Chemical wood pulp, unbleached, one-sixth of one cent per pound, dry weight; bleached, one-fourth of one cent per pound, dry weight; Provided, that if any country, dependency, province, or other subdivision of government shall impose an export duty, or other export charge of any kind whatsoever, either directly or indirectly (whether in the form of additional charges or license fees or otherwise) upon printing paper, chemical wood pulp, or wood for use in the manufacture of wood pulp, the amount of such export duty, or other export charge, shall be added as an additional duty to the duties herein imposed upon chemical wood pulp when imported directly or indirectly from such country, dependency, province, or other subdivision of government.

Sheathing paper and roofing felt, 10 per centum ad valorem.

Filter masse or filter stock, composed wholly or in part of wood pulp, cotton or other vegetable fibre, one and one-half cents per pound and 15 per centum ad valorem.

Printing paper (other than paper commercially known as hand-made or machine hand-made paper, japan paper, and imitation paper (japan) by whatever name known), unsized, sized, or glued, suitable for the printing of books and newspapers, but not for covers or bindings, not specially provided for in this section, valued at not above two and one-fourth cents per pound, three-sixteenths of one cent per pound; valued above two and one-fourth cents and not above two and one-half cents per pound, ~~three-~~ tenths of one cent per pound; valued above two and one-half cents per pound, and not above four cents per pound, five-tenths of one cent per pound; valued above four cents and not above five cents per pound, eight-

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tenths of one cent per pound; valued above five cents per pound, fifteen per centum ad valorem; Provided, however, that if any country, dependency, province, or other subdivision of government shall forbid or restrict in any way the exportation of (whether by law, order, regulation, contractual relation, or otherwise, directly or indirectly) or impose any export duty, export license fee, or other export charge of any kind whatsoever (whether in the form of additional charge or license fee or otherwise) upon printing paper, wood pulp, or wood for the use in the manufacture of wood pulp, there shall be imposed upon printing paper when imported either directly or indirectly from such country, dependency, province, or other subdivision of government, an additional duty of one-tenth of one cent per pound when valued at three cents per pound, or less, and in addition thereto the amount of such export duty or other export charge imposed by such country, dependency, province, or other subdivision of government, upon printing paper, wood pulp, or wood for use in the manufacture of wood pulp.

Papers commonly known as copying paper, stereotype paper, bibulous paper, tissue paper, pottery paper, and all papers not specially provided for in this section, colored or uncolored, white or printed, weighing not over six pounds to the ream of four hundred and eighty sheets, on the basis of twenty by thirty inches, and whether in reams or any other form, six cents per pound and 15 per centum ad valorem; if weighing over six pounds and less than ten pounds to the ream, and letter copying books, whether wholly or partly manufactured, five cents per pound and fifteen per centum ad valorem; crepe paper and filtering paper, 5 cents per pound and 15 per

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centum ad valorem; Provided, that no article composed wholly or in chief value of one or more papers specified in this paragraph shall pay a less rate of duty than that imposed on the component paper of chief value of which such article is made.

Papers with coated surfaces or surfaces, not specially provided for in this section, five cents per pound; if wholly or partly covered with metal or its solutions (except as herein-after provided), or with gelatin or flock, or if embossed or printed, five cents per pound and 20 per centum ad valorem; papers, including wrapping paper, with the surface decorated or covered with a design, fancy effect, pattern or character, whether produced in the pulp or otherwise, but not by lithographic process, four and one-half cents per pound; if embossed or wholly or partly covered with metal or its solutions, or with gelatin or flock, five cents per pound and 20 per centum ad valorem; Provided, that paper or partly covered with metal or its solutions, and weighing less than fifteen pounds per ream of four hundred and eighty sheets, on a basis of twenty by twenty-five inches shall pay a duty of five cents per pound and twenty-five per centum ad valorem; parchment papers, and grease proof and imitation parchment papers which have been supercalendered and rendered transparent or partially so, by whatever name known, two cents per pound and 10 per centum ad valorem; all other grease proof and imitation parchment papers, not specially provided for in this section, by whatever name known, two cents per pound and 10 per centum ad valorem; bags, envelopes, printed matter other than lithographic, and all other articles composed wholly or in chief value of any of the foregoing papers, not specially provided for in this section, and all boxes of paper or wood covered with any of the

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foregoing paper, five cents per pound and thirty per centum ad valorem; albumenized or sensitized paper or paper otherwise surface coated for papers for albumenizing, sensitizing, baryta coating, or for photographic or solar printing processes, three cents per pound and 10 per centum ad valorem.

Writing, letter, note, hand-made paper and paper commercially known as hand-made paper and machine hand-made paper, japan paper and imitation japan paper by whatever name known, and ledger, bond, record, tablet, typewriter, manifold, and onionskin and imitation onionskin papers calendered or supercalendered, weighing six and one-fourth pounds or over per ream, three cents per pound and 15 per centum ad valorem; but if any such paper is ruled, bordered, embossed, printed, lined, or decorated in any manner, other than by lithographic process; it shall pay 10 per centum ad valorem in addition to the foregoing rates; Provided, that in computing the duty on such paper every one hundred and eighty thousand square inches shall be taken to be a ream.

Paper envelopes not specially provided for in this section, folded or flat, if plain, 20 per centum ad valorem; if bordered, embossed, printed, tinted, decorated, or lined, 35 per centum ad valorem.

Jacquard designs on ruled paper, or cut on Jacquard cards, and parts of such designs, cardboard and bristol board, 35 per centum ad valorem; press boards or press paper, valued at ten cents per pound or over, 35 per centum ad valorem; paper hangings with paper back or composed wholly or in chief value of paper, 25 per centum ad valorem; wrapping paper not specially

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provided for in this section, 35 per centum ad valorem; paper not specially provided for in this section, 30 per centum ad valorem; Provided, that paper embossed, or cut, die cut, or stamped into designs or shapes, such as initials, monograms, lace borders, bands, strips, or other forms, or cut or shaped for boxes, plain or printed, but not lithographed, and not specially provided for in this section, shall be dutiable at 35 per centum ad valorem; articles composed wholly or in chief value of paper printed by the photogelatin process and not specially provided for in this Act, three cents per pound and 25 per centum ad valorem.

All boxes made wholly or in chief value of paper or papier-mache, if covered with surface coated paper, 45 per centum ad valorem.

Manufactures of paper, or of which paper is the component material of chief value, not specially provided for in this section, 35 per centum ad valorem."

THE ACT OF JULY 26, 1911 -- CANADIAN
RECIPROCITY ACT

"Section 2. Pulp of wood mechanically ground; pulp of wood, chemical, bleached, or unbleached; newsprint paper, and other paper, and paperboard, manufactured from mechanical wood pulp or from chemical wood pulp or of which such pulp is the component material of chief value, colored in the pulp, or not colored, and valued at not more than four cents per pound, not including printed or decorated wall paper, being the products of Canada, when imported therefrom directly into the United States, shall be admitted free of duty,

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on the condition precedent that no export duty, export license fee, or other export charge of any kind whatsoever (whether in the form of additional charge or license fee or otherwise), or any prohibition or restriction in any way of the exportation (whether by law, order, regulation, contractual relation, or otherwise, directly or indirectly), shall have been imposed upon such paper, board, or wood pulp, or the wood used in the manufacture of such paper, board, or wood pulp, or the wood used in the manufacture of such paper or board."

THE TARIFF ACT OF OCTOBER 3, 1913

"Section 649, free list. Mechanically ground wood pulp, chemical wood pulp, unbleached or bleached, and rag pulp."

"Schedule M. Sheathing paper, pulpboard in rolls, not laminated, roofing felt, common paper-box board, not coated, lined, embossed, printed or decorated in any manner, nor cut into shapes for boxes or other articles, 5 per centum ad valorem.

Filter masse or filter stock, composed wholly or in part of wood pulp, wood flour, cotton or other vegetable fibre, 20 per centum ad valorem.

Printing paper (other than paper commercially known as hand made or machine hand made paper, japan paper, and imitation japan paper by whatever name known), unsized, sized, or glued, suitable for the printing of books and newspapers, but not for covers or bindings, not specially provided for in this section, valued above two and one-half cents per pound, 12 per centum ad valorem; Provided, however, that if any country, dependency, province or other subdivision of government shall impose

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any export duty, export license fee or other charge of any kind whatsoever (whether in the form of additional charge or license fee or otherwise) upon printing paper, wood pulp or wood for use in the manufacture of wood pulp, there shall be imposed upon printing paper, valued above two and one-half cents per pound, when imported either directly or indirectly from such country, dependency, province or other subdivision of government, an additional duty equal to the amount of the highest export duty or other export charge imposed by such country, dependency, province, or other subdivision of government, upon either printing paper, or upon an amount of wood pulp, or wood for use in the manufacture of wood pulp necessary to manufacture such printing paper.

Papers commonly known as copying paper, stereotype paper, bibulous paper, tissue paper, pottery paper, letter-copying books, wholly or partly manufactured, crepe paper and filtering paper, and articles manufactured from any of the foregoing papers or of which such paper is the component material of chief value, 30 per centum ad valorem.

Papers wholly or partly covered with metal leaf or with gelatin or flock, papers with white coated surface or surfaces, calender plate finished, hand dipped marbled paper, parchment paper, and lithographic transfer not printed, 25 per centum ad valorem; papers with coated surface or surfaces suitable for covering boxes, not specially provided for, whether or not embossed or printed except by lithographic process, 40 per centum ad valorem; all other paper with coated surface or surfaces not specially provided for, in this section; uncoated papers, gummed, or with surface or surfaces wholly or partly decorated or covered with a design, fancy effect, pattern, or character, whether produced in the pulp or otherwise except by lithographic process, cloth-lined or

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reinforced papers, and grease proof and imitation parchment papers which have been supercalendered and rendered transparent or partially so, by whatever name known, all other grease proof and imitation parchment papers, not specially provided for in this section, by whatever name known, bags, envelopes, and all other articles composed wholly or in chief value of any of the foregoing papers, not specially provided for in this section, and all boxes of paper or papier mache or wood covered with any of the foregoing papers or covered or lined with cotton or other vegetable fibre, 35 per centum ad valorem; albumenized or sensitized paper or paper otherwise surface coated for photographic purposes, 25 per centum ad valorem; plain basic papers for albumenizing, sensitizing, baryta coating, or for photographic or solar printing processes, 15 per centum ad valorem.

Writing, letter, note, drawing, hand made paper and paper commercially known as hand made paper and machine hand made paper, japan paper and imitation japan paper by whatever name known, and ledger, bond, record, tablet, typewriter, and onionskin and imitation onionskin papers calendered or uncalendered, whether or not any such paper is ruled, bordered, embossed, printed, lined, or decorated in any manner, 25 per centum ad valorem.

Paper envelopes, folded or flat, not specially provided for in this section, 15 per centum ad valorem.

Jacquard designs on ruled paper, or cut on Jacquard cards, and parts of such designs, cardboard and bristol board, press boards, paper hangings with paper back or composed wholly or in chief value of paper,

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and wrapping paper not specially provided for in this section, 25 per centum ad valorem.

All paper and manufactures of paper or of which paper is the component material of chief value, not specially provided for in this section, 25 per centum ad valorem."

PUBLIC LAW NO. 27, 64th CONGRESS,

FIRST SESSION, SEPTEMBER 8, 1916

(Amendment to paper tariff)

"Section 600. That paragraph 322, Schedule M, and paragraph 567, free list of the Tariff Act of October 3, 1913, be amended so that the same shall read as follows:

"Printing paper (other than paper commercially known as hand made or machine hand made paper, japan paper, and imitation japan paper by whatever name known), unsized, sized or glued, suitable for the printing of books and newspapers, but not for covers or bindings, not specially provided for in this section, valued above 5 cents per pound, 12 per centum ad valorem; Provided, however, that if any country, dependency, province, or other subdivision of government shall impose any export duty, export license fee, or other charge of any kind whatsoever (whether in the form of additional charge or license fee or otherwise) upon printing paper, wood pulp, or wood for use in the manufacture of wood pulp, there shall be imposed upon printing paper, values above 5 cents per pound, when imported directly or indirectly from such country, dependency, province, or other subdivision of government, an additional duty equal to the amount of the highest export duty or other export charge imposed

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by such country, dependency, province, or other subdivision of government, upon either printing paper or upon an amount of wood pulp, or wood for use in the manufacture of wood pulp necessary to manufacture such printing paper."

"567. Printing paper (other than paper commercially known as hand-made or machine hand-made paper, japan paper, and imitation japan paper by whatever name known), unsized, sized, or glued, suitable for the printing of books and newspapers, but not for covers or bindings, not specially provided for in this section, valued at not above 5 cents per pound, decalcomania paper not printed."

PUBLIC LAW NO. 185, 66th CONGRESS,

APRIL 23, 1920

(Amendment to paper tariff)

"Section 600 of the act approved September 8, 1916, is amended to read as follows:

"Section 600. That paragraph 322, Schedule M, and paragraph 567 of the free list of the act approved October 3, 1913, is amended to read as follows:

"322. Printing paper (other than paper commercially known as hand-made or machine hand-made, japan paper, and imitation japan paper by whatever name known), unsized, sized, or glued, suitable for the printing of books and newspapers, but not for covers or bindings, not specially provided for in this section, valued above 8 cents per pound, 12 per centum ad valorem; Provided, however, that if any country, dependency, province, or other subdivision of government shall impose

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any export duty, export license fee, or other charge of any kind whatsoever (whether in the form of additional charge or license fee or otherwise) upon printing paper, wood pulp, or wood for use in the manufacture of wood pulp. there shall be imposed upon printing paper, value above 8 cents per pound, when imported either directly or indirectly from such country, dependency, province, or other subdivision of government, an additional duty equal to the amount of the highest export duty or other export charge imposed by such country, dependency, province, or other subdivision of government, upon either printing paper or upon an amount of wood pulp for use in the manufacture of wood pulp necessary to manufacture such printing paper.

"567. Printing paper (other than paper commercially known as hand-made or machine hand-made paper, japan paper, and imitation japan paper by whatever name known), unsized, sized, or glued, suitable for printing of books and newspapers, but not for covers or bindings, not specially provided for in this section, valued at not above 8 cents per pound, decalcomania paper not printed,"

"Section 2. That this act shall expire by limitation at the end of two years from the date of its passage, and Section 600 of the act approved September 8, 1916, entitled 'An Act to increase the revenue, and for other purposes,' as in effect prior to the passage of this Act, shall again become operative in its stead."

THE TARIFF ACT OF SEPTEMBER 21, 1922

"Par. 1672. Standard newsprint paper," (free).

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"Schedule 13. Printing paper, not specially provided for, one-fourth of one cent per pound and 10 per centum ad valorem; Provided, that if any country, dependency, province, or other subdivision of government shall forbid or restrict in any way the exportation of (whether by law, regulation, contractual relation, or otherwise, directly or indirectly) or impose any export duty, export license fee, or other export charge of any kind whatsoever (whether in the form of additional charge or license fee or otherwise) upon printing paper, wood pulp, or wood for use in the manufacture of wood pulp, the President may enter into negotiations with such country, dependency, province, or other subdivision of government to secure the removal of such prohibition, restriction, export duty, or other export charge, and if it is not removed he may, by proclamation, declare such failure of negotiations, setting forth the facts. Thereupon, and until such prohibition, restriction, export duty, or other export charge is removed, there shall be imposed upon printing paper provided for in this paragraph, when imported either directly or indirectly from such country, dependency, province, or other subdivision of government, an additional duty of 10 per centum ad valorem and in addition thereto an amount equal to the highest export duty or other export charge imposed by such country, dependency, province, or other subdivision of government, upon either an equal amount of printing paper or an amount of wood pulp or wood for use in the manufacture of wood pulp necessary to manufacture such printing paper.

Paperboard, wallboard, and pulpboard, including cardboard, and leatherboard or compress leather, not laminated, glazed, coated, lined,

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embossed, printed, decorated, or ornamented in any manner, nor cut into shapes for boxes or other articles and not specially provided for, 10 per centum ad valorem; pulpboard in rolls for use in the manufacture of wallboard, 5 per centum ad valorem; Provided, that for the purposes of this Act any of the foregoing less than nine one-thousandths of an inch in thickness shall be deemed to be paper; sheathing paper, roofing paper, deadening felt, sheathing felt, roofing felt or felt roofing, whether or not saturated or coated, 10 per centum ad valorem. If any country, dependency, province, or other subdivision of government imposes a duty on any article specified in this paragraph, when imported from the United States, in excess of the duty herein provided, there shall be imposed upon such article, when imported either directly or indirectly from such country, dependency, province, or other subdivision of government, a duty equal to that imposed by such country, dependency, province, or other subdivision of government on such article imported from the United States.

Filter masse or filter stock, composed wholly or in part of wood pulp, wood flour, cotton or other vegetable fibre, 20 per centum ad valorem; indurated fibre ware, masks composed of paper, pulp or papier mache, manufactures of pulp, and manufactures of papier mache, not specially provided for, 25 per centum ad valorem.

Papers commonly known as tissue paper, stereotype paper, and copying paper, india and bible paper, condenser paper, carbon paper, coated or uncoated, bibulous paper, pottery paper, tissue paper for waxing, and all paper similar to any of the foregoing, not specially provided for, colored or uncolored, white or printed, weighing not over six pounds to the ream of four hundred and eighty sheets on the basis of

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twenty by thirty inches, and whether in reams or any other form, 6 cents per pound and 15 per centum ad valorem; weighing over six pounds and less than ten pounds to the ream, 5 cents per pound and 15 per centum ad valorem; india and bible paper weighing ten pounds or more and less than eighteen pounds to the ream, 4 cents per pound and 15 per centum ad valorem; crepe paper, 6 cents per pound and 15 per centum ad valorem; Provided, that no article composed wholly or in chief value of one or more of the papers specified in this paragraph shall pay a less rate of duty than that imposed upon the component paper of chief value of which such article is used.

Papers with coated surface or surfaces, not specially provided for, 5 cents per pound and 15 per centum ad valorem; papers with coated surface or surfaces embossed or printed or otherwise than lithographically and papers wholly or partly covered with metal or its solutions (except as herein provided), or with gelatin, linseed oil cement, or flock, 5 cents per pound and 15 per centum ad valorem; papers, including wrapping paper, with the surface or surfaces, wholly or partly decorated or covered with a design, fancy effect, pattern, or characters, except designs, fancy effects, patterns, or characters produced on a paper machine without attachments, or produced by lithographic process, 4 1/2 cents per pound, and in addition thereto, if embossed, or printed otherwise than lithographically, or wholly or partly covered with metal or its solutions, or with gelatin or flock, 17 per centum ad valorem; Provided, that paper wholly or partly covered with metal or its solutions, and weighing less than fifteen pounds per ream of four hundred and eighty sheets, on the

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basis of twenty by twenty-five inches shall pay a duty of 5 cents per pound and 17 per centum ad valorem; gummed papers, not specially provided for, including simplex ~~decalcomania~~ paper not printed, 5 cents per pound; cloth lined or reinforced paper, 5 cents per pound and 17 per centum ad valorem; papers with paraffin or wax coated surface or surfaces, vegetable parchment paper, grease proof and imitation parchment papers which have been supercalendered and rendered transparent or partially so, by whatever name known, all other grease proof and imitation parchment paper, not specially provided for, by whatever name known, 3 cents per pound and 15 per centum ad valorem; bags, printed matter other than lithographic, and all other articles, composed wholly or in chief value of any of the foregoing papers, not specially provided for, and all boxes of paper or papier mache or wood covered or lined with any of the foregoing papers or lithographic paper, or covered or lined with cotton or other vegetable fibre, 5 cents per pound and 20 per centum ad valorem; plain basic paper for albumenizing, sensitizing, baryta coating, or for photographic processes by using solar or artificial light, 3 cents per pound and 15 per centum ad valorem; albumenized, or sensitized paper or paper otherwise surface coated for photographic purposes, 3 cents per pound and 20 per centum ad valorem; wet transfer paper or paper prepared wholly with glycerin or glycerin combined with other materials, containing the imprints taken from lithographic plates or stones, 65 per centum ad valorem.

Writing, letter, note, drawing, hand-made paper and paper commercially known as hand-made paper and machine hand-made paper, japan

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paper and imitation japan paper by whatever name known, Bristol board of the kinds made on the Fourdrinier machine, and ledger, bond, record, tablet, typewriter, manifold, and onionskin and imitation onionskin paper, calendered or uncalendered, weighing seven pounds or over per ream, and paper similar to any of the foregoing, 3 cents per pound and 15 per centum ad valorem; but if any of the foregoing is ruled, bordered, embossed, printed, lined, or decorated in any manner, other than by lithographic process, it shall pay ten per centum ad valorem in addition to the foregoing rates; Provided, that in computing the duty on such paper every one hundred and eighty-seven thousand square inches shall be taken as a ream.

Paper envelopes not specially provided for shall pay the same rate of duty as the paper from which made and in addition thereto, if plain, 5 per centum ad valorem; if bordered, embossed, printed, tinted, decorated, or lined, 10 per centum ad valorem; if lithographed, 30 per centum ad valorem.

Jacquard designs on ruled paper, or cut on Jacquard cards, and parts of such designs, 35 per centum ad valorem; hanging paper, not printed, lithographed, dyed or colored, 10 per centum ad valorem; printed, lithographed, dyed, or colored, 1 1/2 cents per pound and 20 per centum ad valorem; blotting paper, 30 per centum ad valorem; filtering paper, 5 cents per pound and 15 per centum ad valorem; paper not specially provided for, 30 per centum ad valorem.

Papers and paperboard and pulpboard, including cardboard and leather-board or compress leather, embossed, cut, die-cut, or stamped into designs or shapes, such as initials, monograms, lace, borders, stripes or other forms, or cut or shaped for boxes or other articles, plain or printed,

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but not lithographed, and not specially provided for; paperboard and pulpboard, including cardboard and leatherboard or compress leather, laminated, glazed, coated, lined, printed, decorated, or ornamented, in any manner; press boards and press paper, all the foregoing 30 per centum ad valorem; test or container boards of a bursting strength above sixty pounds per square inch by the Mullen or Webb test, 20 per centum ad valorem; stereotype matrix mat or board, 35 per centum ad valorem; wall pockets, composed wholly or in chief value of paper, papier mache or paperboard, whether or not die-cut, embossed, or printed lithographically or otherwise; boxes, composed wholly or in chief value of paper, papier mache or paperboard, and not specially provided for; manufactures of paper, or of which paper is the component material of chief value, not specially provided for, all the foregoing, 35 per centum ad valorem."

THE TARIFF ACT OF JUNE 17, 1930

"Schedule 14. - Papers and Books."

"Par. 1401. Uncoated papers commonly or commercially known as book paper, and all uncoated printing paper, not specially provided for, not including cover paper, one-fourth of 1 cent per pound and 10 per centum ad valorem; Provided, That, if any country, dependency, province, or other subdivision of government shall forbid or restrict in any way the exportation of (whether by law, order, regulation, contractual relation, or otherwise, directly or indirectly), or impose any export duty, export license fee, or other export charge of any kind whatsoever (whether in the form of additional charge or license fee or otherwise) upon printing paper, or wood pulp, or wood for use in the manufacture of wood pulp, the President may enter into negotiations with such country, dependency, province, or other subdivision of

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government to secure the removal of such prohibition, restriction, export duty, or other export charge, and if it is not removed he may by proclamation, declare such failure of negotiations, setting forth the facts. Thereupon, and until such prohibition, restriction, export duty, or other export charge is removed, there shall be imposed upon printing paper provided for in this paragraph, when imported either directly or indirectly from such country, dependency, province, or other subdivision of government, and additional duty of 10 per centum ad valorem and in addition thereto an amount equal to the highest export duty or other export charge imposed by such country, dependency, province, or other subdivision of government, upon either an equal amount of printing paper or an amount of wood pulp or wood for use in the manufacture of wood pulp necessary to manufacture such printing paper.

Par. 1402. Paper board, wallboard, and pulpboard, including cardboard, and leather board or compressed leather, not plate finished, supercalendered or friction calendered, laminated by means of an adhesive substance, coated, surface stained or dyed, lined or vat-lined, embossed, printed, decorated or ornamented in any manner, nor cut into shapes for boxes or other articles and not specially provided for, 10 per centum ad valorem: Provided, That for the purpose of this Act any of the foregoing less than twelve one-thousandths of one inch in thickness shall be deemed to be paper; sheathing paper, roofing paper, deadening felt, sheathing felt, roofing felt or felt roofing, whether or not saturated or coated, 10 per centum ad valorem. If any country, dependency, province, or other

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subdivision of government imposes a duty on any article specified in this paragraph, when imported from the United States, in excess of the duty herein provided, there shall be imposed upon such article, when imported either directly or indirectly from such country, dependency, province, or other subdivision of government on such article imported from the United States.

Par. 1403. Filter masse or filter stock, composed wholly or in part of wood pulp, wood flour, cotton or other vegetable fibre, 20 per centum ad valorem; indurated fiber ware, masks composed of paper pulp or papier-mache, and manufactures of papier-mache, not specially provided for, 25 per centum ad valorem; manufactures of pulp, not specially provided for, 30 per centum ad valorem.

Par. 1404. Papers commonly or commercially known as tissue paper, stereotype paper, and copying paper, india and bible paper, condenser paper, carbon paper, coated or uncoated, bibulous paper, pottery paper, tissue paper for waxing, and all paper similar to any of the foregoing, not specially provided for, colored or uncolored, white or printed, weighing not over six pounds to the ream, and whether in sheets or any other form, 6 cents per pound and 20 per centum ad valorem; weighing over six pounds and less than ten pounds to the ream, 5 cents per pound and 15 per centum ad valorem; india and bible paper weighing ten pounds or more and less than twenty and one-half pounds to the ream, 4 cents per pound and 15 per centum ad valorem; crepe paper, commonly or commercially so known, including paper creped or partly creped in any manner, and paper wadding, and pulp wadding, and manufactures of such

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wadding, 6 cents per pound and 15 per centum ad valorem; Provided, That no article composed wholly or in chief value of one or more of the papers specified in this paragraph shall be subject to a less rate of duty than that imposed upon the component paper of chief value of which the article is made; Provided further, That the term "ream" as used in this paragraph means two hundred and eighty-eight thousand square inches.

Par. 1405. Papers with coated surface or surfaces, not specially provided for, 5 cents per pound and 15 per centum ad valorem; papers with coated surface or surfaces, embossed or printed otherwise than lithographically, and papers wholly or partly covered with metal or its solutions (except as herein provided), or with gelatin, linseed oil cement, or flock, 5 cents per pound and 15 per centum ad valorem; uncoated papers, including wrapping paper, with the surface or surfaces wholly or partly decorated or covered with a design, fancy effect, pattern, or character, except designs, fancy effects, patterns, or characters produced on a paper machine without attachments, or produced by lithographic process, 4 1/2 cents per pound and 10 per centum ad valorem, and in addition thereto, if embossed, or printed otherwise than lithographically, or wholly or partly covered with metal or its solutions, or with gelatin or flock, 10 per centum ad valorem; Provided, That paper wholly or partly covered with metal or its solutions, and weighing less than fifteen pounds per ream of four hundred and eighty sheets, on the basis of twenty by twenty-five inches, shall be subject to a duty of 5 cents per pound

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and 18 per centum ad valorem; gummed papers, not specially provided for, 5 cents per pound; simplex decalcomania paper not printed, 5 cents per pound and 10 per centum ad valorem; cloth-lined or reinforced paper, 5 cents per pound and 17 per centum ad valorem; papers with paraffin or wax-coated surface or surfaces, vegetable parchment paper, grease proof and imitation parchment papers which have been supercalendered and rendered transparent or partially so, by whatever name known, all other grease-proof and imitation parchment paper, not specially provided for, by whatever name known, 3 cents per pound and 15 per centum ad valorem; bags, printed matter other than lithographic, and all other articles, composed wholly or in chief value of any of the foregoing papers, not specially provided for, and all boxes of paper or papier-mache or wood covered or lined with any of the foregoing papers or lithographed paper, or covered or lined with cotton or other vegetable fiber, 5 cents per pound and 20 per centum ad valorem; plain basic paper ordinarily used in the manufacture of paper commonly or commercially known either as blue print or brown print, and plain basic paper ordinarily used for similar purposes, 20 per centum ad valorem; sensitized paper commonly or commercially known either as blue print or brown print, and similar sensitized paper, 25 per centum ad valorem; unsensitized basic paper, and baryta coated paper, to be sensitized for use in photography, 5 per centum ad valorem; sensitized paper, to be used in photography, 30 per centum ad valorem; wet transfer paper or paper prepared wholly with glycerin or glycerin combined with other materials, containing the imprints taken from lithographic plates or stones, 65 per centum ad valorem.

Par. 1406. Pictures, calendars, cards, labels, flaps, cigar bands, placards, and other articles, composed wholly or in chief value of paper

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lithographically printed in whole or in part from stone, gelatin, metal, or other material (except boxes, views of American scenery or objects, and music, and illustrations when forming part of a periodical or newspaper, or of bound or unbound books, accompanying the same), not specially provided for, shall be subject to duty at the following rates: Labels and flaps, printed in less than eight colors (bronze printing to be counted as two colors), but not printed in whole or in part in metal leaf, 30 cents per pound; cigar bands of the same number of colors and printings, 35 cents per pound; labels and flaps printed in eight or more colors (bronze printing to be counted as two colors), but not printed in whole or in part in metal leaf, 40 cents per pound; cigar bands of the same number of colors and printings, 50 cents per pound; labels and flaps, printed in whole or in part in metal leaf, 60 cents per pound; cigar bands, printed in whole or in part in metal leaf, 65 cents per pound; all labels, flaps and bands, not exceeding ten square inches cutting size in dimensions, if embossed or die-cut, shall be subject to the same rate of duty as hereinbefore provided for cigar bands of the same number of colors and printings (but no extra duty shall be assessed on labels, flaps, and bands for embossing or die-cutting); transparencies, printed lithographically or otherwise, in not more than five printings (bronze printing to be counted as two printings), 40 per centum ad valorem; in more than five printings (bronze printing to be counted as two printings), 50 per centum ad valorem; Provided, That all invoices shall state the number of separate printings actually employed in the production of the transparency; fashion magazines or periodicals, printed in whole or in part by lithographic process or decorated by hand, 8 cents per pound; decalcomanias in ceramic colors,

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weighing not over one hundred pounds per one thousand sheets on the basis of twenty by thirty inches in dimensions, \$1.25 per pound and 15 per centum ad valorem; weighing over one hundred pounds per one thousand sheets on the basis of twenty by thirty inches in dimensions, 30 cents per pound and 15 per centum ad valorem; all other decalcomanias, except toy decalcomanias, if not backed with metal leaf, 40 cents per pound; if backed by metal leaf, 65 cents per pound; all articles other than those hereinbefore specifically provided for in this paragraph, not exceeding twelve one-thousandths of one inch in thickness, 30 cents per pound; exceeding twelve and not exceeding twenty one-thousandths of one inch in thickness, and less than thirty-five square inches cutting size in dimensions, 12 cents per pound, and in addition thereto on all said articles exceeding twelve and not exceeding twenty one-thousandths of one inch in thickness, if either die-cut or embossed, $\frac{3}{4}$ of one cent per pound; if both die-cut and embossed, 1 $\frac{1}{2}$ cents per pound; exceeding twenty one-thousandths of one inch in thickness, 8 $\frac{3}{4}$ cents per pound; Provided, That in the case of articles hereinbefore specified the thickness which shall determine the rate of duty to be imposed shall be that of the thinnest material found in the article, but for the purposes of this paragraph the thickness of lithographs mounted or pasted upon paper, cardboard, or other material shall be the combined thickness of the lithograph and the foundation on which it is mounted or pasted, and the cutting size shall be the area which is the product of the greatest dimensions of length and breadth of the article, and if the article is made up of more than one piece, the cutting size shall be the combined cutting sizes of all of the lithographically printed parts in the article.

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Par. 1407. (a) Correspondence cards, writing, letter, note, drawing, and handmade paper, paper commonly or commercially known as handmade or machine handmade paper, japan paper and imitation japan paper by whatever name known, Bristol board of the kind made on a Fourdrinier or a multicylinder machine, ledger, bond, record, tablet, typewriter, manifold, onionskin, and imitation onionskin paper, and paper similar to any of the foregoing, all the above weighing eight pounds or over per ream, 3 cents per pound and 15 per centum ad valorem; if ruled, bordered, embossed, printed, lined, or decorated in any manner, whether in the pulp or otherwise, other than by lithographic process, 10 per centum ad valorem in addition; correspondence cards, and writing paper, letter, and note paper, in sheets less than one hundred and ten square inches in area, shall be subject to an additional cumulative duty of 5 per centum ad valorem.

(b) Sheets of writing paper, letter, and note paper, with border gummed or perforated, with or without inserts, prepared for use as combination sheet and envelope, and papeteries, 40 per centum ad valorem. The term "papeteries" as used in this paragraph means writing, letter, or note paper, or correspondence cards, together with the envelopes, packed or assembled into boxes, portfolios, folders, or other containers, in which such articles are sold as a unit to the ultimate consumer, including such containers.

(c) The term "ream" as used in this paragraph means one hundred and eighty-seven thousand square inches.

Par. 1408. Paper envelopes, filled or unfilled, whether the contents are dutiable or free, not specially provided for, shall be subject to the same rate of duty as the paper from which made and in

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addition thereto, if plain, 5 per centum ad valorem; if bordered, embossed, printed, tinted, decorated, or lined, 10 per centum ad valorem; if lithographed, 30 per centum ad valorem; Provided, That paper envelopes which contain merchandise subject to an ad valorem rate of duty or a duty based in whole or in part upon the value thereof shall be dutiable at the rate applicable to their contents but not less than the rates provided for herein.

Par. 1409. Jacquard designs on ruled paper, or cut on Jacquard cards, and parts of such designs, 35 per centum ad valorem; hanging paper, not printed, lithographed, dyed, or colored, 10 per centum ad valorem; printed, lithographed, dyed, or colored, 1 1/2 cents per pound and 20 per centum ad valorem; wrapping paper not specially provided for, 30 per centum ad valorem; blotting paper, 30 per centum ad valorem; filtering paper, 5 cents per pound and 15 per centum ad valorem; paper commonly or commercially known as cover paper, plain, uncoated, and undecorated, 30 per centum ad valorem; paper not specially provided for, 30 per centum ad valorem.

Par. 1410. Unbound books of all kinds, bound books of all kinds except those bound wholly or in part in leather, sheets or printed pages of books bound wholly or in part in leather, pamphlets, music in books or sheets, and printed matter, all the foregoing not specially provided for, if of bona fide foreign authorship, 15 per centum ad valorem; all other, not specially provided for, 25 per centum ad valorem; Provided, That exported books of domestic manufacture, when returned to the United States after having been advanced in value or improved in condition by any process of manufacture or other means, shall, under rules and regulations

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prescribed by the Secretary of the Treasury, be dutiable only on the cost of materials added and labor performed in a foreign country; blank books, slate books, drawings, engravings, photographs, etchings, maps, and charts, 25 per centum ad valorem; book bindings or covers wholly or in part of leather, not specially provided for, 30 per centum ad valorem; books of paper or other material for childrens use, printed lithographically or otherwise, not exceeding in weight twenty-four ounces each, with reading matter other than letters, numerals, or descriptive words, 15 per centum ad valorem; booklets, printed lithographically or otherwise, not specially provided for, 7 cents per pound; booklets, wholly or in chief value of paper, decorated in whole or in part by hand or by spraying, whether or not printed, not specially provided for, 15 cents per pound; all post cards (not including American views), plain, decorated, embossed, or printed except by lithographic process, 30 per centum ad valorem; views of any landscape, scene, building, place or locality in the United States, on cardboard or paper, not thinner than eight one-thousandths of one inch, by whatever process printed or produced, including those wholly or in part produced by either lithographic or photogelatin process (except show cards), occupying thirty-five square inches or less of surface per view, bound or unbound, or in any other form, 15 cents per pound and 25 per centum ad valorem; thinner than eight one-thousandths of one inch, \$2 per thousand; greeting cards, valentines, tally cards, place cards, and all other social and gift cards, including folders, booklets and cutouts, or in any other form, wholly or partly manufactured, with greeting, title or other wording, 45 per centum ad valorem; without greeting, title or other wording, 30 per centum ad

valorem.

Par. 1411. Photograph, autograph, scrap, postcard and postage-stamp albums, and albums for phonograph records, wholly or partly manufactured, 30 per centum ad valorem.

Par. 1412. Playing cards, 10 cents per pack and 20 per centum ad valorem.

Par. 1413. Papers and paper board and pulpboard, including cardboard and leatherboard or compress leather, embossed, cut, die-cut, or stamped into designs or shapes, such as initials, monograms, lace, borders, bands, strips, or other forms, or cut or shaped for boxes or other articles, plain or printed, but not lithographed, and not specially provided for; paper board and pulpboard, including cardboard and leatherboard or compress leather, plate finished, supercalendered or friction calendered, laminated by means of an adhesive substance, coated, surface stained or dyed, lined or vat-lined, embossed, printed, or decorated or ornamented in any manner; press boards and press paper, all the foregoing, 30 per centum ad valorem; test or container boards of bursting strength above sixty pounds per square inch by the Mullen or the Webb test, 20 per centum ad valorem; stereotype-matrix mat or board, 35 per centum ad valorem; wall pockets, composed wholly or in chief value of paper, papier-mache or paper board, whether or not die-cut, embossed, or printed lithographically or otherwise; boxes, composed wholly or in chief value of paper, papier-mache or paper board, and not specially provided for; manufactures of paper, or of which paper is the component material of chief value, not specially provided for, all the foregoing, 35 per centum ad valorem;

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tubes wholly or in chief value of paper, commonly used for holding yarn or thread, if parallel, 1 cent per pound and 25 per centum ad valorem; if tapered, 3 cents per pound and 35 per centum ad valorem."

THE TRADE AGREEMENTS ACT OF JUNE 12, 1934

("An act to amend the Tariff Act of 1930")

The amendments under "Schedule 14 - Papers and Books" to the Tariff Act of 1930 made, either directly or by subsequent trade agreements, under the authority of the Trade Agreements Act of 1934 are as follows;

JUNE 12, 1934; TRADE AGREEMENTS ACT

Par. 1402. Paper board, wallboard, and pulpboard, roofing felt, etc., provided for in this paragraph of the Tariff Act of 1930.

(Conditional duty repealed)

MAY 1, 1935; BELGIAN TRADE AGREEMENT

Par. 1404. Prayer books composed of india paper or bible paper.

(Minimum rates decreased, see par. 1410)

Par. 1405. Vegetable parchment paper by whatever name known.

(2 cents per pound and 10 per centum ad valorem)

Sensitized paper, to be used in photography.

(22 1/2 per centum ad valorem)

Par. 1406. Transparencies, printed lithographically or otherwise;

In not more than five printings, bronze printing to be counted as two printings. (30 per centum ad valorem)

In more than five printings, bronze printing to be counted as two printings. (37 1/2 per centum ad valorem)

Par. 1410. Unbound prayer books, bound prayer books except those bound wholly or in part in leather, and sheets or printed pages of prayer books bound wholly or in part in leather, all the foregoing not specially provided for, if of bona fide foreign authorship.
(7 1/2 per centum ad valorem)

All other prayer books, not specially provided for.
(12 1/2 per centum ad valorem)

Provided, That none of the foregoing composed in chief value of india paper or bible paper shall be subjected by virtue of the first proviso of paragraph 1404 to a higher rate of duty than.
(3 cents per pound and 10 per centum ad valorem)

Par. 1413. Ribbon fly catchers or fly ribbons in chief value of paper. (27 1/2 per centum ad valorem)

AUGUST 5, 1935; SWEDISH TRADE AGREEMENT

Par. 1402. Paper board, wallboard, and pulpboard, including cardboard, and leather board or compress leather, not plate finished, supercalendered or friction calendered, laminated by means of an adhesive substance, coated, surface stained or dyed, lined or vat-lined, embossed, printed, decorated, or ornamented in any manner, nor cut into shapes for boxes or other articles and not specially provided for, except pulpboard in rolls for use in the manufacture of wallboard.
(10 per centum ad valorem--rate bound)

Par. 1409. Wrapping paper not specially provided for, except straw paper. (25 per centum ad valorem)

Par. 1413. Paper board and pulpboard, including cardboard and leather-board or compress leather, plate finished, supercalendered or

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friction calendered, laminated by means of an adhesive substance, coated, surface stained or dyed, lined or vat-lined, embossed, printed, or decorated or ornamented in any manner. (\$14.50 per ton of 2,000 pounds but not less than 15 per centum nor more than 30 per centum ad valorem)

JANUARY 1, 1936; CANADIAN TRADE AGREEMENT

Par. 1402. Pulpboard in rolls for use in the manufacture of wallboard, not plate finished, supercalendered or friction calendered, laminated by means of an adhesive substance, coated, or surface stained or dyed, lined or vat-lined, embossed, printed, decorated or ornamented in any manner, nor cut into shapes for boxes or other articles and not specially provided for. (5 per centum ad valorem)

Par. 1413. Pulpboard in rolls for use in the manufacture of wallboard, surface stained or dyed, lined or vat-lined, embossed, or printed. (15 per centum ad valorem)

FEBRUARY 1, 1936; NETHERLANDS TRADE AGREEMENT

Par. 1407 (a). Bristol board of the kinds made on a Fourdrinier or a multicylinder machine, weighing eight pounds or over per ream and valued at not above 15 cents per pound. (2 cents per pound and 10 per centum ad valorem)

Par. 1409. Strawboard and straw paper, including such as is known as wrapping paper; any of the foregoing less than twelve one-thousandths but not less than eight one-thousandths of one inch in thickness, not specially provided for. (15 per centum ad valorem)

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FEBRUARY 15, 1936; SWISS TRADE AGREEMENT

Par. 1413. Stereotype-matrix mat or board valued at more than 1/45 of 1 cent per square inch. (20 per centum ad valorem)

JUNE 15, 1936; FRENCH TRADE AGREEMENT

Par. 1407 (b). Papeteries. (30 per centum ad valorem)

NOVEMBER 2, 1936; FINNISH TRADE AGREEMENT

Par. 1409. Wrapping paper not specially provided for;

Sulphate. (20 per centum ad valorem)

Other, except straw paper. (25 per centum ad valorem, rate bound)

Par. 1413. Paper board and pulpboard, including cardboard and leather-board or compress leather, plate finished, supercalendered or friction calendered, laminated by means of an adhesive substance, coated, surface stained or dyed, lined or vat-lined, embossed, printed, or decorated or ornamented in any manner, except pulpboard in rolls for use in the manufacture of wallboard. (\$14.50 per ton of 2000 pounds but not less than 15 per centum nor more than 30 per centum ad valorem, rate bound)

APRIL 16, 1938; CZECHOSLOVAK TRADE AGREEMENT

Par. 1413. Wall pockets, composed wholly or in chief value of paper, papier-mache, or paper board, whether or not die-cut, embossed, or printed lithographically or otherwise. (17 1/2 per centum ad valorem)

JANUARY 1, 1939; NEW TRADE AGREEMENT WITH CANADA

Par. 1401. Uncoated book and printing paper, not specially

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provided for. (1/5 cent per pound and 5 per centum ad valorem)

Par. 1402. Pulpboard in rolls for wallboard, not processed, and not specially provided for. (5 per centum ad valorem)

Par. 1404. Tissue paper and all similar paper, not specially provided for, valued not over 15 cents per pound;

Weighing not over 6 pounds to the ream. (3 cents per pound and 10 per centum ad valorem)

Weighing over 6 pounds and less than 10 pounds to the ream. (2 1/2 cents per pound and 7 1/2 per centum ad valorem)

Crepe paper, valued at not more than 12 1/2 cents per pound. (3 cents per pound and 7 1/2 per centum ad valorem)

Par. 1409. Hanging paper, not printed, etc. (7 1/2 per centum ad valorem)

Par. 1410. Tourist literature containing historical, geographic, time table, travel, hotel, and similar information;

If of bona fide foreign authorship. (7 1/2 per centum ad valorem)

All other. (12 1/2 per centum ad valorem)

Tourist literature consisting principally of drawings, engravings, etchings, etc. (12 1/2 per centum ad valorem)

Par. 1413. Pulpboard in rolls for wall-board, processed. (15 per centum ad valorem)

JANUARY 11, 1933; UNITED KINGDOM TRADE AGREEMENT

Par. 1402. Sheathing paper, roofing paper, deadening felt, sheathing felt, roofing felt or felt roofing, whether or not saturated or coated. (10 per centum ad valorem)

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Par. 1404. Papers commonly or commercially known as stereotype paper, carbon paper, coated or uncoated, and pottery paper; any of the foregoing, colored or uncolored, white or printed;

Weighing not over six pounds to the ream, and whether in sheets or any other form, valued at more than 15 cents per pound. (4 cents per pound and 15 per centum ad valorem)

Weighing over six pounds and less than ten pounds to the ream, valued at more than 15 cents per pound. (4 cents and 10 per centum ad valorem)

India and bible paper weighing ten pounds or more and less than twenty and one-half pounds to the ream. (2 cents per pound and 10 per centum ad valorem)

Par. 1405. Simplex decalcomania paper not printed. (2 1/2 cents per pound and 10 per centum ad valorem)

Unsensitized basic paper, to be sensitized for use in photography. (5 per centum ad valorem)

All boxes of paper or papier-mache, or wood covered or lined with paper and provided for in paragraph 1405 of the Tariff Act of 1930, but not including boxes covered or lined with cotton or other vegetable fiber. (5 cents per pound and 10 per centum ad valorem)

Par. 1406. Pictures, calenders, cards, placards, and other articles, composed wholly or in chief value of paper lithographically printed in whole or in part from stone, gelatin, metal, or other material (except boxes, views of American scenery or objects, and music,

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and illustrations when forming part of a periodical or newspaper, or of bound or unbound books accompanying the same), not specially provided for in paragraph 1406 or elsewhere in the Tariff Act of 1930, exceeding twenty one-thousandths of one inch in thickness, and valued at more than 35 cents per pound. (6 cents per pound)

Par. 1407(a). Handmade paper, and paper commonly or commercially known as handmade paper, all the above weighing eight pounds or over per ream, and valued at 50 cents or more per pound. (2 cents per pound and 10 per centum ad valorem)

Drawing paper, whether made by hand or machine, weighing eight pounds or over per ream, and valued at 40 cents or more per pound. (2 cents per pound and 10 per centum ad valorem)

Par. 1408. Paper envelopes, filled or unfilled, whether the contents are dutiable or free, not specially provided for. The same rate of duty as the paper from which made will prevail and in addition thereto;

If plain (2 1/2 per centum ad valorem)

If bordered, embossed, printed, tinted, decorated, or lined (5 per centum ad valorem)

If lithographed (15 per centum ad valorem)

Par. 1409. Blotting paper. (15 per centum ad valorem)

Hanging paper, printed, lithographed, dyed or colored. (1 cent per pound and 10 per centum ad valorem)

Filtering paper, valued at 75 cents or more per pound. (2 1/2 cents per pound and 7 1/2 per centum ad valorem)

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Par. 1410. Unbound books of all kinds, bound books of all kinds except those bound wholly or in part in leather, sheets or printed pages of books bound wholly or in part in leather, pamphlets, music in books or sheets, and printed matter, all the foregoing not specially provided for (except unbound or bound prayer books, sheets or printed pages of prayer books; except tourist literature containing historical, geographic, time table, travel, hotel, or similar information, chiefly with respect to places or travel facilities outside the continental United States; and except diaries):

If of bona fide foreign authorship. (7 1/2 per centum ad valorem)

All other. (20 per centum ad valorem)

Par. 1410. Blank books, slate books, engravings, maps, and charts, not specially provided for (except diaries, notebooks, and address books). (20 per centum ad valorem)

Book bindings wholly or in part of leather, not specially provided for. (15 per centum ad valorem)

Par. 1412. Playing cards. (10 cents per pack and 10 per centum ad valorem)

The detailed information presented in this appendix was compiled from the tariff acts passed by the Congress of the United States from 1789-1939.

APPENDIX B

THE REFERENCES TO WOOD AND WOOD PRODUCTS
IN ALL OF THE UNITED STATES TARIFF LAWS
1789-1938, INCLUSIVE

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THE TARIFF ACT OF JULY 4, 1789

"On all cabinet wares, canes, walking sticks and whips, 7 1/2 per centum ad valorem. On all other goods, wares and merchandise, 5 per centum on the value thereof at the time and place of importation."

THE TARIFF ACT OF AUGUST 10, 1790

"On all cabinet wares, 7 1/2 per centum ad valorem." "- - -
and 5 per centum ad valorem upon all other goods, wares and merchandise."

THE TARIFF ACT OF MAY 2, 1792

"On all cabinet wares, 10 per centum ad valorem.
Unmanufactured wood free, and all goods, wares and merchandise, not specially excepted, 7 1/2 per centum ad valorem."

THE TARIFF ACT OF JUNE 7, 1794

Effective July 1, 1794. "Sec. 1. . . . There shall be levied, collected and paid upon the following articles imported into the United States, in ships or vessels of the United States, the several duties hereinafter mentioned, over and above the duties now payable by law; -viz: . . .

"Five per cent. ad valorem.

". . . On cabinet wares, and all manufactures of wood, or of which wood is the material of chief value. . . .

"Sec. 2. . . . There shall be laid, levied, and collected, in addition to the present duty thereupon, a duty of 2 1/2 per cent. ad valorem, upon all goods, wares and merchandise, which, if imported in ships or vessels of the United

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States, are now chargeable by law, with a duty of 7 1/2 per centum ad valorem." Cabinet wares and all manufactures of wood or of which wood is the material of chief value, 15 per centum ad valorem.

Unmanufactured wood, free.

THE TARIFF ACT OF JULY 1, 1812

"An additional duty of 100 per centum upon the permanent duties now imposed by law upon goods, wares, and merchandise imported into the United States shall be levied and collected.. . . To continue in force until one year after conclusion of peace with Great Britain."

Cabinet wares and all manufactures of wood or of which wood is the material of chief value, 30 per centum ad valorem. Unmanufactured woods free.

THE TARIFF ACT OF APRIL 27, 1816

Effective July 1, 1816. Cabinet wares and all manufactures of wood, 30 per centum ad valorem. Wood, unmanufactured, of any kind, free.

THE TARIFF ACT OF JULY 14, 1832

Effective March 3, 1833. "Boards, planks, . . . and all manufactures of wood, not otherwise specified, 25 per centum ad valorem; cabinet wares, 30 per centum." ("This seems to be the only act in which boards and planks are considered manufactured wood."¹) Wood, unmanufactured, of any kind, free.

THE TARIFF ACT OF MARCH 2, 1833

"Be it enacted," etc., "That, from and after December 31, 1833, in all cases where duties are imposed on foreign imports, by the act of

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July 14, 1832, or by any other act, shall exceed 20 per centum on the value thereof, one-tenth part of such excess shall be deducted; from and after December 31, 1835, another tenth part thereof shall be deducted; from and after December 31, 1837, another tenth part thereof shall be deducted; from and after December 31, 1841, one half of the residue of such excess shall be deducted; and from and after June 30, 1842, the other half thereof shall be deducted."

THE TARIFF ACT OF SEPTEMBER 11, 1841

Effective September 30, 1841 . . .

"There shall be laid, collected and paid on all articles which are now admitted free of duty or which are chargeable with a duty of less than 20 per centum ad valorem, a duty of 20 per centum ad valorem except on the following enumerated articles, that is to say: . . . dye woods of all kinds, unmanufactured woods of any kind, except rosewood, satinwood and mahogany. Provided, That boards, planks, staves, scantling, sawed timber and all other descriptions of wood which shall have been wrought into shapes that fit them respectively for any specific and permanent use without further manufacture shall be deemed and taken as manufactured wood." Rough boards, planks, staves, scantling and sawed timber, not wrought as per act of of March 2, 1833, free. Rosewood, satinwood, and mahogany, unmanufactured, 20 per centum ad valorem.

THE TARIFF ACT OF AUGUST 30, 1842

"Section 5, paragraph 11. . . . Boards, planks, staves, scantlings, hewn or sawed timber, unwrought spars, and all other

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descriptions of wood which shall have been wrought into shapes that fit them, respectively, for any specific and permanent use without further manufacture, shall be deemed and taken as manufactured wood and pay duty accordingly. . . . Rough boards, planks, staves, scantling, and sawed timber not planed or wrought into any shapes for use, shall pay a duty of 20 per centum ad valorem."

Boards, planks, staves and scantling, wrought; hewn or sawed timber, wrought; unwrought spars; cabinet wares or household furniture, not otherwise provided for; all manufactures of wood, not otherwise provided for; all the foregoing items, 30 per centum ad valorem.

Timber used in building wharves; firewood; rough boards, planks, staves and scantling; sawed timber, rough; all the foregoing items, 20 per centum ad valorem.

Rosewood, satinwood, mahogany and cedar wood, 15 per centum ad valorem.

Dye woods in stick, and unmanufactured woods not otherwise provided for, free.

THE TARIFF ACT OF JULY 30, 1846

Effective December 1, 1846. A new act which repeals all previous duties.

Manufactures of cedar wood, granadilla, ebony, mahogany, rosewood and satinwood, 40 per centum ad valorem.

Manufactures of wood, or of which wood is the component part of chief value, not otherwise provided for, 30 per centum ad valorem.

Furniture, cabinet and household, and wood, unmanufactured, not otherwise provided for, 30 per centum ad valorem.

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Firewood, 30 per centum ad valorem.

Boards, planks, staves, lath, scantling, spars, 20 per centum ad valorem.

Timber, hewn and sawed, 20 per centum ad valorem.

Timber used in the building of wharves, 20 per centum ad valorem.

Cedar wood, ebony, granadilla, mahogany, rosewood and satinwood, unmanufactured, 20 per centum ad valorem.

THE TARIFF ACT OF AUGUST 5, 1854

"Be it enacted," etc., "That, whenever the President of the United States shall receive satisfactory evidence that the Imperial Parliament of Great Britain and the Provincial Parliaments of Canada, New Brunswick, Nova Scotia and Prince Edward's Island, have passed laws on their part to give full effect to the provisions of the treaty between the United States and Great Britain, signed on the fifth of June last, he is hereby authorized to issue his proclamation, declaring that he has such evidence, and thereupon, from the date of such proclamation, the following articles, being the growth and produce of said provinces of Canada, New Brunswick, Nova Scotia, and Prince Edward's Island; to-wit;

" . . . Timber and lumber of all kinds, round, hewed, and sawed, unmanufactured in whole or in part; firewood; . . . -shall be introduced into the United States free ."

This treaty affecting Canadian agricultural, forest, mines, and fishery products, took effect March 16, 1855, and terminated March 17, 1866.

THE TARIFF ACT OF MARCH 3, 1857

Furniture, cabinet and household; manufactures of wood, or of which wood is the component part of chief value, not otherwise specially provided for; wood, unmanufactured, not otherwise specially provided for; firewood; all the foregoing articles, 24 per centum ad valorem.

Boards, planks, staves, lath, scantling and spars; timber, hewn and sawed; timber used in the building of wharves; all the foregoing articles, 15 per centum ad valorem.

Cedar, lignum-vitae, ebony, box, granadilla, mahogany, rosewood, satinwood and all cabinet woods, 8 per centum ad valorem.

Shingle bolts and stave bolts, free.

THE TARIFF ACT OF MARCH 2, 1861

Boards, planks, staves, lath, scantling and spars; timber, hewn and sawed; timber used in building wharves; firewood; wood, unmanufactured, not otherwise specially provided for; all the foregoing articles, 20 per centum ad valorem.

Furniture, cabinet and household; manufactures of cedar wood, granadilla, ebony, mahogany, rosewood and satinwood; manufactures of wood, or of which wood is the component part of chief value, not otherwise specially provided for; all the foregoing articles, 30 per centum ad valorem.

Sandalwood; shingle bolts and stave bolts; staves for pipes, hogsheads, or other casks; cedar, lignum-vitae, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood and all cabinet woods, unmanufactured; all the foregoing articles, free.

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THE TARIFF ACT OF JULY 14, 1862

Boards, planks, staves, lath, scantling and spars; timber, hewn and sawed; timber used in the building of wharves; firewood; wood, unmanufactured, not otherwise specially provided for; all the foregoing articles, 20 per centum ad valorem.

Furniture, cabinet and household; manufactures of cedar wood, granadilla, ebony, mahogany, rosewood and satinwood; manufactures of wood, or of which wood is the chief component part of value, not otherwise specially provided for; all the foregoing articles, 35 per centum ad valorem.

Cork wood, unmanufactured, 30 per centum ad valorem.

Staves for pipes, hogsheads, or other casks, 20 per centum ad valorem.

Sandalwood; shingle bolts and stave bolts; cedar, lignum-vitae, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood and all cabinet woods, unmanufactured; all the foregoing articles, free of duty.

THE TARIFF ACT OF APRIL 29, 1864.

"Resolved," etc., "That until the end of sixty days from the passage of this resolution, 50 per centum of the rates of duties and imposts now imposed by law on all goods, wares, merchandise, and articles imported, shall be added to the present duties and imposts now charged on the importation of such articles. . . ."

THE TARIFF ACT OF MARCH 16, 1866

"Be it enacted," etc., "That the produce of the forests of the State of Maine upon the Saint John river and its tributaries, owned

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by American citizens, and sawed or hewed in the Province of New Brunswick by American citizens, (the same being unmanufactured in whole or in part,) which is now admitted into the ports of the United States free of duty, shall continue to be so admitted under such regulations as the Secretary of the Treasury shall from time to time prescribe."

THE TARIFF ACT OF JUNE 1, 1866

"Be it enacted," etc., "That the produce of the forests of the State of Maine upon the Saint Croix river and its tributaries, owned by American citizens, and sawed in the Province of New Brunswick by American citizens, (the same being unmanufactured in whole, or in part,) and having paid the same taxes as other American lumber on that river, shall be admitted into the ports of the United States free of duty, under such regulations as the Secretary of the Treasury shall from time to time prescribe."

THE TARIFF ACT OF JULY 14, 1870

The only change made in the tariff by this act, affecting the lumber business, was the addition to the free list of the following;

Cork wood, unmanufactured; hemlock bark; logs and round unmanufactured timber, not otherwise specially provided for, and ship timber; oak bark; sandalwood; woods, viz.: poplar, or other woods for the manufacture of paper.

THE TARIFF ACT OF JUNE 6, 1872

Effective August 1, 1872. Repeals former tariffs and imposes new duties.

"When lumber of any sort is planed or finished, in addition to the rates herein provided, there shall be levied and paid, for each side so planed or finished, fifty cents per thousand feet; and if planed on one side and tongued and grooved, \$1 per thousand feet; and if planed on two sides and tongued and grooved, \$1.50 per thousand feet."

Timber, squared or sided, not otherwise specially provided, 1 cent per cubic foot.

Sawed boards, planks, deals and other lumber of hemlock, whitewood, sycamore and basswood, \$1 per thousand feet board measure.

All other varieties of sawed lumber, \$2 per thousand feet board measure.

Hemlock, whitewood, sycamore and basswood lumber planed or finished on one side, \$1.50 per thousand feet board measure.

All other varieties of sawed lumber planed or finished on one side, \$2.50 per thousand feet board measure.

Hemlock, whitewood, sycamore and basswood lumber planed on one side and tongued and grooved, \$2 per thousand feet board measure.

All other varieties of sawed lumber planed on one side and tongued and grooved, \$3.00 per thousand feet board measure.

Lath, 15 cents per thousand pieces.

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All shingles, 35 cents per thousand.

Pine clapboards, \$2 per thousand.

Spruce clapboards, \$1.50 per thousand.

Hubs for wheels, posts, last blocks, wagon blocks, oar blocks, gun blocks, heading blocks, etc., rough-hewn or sawed only; pickets and palings; all the foregoing items, not otherwise specially provided for, 20 per centum ad valorem.

House or cabinet furniture, in pieces or rough, and not finished; casks and barrels, empty; sugar-box shooks, and packing boxes of wood, not otherwise specially provided for; all the foregoing items, 30 per centum ad valorem.

Cabinet wares and house furniture, finished, 35 per centum ad valorem.

Firewood; logs, and round unmanufactured lumber, not otherwise specially provided for, and ship timber; railroad ties of wood; all the foregoing items to be admitted free of duty.

THE TARIFF ACT OF MARCH 3, 1873

"Be it enacted," etc., "That on and after the date of passage of this act, for all purposes relating to custom duties and importation 'heading bolts' shall be held and construed to be included under the term 'stave bolts.' "

THE TARIFF ACT OF FEBRUARY 8, 1875

The only change made by this act which affected the lumber industry provided for the admittance of ship planking and handle bolts free of duty.

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THE TARIFF ACT OF MARCH 3, 1883

(The Morrill tariff)

"Schedule D."

Timber, squared or sided, not otherwise specially provided for, 1 cent per cubic foot.

Sawed boards, plank, deals and other lumber of hemlock, whitewood, sycamore and basswood, \$1 per thousand feet board measure.

All other sawed lumber, \$2 per thousand feet board measure.

If lumber of any sort is planed or finished, for each side so planed or finished, per thousand feet board measure, 50 cents additional duty.

If lumber is planed on one side and tongued and grooved, \$1 additional duty will be charged per thousand feet board measure.

If lumber is planed on two sides and tongued and grooved, \$1.50 additional duty will be charged per thousand feet board measure.

Lath, 15 cents per thousand pieces.

Shingles, 35 cents per thousand.

Spruce clapboards, \$1.50 per thousand.

Pine clapboards, \$2 per thousand.

Timber, hewn and sawed, and timber used for spars and in building wharves; hubs for wheels, posts, last blocks, wagon blocks, oar blocks, gun blocks, heading blocks, etc., rough-

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hewn or sawed only; pickets and palings; wood, unmanufactured, not otherwise specially provided for; all the foregoing items, 20 per centum ad valorem.

Staves of all kinds of wood, 10 per centum ad valorem.

House or cabinet furniture, in pieces or rough, and not finished; casks and barrels, empty, sugar-box shooks, and packing boxes, and packing-box shooks, of wood, not otherwise specially provided for; all the foregoing items, 30 per centum ad valorem.

Cabinet wares and house furniture, finished; manufactures of cedar wood, granadilla, ebony, mahogany, rosewood and satinwood; manufactures of wood, or of which wood is the component part of chief value, not otherwise provided for; all the foregoing items, 35 per centum ad valorem.

Firewood; cork wood, unmanufactured; hop poles; railroad ties of wood; logs, and round, unmanufactured timber, not otherwise specially provided for, and ship timber and ship planking; handle bolts; shingle bolts and stave bolts (including heading bolts); woods, namely, cedar, lignum-vitae, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood, and all cabinet woods, unmanufactured; woods, poplar, or other woods, for the manufacture of paper; all the foregoing items, admitted free of duty.

THE TARIFF ACT OF OCTOBER 1, 1890

(The McKinley Tariff)

Effective October 6, 1890.

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" Schedule D - Wood and manufactures of. "

Par. 216. Timber, hewn and sawed, and timber used for spars and in the building of wharves, ten per centum ad valorem.

Par. 217. Timber, squared or sided, not specially provided for in this act, one-half of one cent per cubic foot.

Par. 218. Sawed boards, planks, deals, and other lumber of hemlock, whitewood, sycamore, white pine and basswood, one dollar per thousand feet board measure; sawed lumber, not specially provided for in this act, two dollars per thousand feet board measure; but when lumber of any sort is planed or finished, in addition to the rates herein provided, there shall be levied and paid for each side so planed or finished fifty cents per thousand feet board measure; and if planed on one side and tongued and grooved, one dollar per thousand feet board measure; and if planed on two sides, and tongued and grooved, one dollar and fifty cents per thousand feet board measure; and in estimating board measure under this schedule no deduction shall be made in board measure on account of planing, tonguing and grooving: Provided, That in case any foreign country shall impose an export duty upon pine, spruce, elm, or other logs, or upon stave bolts, shingle wood, or heading blocks exported to the United States from such country, then the duty upon sawed lumber herein provided for, when imported from such country, shall remain the same as fixed by the law in force prior to the passage of this act.

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Par. 219. Cedar: That on and after March first, eighteen hundred and ninety-one, paving posts, railroad ties, and telephone and telegraph poles of cedar, shall be dutiable at twenty per centum ad valorem.

Par. 220. Sawed boards, planks, deals, and all forms of sawed cedar, lignum-vitae, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood, and all other cabinet woods not further manufactured than sawed, fifteen per centum ad valorem; veneers of wood, and wood, unmanufactured, not specially provided for in this act, twenty per centum ad valorem.

Par. 221. Pine clapboards, one dollar per one thousand.

Par. 222. Spruce clapboards, one dollar and fifty cents per one thousand.

Par. 223. Hubs for wheels, posts, last-blocks, wagon-blocks, oar-blocks, gun-blocks, heading blocks, and all like blocks or sticks, rough hewn or sawed only, twenty per centum ad valorem.

Par. 224. Laths, fifteen cents per one thousand pieces.

Par. 225. Fickets and palings, ten per centum ad valorem.

Par. 226. White pine shingles, twenty cents per one thousand; all other, thirty cents per one thousand.

Par. 227. Staves of wood of all kinds, ten per centum ad valorem.

Par. 228. Casks and barrels (empty), sugar-box shooks, and packing boxes and packing box shooks, of wood, not specially provided for in this act, thirty per centum ad valorem.

Par. 229. Chair cane, or reeds wrought or manufactured from

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rattans or reeds, and whether round, square, or in any other shape,
ten per centum ad valorem

Par. 230. House or cabinet furniture, of wood, wholly or partly finished, manufactures of wood, or of which wood is the component material of chief value, not specially provided for in this act, thirty-five per centum ad valorem.

Free list

Par. 754. Wood - Logs, and round unmanufactured timber not specially enumerated or provided for in this act.

Par. 755. Fire wood, handle-bolts, heading-bolts, stave-bolts, and shingle-bolts, hop-poles, fence-posts, railroad ties, ship timber, and ship-planking, not specially provided for in this act.

Par. 756. Woods, namely, cedar, lignum-vitae, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood, and all forms of cabinet-woods, in the log, rough or hewn; bamboo and rattan unmanufactured; briar-root or briar-wood, and similar wood unmanufactured, or not further manufactured than cut into blocks suitable for articles into which they are intended to be converted, bamboo, reeds, and sticks of partridge, hair-wood, pimento, orange, myrtle, and other woods not otherwise specially provided for in this act; in the rough, or not further manufactured than cut into lengths suitable for sticks for umbrellas, parasols, sunshades, whips, or walking canes; and India malacca joints, not further manufactured than cut into suitable lengths for the manufactures into which they are intended to be converted,

THE TARIFF ACT OF AUGUST 13, 1894

(The Wilson Tariff)

Effective August 28, 1894.

"Schedule D - Wood and manufactures of."

Par. 179. Osier or willow, prepared for basket-makers' use, twenty per centum ad valorem; manufactures of osier or willow, twenty-five per centum ad valorem; chair cane, or reeds, wrought or manufactured from rattans or reeds, ten per centum ad valorem.

Par. 180. Casks and barrels, empty, sugar-box shooks, and packing boxes and packing-box shooks, of wood, not specially provided for in this Act, twenty per centum ad valorem.

Par. 181. Toothpicks of vegetable substance, thirty-five per centum ad valorem.

Par. 182. House or cabinet furniture, of wood, wholly or partly finished, manufactures of wood, or of which wood is the component material of chief value, not specially provided for in this Act, twenty-five per centum ad valorem.

Free list:

Ashes, wood and lye of, and beet-root ashes.

Charcoal.

Cork wood or cork bark, unmanufactured.

Wood:

Par. 672. Logs, and round unmanufactured timber not specially enumerated or provided for in this Act.

Par. 673. Firewood, handle bolts, heading bolts, stave bolts, and shingle bolts, hop poles, fence posts, railroad ties, ship timber, and ship planking, not specially provided for in this Act.

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Par. 674. Timber, hewn and sawed, and timber used for spars and in building wharves.

Par. 675. Timber, squared or sided.

Par. 676. Sawed boards, plank, deals, and other lumber, rough or dressed, except boards, plank, deals and other lumber of cedar, lignum-vitae, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood, and all other cabinet woods.

Par. 677. Pine clapboards.

Par. 678. Spruce clapboards.

Par. 679. Hubs for wheels, posts, last blocks, wagon blocks, oar blocks, gun blocks, heading and all like blocks or sticks, rough hewn or sawed only.

Par. 680. Lath.

Par. 681. Pickets and palings.

Par. 682. Shingles.

Par. 683. Staves of wood of all kinds, wood unmanufactured; Provided, That all of the articles mentioned in paragraphs six hundred and seventy-two to six-hundred and eighty-three, inclusive, when imported from any country which lays an export duty or imposes discriminating stumpage dues on any of them, shall be subject to the duties existing prior to the passage of this Act.

Par. 684. Woods, namely, cedar, lignum-vitae, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood, and all forms of cabinet woods, in the log, rough or hewn; bamboo and rattan unmanufactured; briar root or briar wood, and similar wood unmanufactured, or not further manufactured than cut into blocks suitable

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for the articles into which they are intended to be converted; bamboo, reeds, and sticks of partridge, hair wood, pimento, orange, myrtle, and other woods, not specially provided for in this Act, in the rough, or not further ~~manufactured~~ than cut into lengths suitable for sticks for umbrellas, parasols, sunshades, whips, or walking canes; and India malacca joints, not further manufactured than cut into suitable lengths for the manufactures into which they are intended to be converted.

THE TARIFF ACT OF JULY 24, 1897

(The Dingley Tariff)

"Schedule D - Wood and manufactures of."

Par. 194. Timber hewn, sided, or squared (not less than eight inches square), and round timber used for spars or in building wharves, one cent per cubic foot.

Par. 195. Sawed boards, planks, deals, and other lumber of whitewood, sycamore, and basswood, one dollar per thousand feet board measure; sawed lumber, not specially provided for in this Act, two dollars per thousand feet board measure; but when lumber of any sort is planed or finished, in addition to the rates herein provided, there shall be levied and paid for each side so planed or finished fifty cents per thousand feet board measure; and if ~~planed on one side and tongued~~ and grooved, one dollar per thousand feet board measure; and if planed on two sides and tongued and grooved, one dollar and fifty cents per thousand feet board measure; and in estimating board measure under this schedule no deduction shall be made on board measure on account of planing, tonguing and grooving: Provided, That if any country or

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dependency shall impose an export duty upon saw logs, round unmanufactured timber, stave bolts, shingle bolts, or heading bolts, exported to the United States, or a discriminating charge upon boom sticks, or chains used by American citizens in towing logs, the amount of such export duty, tax, or other charge, as the case may be, shall be added as an additional duty to the duties imposed upon the articles mentioned in this paragraph when imported from such country or dependency.

Par. 196. Paving posts, railroad ties, and telephone, trolley, electric-light and telegraph poles of cedar or other woods, twenty per centum ad valorem.

Par. 197. Kindling wood in bundles not exceeding one-quarter of a cubic foot each, three-tenths of one cent per bundle; if in larger bundles, three-tenths of one cent for each additional quarter of a cubic foot or fractional part thereof.

Par. 198. Sawed boards, planks, deals, and all forms of sawed cedar, lignum-vitae, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood, and all other cabinet woods not further manufactured than sawed, fifteen per centum ad valorem; veneers of wood, and wood, unmanufactured, not specially provided for in this Act, twenty per centum ad valorem.

Par. 199. Clapboards, one dollar and fifty cents per thousand.

Par. 200. Hubs for wheels, posts, heading bolts, stave bolts, last-blocks, wagon-blocks, oar-blocks, heading blocks, and all like blocks or sticks, rough-hewn, sawed or bored, twenty per centum ad valorem; fence posts, ten per centum ad valorem.

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Par. 201. Laths, twenty-five cents per one thousand pieces.

Par. 202. Pickets, palings and staves of wood, of all kinds, ten per centum ad valorem.

Par. 203. Shingles, thirty cents per thousand.

Par. 204. Casks, barrels, and hogsheads (empty), sugar-box shooks, and packing-boxes (empty), and packing-box shooks, of wood, not specially provided for in this Act, thirty per centum ad valorem.

Par. 205. Boxes, barrels, or other articles containing oranges, lemons, limes, grape fruit, shaddocks or pomelos, thirty per centum ad valorem; Provided, That the thin wood, so called, comprising the sides, tops and bottoms of orange and lemon boxes of the growth and manufacture of the United States, exported as orange and lemon box shooks, may be reimported in completed form, filled with oranges and lemons, by the payment of duty at one-half the rate imposed on similar boxes of entirely foreign growth and manufacture.

Par. 206. Chair cane or reeds, wrought or manufactured from rattans or reeds, ten per centum ad valorem; osier or willow prepared for basket makers' use, twenty per centum ad valorem; manufactures of osier or willow, forty per centum ad valorem.

Par. 207. Toothpicks of wood or other vegetable substance, two cents per one thousand and fifteen per centum ad valorem; butchers' and packers' skewers of wood, forty cents per thousand.

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Par. 208. House or cabinet furniture, of wood, wholly or partly finished, and manufactures of wood, or of which wood is the component material of chief value, not specially provided for in this Act, thirty-five per centum ad valorem.

Free list:

Par. 699. Logs and round unmanufactured timber, including pulpwoods, firewood, handle-bolts, shingle-bolts, gun-blocks for gun-stocks rough-hewn or sawed or planed on one side, hop-poles, ship-timber and ship-planking; all the foregoing not specially provided for in this Act.

Par. 700. Cedar, lignum-vitae, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood, and all form of cabinet woods, in the log, rough, or hewn only; briar root or briar wood and similar wood unmanufactured, or not further manufactured than cut into blocks suitable for the articles into which they are intended to be converted; bamboo, rattan, reeds unmanufactured, India malacca joints, and sticks of partridges, hair wood, pimento, orange, myrtle, and other woods not specially provided for in this Act, in the rough, or not further advanced than cut into lengths suitable for sticks for umbrellas, parasols, sunshades, whips, fishing rods, or walking canes.

THE TARIFF ACT OF AUGUST 5, 1909

(The Payne-Aldrich Tariff)

"Schedule D - Wood and manufactures of."

Par. 200. Timber hewn, sided, or squared otherwise

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than by sawing (not less than 8 inches square) and round timber used for spars or for building wharves, 1/2 of 1 cent per cubic foot.

Par. 201. Sawed boards, planks, deals, and other lumber of whitewood, sycamore, and basswood, 50 cents per thousand feet board measure; sawed lumber, not otherwise specially provided for in this section, \$1.25 per thousand feet board measure; but when lumber of any sort is planed or finished there shall be levied, in addition to the rates herein provided, the following;

For one side so planed or finished, 50 cents per thousand feet board measure; for planing or finishing on one side and tonguing and grooving or for planing and finishing on two sides, 75 cents per thousand feet board measure; for planing or finishing on three sides, or planing and finishing on two sides and tonguing and grooving, \$1.12 1/2 per thousand feet board measure; for planing and finishing on four sides, \$1.50 per thousand feet board measure; and in estimating board measure under this schedule no deduction shall be made on board measure on account of planing, tonguing or grooving.

Par. 202. Briar root or briar wood, ivy or laurel root, and similar wood unmanufactured, or not further advanced than cut into blocks suitable for the articles into which they are intended to be converted, fifteen per centum ad valorem.

Par. 203. Sawed boards, planks, deals, and all forms of sawed cedar, lignum-vitae, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood, and all other cabinet woods not further manufactured than sawed, fifteen per centum ad valorem; veneers of wood, and wood unmanufactured, not specially provided for in this

section, twenty per centum ad valorem.

Par. 204. Paving posts, railroad ties, and telephone, trolley, electric light, and telegraph poles of cedar or other woods, ten per centum ad valorem.

Par. 205. Clapboards, \$1.25 per one thousand.

Par. 206. Hubs for wheels, posts, heading bolts, stave bolts, last blocks, wagon blocks, oar blocks, heading blocks, and all like blocks or sticks, rough hewn, sawed or bored, twenty per centum ad valorem.

Par. 207. Laths, 20 cents per one thousand.

Par. 208. Pickets, palings and staves of wood, of all kinds, ten per centum ad valorem.

Par. 209. Shingles, fifty cents per thousand.

Par. 210. Casks, barrels, and hogsheads (empty), sugar-box shooks, and packing-boxes (empty), and packing-box shooks, of wood, not specially provided for in this section, thirty per centum ad valorem.

Par. 211. Boxes, barrels, or other articles containing oranges, lemons, limes, grapefruit, shaddocks or pomelos, thirty per centum ad valorem; Provided, That the thin wood, so called, comprising the sides, tops and bottoms of orange and lemon boxes of the growth and manufacture of the United States, exported as orange and lemon box shooks, may be reimported in completed form, filled with oranges and lemons, by the payment of duty at one-half the rate imposed on similar boxes of entirely foreign growth and

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manufacture; but proof of the identity of such shooks shall be made under regulations to be prescribed by the Secretary of the Treasury.

Par. 212. Chair cane or reeds wrought or manufactured from rattans or reeds, ten per centum ad valorem; osier or willow, including chip of and split willow, prepared for basket makers' use, twenty-five per centum ad valorem; manufactures of osier or willow and willow furniture, forty-five per centum ad valorem.

Par. 213. Toothpicks of wood or other vegetable substance, two cents per one thousand and fifteen per centum ad valorem; butchers' and packers' skewers of wood, forty cents per thousand.

Par. 214. Porch and window blinds, baskets, curtains, shades, or screens of bamboo, wood, straw, or composition of wood, not specially provided for in this section, thirty-five per centum ad valorem; if stained, dyed, painted, printed, polished, grained, or creosoted, forty per centum ad valorem.

Par. 215. House or cabinet furniture wholly or ~~in~~ chief value of wood, wholly or partly finished, and manufactures of wood or bark, or of which wood or bark is the component material of chief value, not specially provided for in this section, thirty-five per centum ad valorem.

Free list:

Par. 547. Cork wood, or cork bark unmanufactured.

Par. 559. Woods used expressly for dyeing or tanning;

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Provided, That no article containing alcohol, or in the preparation of which alcohol is used, shall be admitted free of duty under this paragraph.

Par. 565. Fence posts of wood.

Par. 712. Wood: Logs and round unmanufactured timber, including pulp woods, firewood, handle bolts, shingle bolts, gun blocks for gun stocks rough hewn or swed or planed on one side, hop-poles, ship-timber and ship-planking; all the foregoing not specially provided for in this section.

Par. 713. Woods: Cedar, lignum-vitae, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood, and all forms of cabinet woods, in the log, rough or hewn only; sticks of partridge, hair wood, pimento, orange, myrtle, bamboo, rattan, reeds unmanufactured, india malacca joints, and other woods not specially provided for in this section, in the rough or not further advanced than cut into lengths suitable for sticks for umbrellas, parasols, sunshades, whips, fishing rods, or walking canes; red cedar (*Juniperus Virginiana*) timber, hewn, sided, squared, or round.

THE TARIFF ACT OF JULY 26, 1911

(CANADIAN RECIPROCITY ACT)

"Schedule A.-Articles the growth, product, or manufacture of the United States to be admitted into Canada free of duty when imported from the United States, and reciprocally articles the growth, product, or manufacture of Canada to be admitted into the United States free of duty when imported from Canada."

Timber, hewn, sided or squared otherwise than by

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sawing, and round timber used for spars or in the building of wharves; sawed boards, planks, deals, and other lumber, not further manufactured than sawed; paving posts, railroad ties, and telephone, trolley, electric light and telegraph poles of cedar or other woods; wooden staves of all kinds, not further manufactured than listed or jointed, and stave bolts; pickets and palings.

"Schedule B.-Articles the growth, product, or manufacture of the United States to be admitted into Canada at the undermentioned rates of duty when imported from the United States; and reciprocally the same articles the growth, product, or manufacture of Canada to be admitted into the United States at identical rates of duty when imported from Canada."

Wood flour, 22 1/2 per centum ad valorem.

Canoes and small boats of wood, not power boats, 22 1/2 per centum ad valorem.

"Schedule C.-Articles the growth, product, or manufacture of Canada to be admitted into the United States at the undermentioned rates of duty when imported from Canada."

Laths, 10 cents per thousand.

Shingles, 30 cents per thousand.

Sawed boards, planks, deals, and other lumber;

Planed or finished on one side, 50 cents per thousand feet board measure. Planed or finished on one side

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and tongued and grooved, or planed or finished on two sides, 75 cents per thousand feet board measure. Planed or finished on three sides, or planed and finished on two sides and tongued and grooved, \$1.12 1/2 per thousand feet board measure. Planed and finished on four sides, \$1.50 per thousand feet board measure.

And in estimating board measure under this schedule no deduction shall be made on board measure on account of planing, tonguing, and grooving.

THE TARIFF ACT OF OCTOBER 3, 1913

Par. 168. Briar root or briar wood, ivy or laurel root, and similar wood unmanufactured, or not further manufactured than cut into blocks suitable for the articles into which they are intended to be converted, ten per centum ad valorem.

Par. 169. Cedar commercially known as Spanish cedar, lignum-vitae, lancewood, ebony, box, granadilla, mahogany, rosewood, and satinwood; all the foregoing when sawed into boards, planks, deals, or other forms, and not specially provided for in this section, and all cabinet woods not further manufactured than sawed, ten per centum ad valorem; veneers of wood, 15 per centum ad valorem.

Par. 170 Paving posts, railroad ties, and telephone, trolley, electric-light, and telegraph poles of cedar or other woods, 10 per centum ad valorem.

Par. 171. Casks, barrels, and hogsheads (empty), sugar-box shooks, and packing boxes (empty), and packing-box shooks, of wood, not specially provided for in this section, 15 per centum

ad valorem.

Par. 172. Boxes, barrels, or other articles containing oranges, lemons, limes, grapefruit, shaddocks, or pomelos, 15 per centum ad valorem; Provided, That the thin wood, so called, comprising the sides, tops, and bottoms of fruit boxes of the growth and manufacture of the United States, exported as fruit box shooks, may be reimported in completed form, filled with fruit, without the payment of duty; but proof of the identity of such shooks shall be made under regulations to be prescribed by the Secretary of the Treasury.

Par. 173. Chair cane or reeds wrought or manufactured from rattans or reeds, 10 per centum ad valorem; osier or willow, including chip of and split willow, prepared for basket makers' use, 10 per centum ad valorem; manufactures of osier or willow and willow furniture, 25 per centum ad valorem.

Par. 174. Toothpicks of wood or other vegetable substance, 25 per centum ad valorem; butchers' and packers' skewers of wood, 10 cents per thousand.

Par. 175. Blinds, curtains, shades, or screens, any of the foregoing in chief value of bamboo, wood, straw, or compositions of wood, not specially provided for in this section, 20 per centum ad valorem; if stained, dyed, painted, printed, polished, grained, or creosoted, and baskets in chief value of like material, 25 per centum ad valorem.

Par. 176. House or cabinet furniture wholly or in chief value of wood, wholly or partly finished, and manufactures of wood or bark, or of which wood or bark is the component material of

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chief value, not specially provided for in this section, 15 per centum ad valorem.

Free list

Par. 647. Wood: Logs, timber, round, unmanufactured, hewn or sawed, sided or squared; pulp woods, firewood, handle bolts, shingle bolts, gun blocks for gunstocks rough hewn or sawed, or planed on one side; shingles, fence posts, packets, palings, staves, hubs for wheels, posts, heading bolts, stave bolts, last blocks, wagon blocks, and all like blocks or sticks, rough hewn, sawed, or bored; sawed boards, planks, deals, and other lumber not further manufactured than sawed, planed, and tongued and grooved; clapboards, laths, kindling wood, hop poles, hoop poles ship timber, ship planking, broom handles, sawdust, and wood flour; all the foregoing not specially provided for in this section.

Par. 648. Woods: Cedar, including Spanish cedar, lignum-vitae, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood, and all forms of cabinet woods, in the log, rough, or hewn only, sticks of partridge, hair wood, pimento, orange, myrtle, bamboo, rattan, reeds unmanufactured, india malacca joints, and other woods not specially provided for in this section, in the rough, or not further advanced than cut into lengths suitable for sticks for umbrellas, parasols, sunshades, whips, fishing rods, or walking canes.

THE TARIFF ACT OF SEPTEMBER 21, 1922

Par. 401. Logs of cedar, fir, spruce, or western hemlock, \$1 per thousand feet board measure with the following provision;

"any such class of logs shall be exempt from such duty if imported from any country, dependency, province, or other subdivision of government which has, at no time during the twelve months immediately preceding their importation into the United States, maintained any embargo, prohibition, or other restriction (whether by law, order, regulation, contractual relation or otherwise, directly or indirectly) upon the exportation of such class of logs from such country, dependency, province, or other subdivision of government, if cut from such class of lands."

Par. 402. Brier root or brier wood, ivy, or laurel root, and similar wood unmanufactured, or not further advanced than cut into blocks suitable for the articles into which they are intended to be converted, 10 per centum ad valorem.

Par. 403. Cabinet woods in the log ; Spanish cedar, lignum-vitae, ebony, boxwood, granadilla, mahogany, rosewood, satinwood, and Japanese white oak, 10 per centum ad valorem. Sawed cabinet woods, 15 per centum ad valorem. Veneers, and unmanufactured or partly manufactured wood not provided for in this section, 20 per centum ad valorem.

Par. 404. Hubs for wheels, posts, heading bolts, stave bolts, last blocks, wagon blocks, oar blocks, heading blocks or sticks, roughhewn, sawed or bored, not specially provided for in this section, 10 per centum ad valorem.

Par. 405. Casks, barrels, and hogsheads (empty), sugar-box shooks, and packing boxes (empty), and packing-box shooks, of wood, not specially provided for, 15 per centum ad valorem.

Par. 406. Boxes, barrels, and other articles containing oranges, lemons, limes, shaddocks or pomelos; foreign manufacture, 25 per centum ad valorem; domestic manufacture, 12 1/2 per centum ad valorem.

Par. 407 Cane reeds, cane webbing, and split or partially manufactured rattan, 20 per centum ad valorem. Furniture of rattan, reed, grass, osier, or willow or fiber, 60 per centum ad valorem. Split bamboo, 1 1/4 cents per pound. Osier or willow including chips of and split willow for basket makers' use, 35 per centum ad valorem. All articles, not specially provided for, wholly or partly manufactured of rattan, bamboo, osier, or willow, 45 per centum ad valorem.

Par. 408. Toothpicks of wood or other vegetable substance, 25 per centum ad valorem; butchers' and packers' skewers of wood, 25 cents per thousand.

Par. 409. Baskets of bamboo, wood, straw, or compositions of wood (plain), 35 per centum ad valorem. Baskets of bamboo, wood, straw, or compositions of wood (stained, dyed, painted, printed, polished, grained, or creosoted), 45 per centum ad valorem.

Par. 410. Spring clothespins, 15 cents per gross. House and cabinet furniture of wood, chairs, picture frames, wood flour, manufactures of wood or bark, not specially provided for, shuttles and bobbins, cars and parts of which wood is the component material of chief value for railways, carriages, drays, trucks, and other

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vehicles and parts of which wood is the component material of chief value, not specially provided for, and plywood, $33 \frac{1}{3}$ per centum ad valorem. Paint brush handles, $16 \frac{2}{3}$ per centum ad valorem.

Par. 411. Blinds, curtains, shades and screens of bamboo, wood or straw (plain), 35 per centum ad valorem; blinds, curtains, shades and screens of bamboo, wood, or straw (stained, dyed, painted, printed, polished, grained or creosoted), 45 per centum ad valorem.

Free list:

Par. 1660. Shingles of wood.

Par. 1700. Wood: Logs; timber, round, unmanufactured, hewn, sided or squared otherwise than by sawing; pulpwoods; round timber used for spars or in building wharves; firewood, handle bolts, shingle bolts, gun blocks for gun stocks, rough hewn or sawed or planed on one side; sawed boards, planks, deals, and other lumber, not further manufactured than sawed, planed, and tongued and grooved; circassian walnut and other cabinet woods in the log; clapboards, laths, ship timber; all of the foregoing not specially provided for: Provided, That if there is imported into the United States any of the foregoing lumber, planed on one side or more sides and tongued and grooved, manufactured in or exported from any country, dependency, province, or other subdivision of government, which imposes a duty upon such lumber exported from the United States, the President may enter into negotiations with such country, dependency, province or other subdivision of government to secure the removal of such duty, and if

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such duty is not removed he may by proclamation declare such failure of negotiations, and in such proclamation shall state the facts upon which his action is taken together with the rates imposed, and make declaration that like and equal rates shall be forthwith imposed as herein provided; whereupon and until such duty is removed, there shall be levied, collected, and paid upon such lumber, when imported directly or indirectly from such country, dependency, province, or other subdivision of government, a duty equal to the duty imposed by such country, dependency, province or other subdivision of government upon such lumber imported from the United States.

Par. 1701. Paving posts, railroad ties, and telephone, trolley, electric-light, and telegraph poles of cedar or other woods.

Par. 1702. Pickets, palings, hoops, and staves of wood of all kinds.

Par. 1703. Woods; Sticks of partridge, hair wood, pimento, orange, myrtle, bamboo, rattan, india malacca joints, and other woods not specially provided for in this section in the rough, or not further advanced than cut into lengths suitable for sticks for umbrellas, parasols, sunshades, whips, fishing rods, or walking canes.

THE TARIFF ACT OF JUNE 17, 1930

(Smoot-Hawley Tariff)

"Schedule 4.--Wood and manufactures of."

Par. 401. Timber hewn, sided or squared, otherwise than by sawing, and round timber used for spars or in building wharves; sawed lumber and timber not specially provided for; all the foregoing, if of fir, spruce, pine, hemlock, or larch, \$1 per thousand feet, board measure, and in estimating board measure for the purposes of this paragraph no deduction shall be made on account of planing, tonguing, and grooving; Provided, That there shall be exempted from such duty boards, planks, and deals of fir, spruce, pine, hemlock or larch, in the rough or not further manufactured than planed or dressed on one side, when imported from a country contiguous to the Continental United States, which country admits free of duty similar lumber imported from the United States.

Par. 402. Maple (except Japanese maple), birch, and beech; Flooring, 8 per centum ad valorem.

Par. 403. Brier root or briar wood, ivy or laurel root, and similar wood, unmanufactured, or not further advanced than cut into blocks suitable for articles into which they are intended to be converted, 10 per centum ad valorem.

Par. 404. Cedar commercially known as Spanish cedar, lignum-vitae, lancewood, ebony, granadilla, mahogany, rosewood, satinwood, Japanese white oak, and Japanese maple; In the form of sawed boards, planks, deals, and all other forms not further manufactured than sawed, and flooring, 15 per centum ad valorem.

Par. 405. Veneers of wood, 20 per centum ad valorem; plywood, 40 per centum ad valorem, and in addition thereto on birch and alder plywood, 10 per centum ad valorem; wood unmanufactured, not

specialty provided for, 20 per centum ad valorem.

Par. 406. Hubs for wheels, heading bolts, stave bolts, last blocks, wagon blocks, oar blocks, heading blocks, and all like blocks or sticks, roughhewn, or rough shaped, sawed or bored, 10 per centum ad valorem.

Par. 407. Casks, barrels, and hogsheads (empty), sugar-box shooks, and packing boxes (empty), and packing-box shooks, of wood, not specially provided for, 15 per centum ad valorem.

Par. 408. Boxes, barrels, and other articles containing oranges, lemons, grapefruit, shaddocks or pomelos, 25 per centum ad valorem; Provided, That the thin wood, so called, comprising the sides, tops, and bottoms of fruit boxes of the growth or manufacture of the United States, exported as fruit-box shooks, may be reimported in completed form, filled with fruit, by the payment of duty at one-half the rate imposed on similar boxes of entirely foreign growth and manufacture; but proof of the identity of such shooks shall be made under regulations to be prescribed by the Secretary of the Treasury.

Par. 409. Reeds wrought or manufactured from rattan or reeds, whether round, flat, split, oval, or in whatever form, cane wrought or manufactured from rattan, cane webbing, and split or partially manufactured rattan, not specially provided for, 20 per centum ad valorem. Furniture wholly or in chief value of rattan, reed, bamboo, osier or willow, malacca, grass, seagrass, or fiber of any kind, 60 per centum ad valorem; split bamboo, 1 1/4 cents per pound; osier or willow, including chip of and split

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willow, prepared for basket makers' use, 35 per centum ad valorem; all articles not specially provided for, wholly or partly manufactured of rattan, bamboo, osier or willow, 45 per centum ad valorem.

Par. 410. Toothpicks of wood or other vegetable substance, 25 per centum ad valorem; butchers' and packers' skewers of wood, 25 cents per thousand.

Par. 411. Porch and window blinds, baskets, bags, chair seats, curtains, shades, or screens, any of the foregoing wholly or in chief value of bamboo, wood, straw, papier-mache, palm leaf, or compositions of wood, not specially provided for, 50 per centum ad valorem.

Par. 412. Spring clothespins, 20 cents per gross; furniture, wholly or partly finished, and parts thereof, and folding rules, all the foregoing, wholly or in chief value of wood, and not specially provided for, 40 per centum ad valorem; wood moldings and carvings to be used in architectural and furniture decoration, 40 per centum ad valorem; bent-wood furniture, wholly or partly finished, and parts thereof, 47 1/2 per centum ad valorem; paintbrush handles, wholly or in chief value of wood, 33 1/3 per centum ad valorem; wood flour, and manufactures of wood or bark, or of which wood or bark is the component material of chief value, not specially provided for, 33 1/3 per centum ad valorem.

Free list: (Schedule 6)

Par. 1803. Wood:

(1) Timber hewn, sided, or squared, otherwise than

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by sawing, and round timber used for spars or in building wharves; sawed lumber and timber, not further manufactured than planed, and tongued and grooved; all the foregoing not specially provided for: Provided, That if there is imported into the United States any of the foregoing lumber, planed on one or more sides and tongued and grooved, manufactured in or exported from any country, dependency, province, or other subdivision of government which imposes a duty upon such lumber exported from the United States, the President may enter into negotiations with such country, dependency, province, or other subdivision of government to secure the removal of such duty, and if such duty is not removed he may by proclamation declare such failure of negotiations, and in such proclamation shall state the facts upon which his action is taken together with the rates imposed, and make declaration that like and equal rates shall be forthwith imposed as hereinafter provided; whereupon, and until such duty is removed, there shall be levied, collected, and paid upon such lumber, when imported directly or indirectly from such country, dependency, province, or other subdivision of government upon such lumber imported from the United States.

(2) Logs; timber, round, unmanufactured; pulp woods; firewood, handle bolts, shingle bolts; gun blocks for gun stocks, rough hewn or sawed or planed on one side; and laths; all the foregoing not specially provided for.

Par. 1804. Posts, railroad ties, and telephone, trolley, electric light, and telegraph poles of cedar or other woods.

Par. 1805. Pickets, palings, hoops, and staves of wood of all kinds.

Par. 1806. Woods: Sticks of partridge, hair wood, pimento, orange, myrtle, bamboo, rattan, india malacca joints, and other woods not specially provided for, in the rough, or not further advanced than cut into lengths suitable for sticks for umbrellas, parasols, sunshades, whips, fishing rods, or walking canes.

RATE CHANGES IN THE TARIFF ACT OF 1930

Under authority of "Sec. 336. Equalization of costs of production." in the Tariff Act of June 17, 1930, the following changes in rates of import duties in that Act have been made;

Par. 412. "Wood flour," formerly $33 \frac{1}{3}$ per centum ad valorem and changed to 25 per centum ad valorem on March 7, 1931.

Par. 412. "Bent-wood furniture, wholly or partly finished, and parts thereof", formerly $47 \frac{1}{2}$ per centum ad valorem and changed to $42 \frac{1}{2}$ per centum ad valorem on July 24, 1931.

Par. 412. "Folding rules, wholly or in chief value of wood, and not specially provided for", formerly 40 per centum ad valorem and changed to 60 per centum ad valorem on January 13, 1933.

THE REVENUE ACT OF JUNE 6, 1932

Section 601, Part (c), Paragraph (6).

"Lumber, rough, or planed or dressed on one or more sides, except flooring made of maple (except Japanese maple),

birch, and beech, \$3.00 per thousand feet, board measure; but the tax on the articles described in this paragraph shall apply only with respect to the imports of such articles."

Section 601, Part (c), Paragraph (6) as modified;

"Lumber, rough, or planed or dressed on one or more sides, except flooring made of maple (except Japanese maple), birch, and beech, \$3.00 per thousand feet board measure;" (The amount of the excise tax was reduced to \$1.50 per thousand feet and quota imposed on certain types in the reciprocal trade agreement with Canada, effective January 1, 1936; the tax provided for in this section on imports of mahogany in the form of sawed boards, planks, deals, and all other forms not further manufactured than sawed, the product of Cuba, was decreased from \$2.40 to \$1.20 per thousand feet, board measure, in the Cuban trade agreement, effective September 3, 1934.) "but the tax on the articles described in this paragraph shall apply only with respect to the importation of such articles."

The reduction of the tax in the Canadian Agreement was limited by the following provisions:

"Provided, That from and after the time when the aggregate quantity of sawed Douglas fir and Western hemlock timber and lumber entered, or withdrawn from warehouse, for consumption, in any calendar year after 1935 exceeds 250,000,000 feet, board measure (determined in the manner described in paragraph 401, Tariff Act of 1930), the foregoing provision shall not be in effect in respect of sawed timber and lumber of Douglas Fir and Western

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hemlock during the remainder of such year.

Provided further, That no article described in paragraph 401, Tariff Act of 1930, of a kind which is being classified under section 601 (c) (6), Revenue Act of 1932, on the day of signature of this Agreement but is thereafter excluded from such classification pursuant to a final judicial decision in which the Treasury Department acquiesces, shall be subject to the provisions of Article IV of this Agreement or any provision of this Schedule, but the total duties, taxes, and other exactions hereafter imposed on or in connection with the importation of any such article shall not exceed the total which would have accrued if such article had not been excluded from such classification."

PUBLIC RESOLUTION NO. 48 OF JUNE 29, 1937

The effective period for the import excise taxes, under Section 601 (c), (6) of the Revenue Act of 1932 as amended, was extended to June 30, 1939.

THE REVENUE ACT OF MAY 28, 1938

Section 70A of the Revenue Act of 1938 contains the following amendments to section 601 (c) (6) of the Revenue Act of 1932,

" (a) Section 601 (c) (6) of the Revenue Act of 1932 is further amended by adding at the end thereof the following: "In determining board measure for the purpose of this paragraph no deduction shall be made on account of planing, tonguing, and

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grooving. As used in this paragraph, the term 'lumber' includes sawed timber."

(b) Each sentence of the amendment made by subsection (a) shall become effective (1) on the sixtieth day after the date of the enactment of this Act unless in conflict with any international obligation of the United States or (2) if so in conflict, then on the termination of such obligation otherwise than in connection with the undertaking by the United States of a new obligation which continues such conflict.

(c) Section 601 (c) (6) of the Revenue Act of 1932 is further amended by inserting after the amendment made by subsection (a) of this section the following: "The tax imposed by this paragraph shall not apply to lumber of Northern white pine (*pinus strobus*), Norway pine (*pinus resinosa*), and Western white spruce."

(d) The amendment made by subsection (c) shall be effective July 1, 1938."

THE TRADE AGREEMENTS ACT OF JUNE 12, 1934

("An act to amend the Tariff Act of 1930")

The amendments under "Schedule 4 - Wood and manufacture of." to the Tariff Act of 1930, made either directly or by subsequent trade agreements, under the authority of the Trade Agreements Act of 1934 are as follows:

JUNE 12, 1934; TRADE AGREEMENTS ACT

PAR. 401. Boards, planks and deals of fir, spruce, pine, hemlock or larch in the rough or not further manufactured than

planed or dressed on one side. (Change made; conditional duty repealed.)

SEPTEMBER 3, 1934; CUBAN TRADE AGREEMENT

Par. 404. Mahogany in the form of sawed boards, planks, deals, and all other forms not further manufactured than sawed. (Duty reduced from 12 to 6 per centum ad valorem.)

AUGUST 5, 1935; SWEDISH TRADE AGREEMENT

Par. 412. Spring clothespins. (Duty reduced from 20 to 15 cents per gross.)

Clothespins other than spring clothespins, in chief value of wood. (Duty reduced from $33 \frac{1}{3}$ to 25 per centum ad valorem.)

JANUARY 1, 1936; CANADIAN TRADE AGREEMENT

Par. 401. Timber hewn, sided, or squared, otherwise than by sawing, and round timber used for spars or in the building of wharves; sawed lumber and timber not specially provided for, all the foregoing if of fir, spruce, pine, hemlock, or larch. (Duty reduced from \$1 to 50 cents per thousand feet, board measure.)

Provided, That any of the foregoing sawed timber and lumber of Douglas fir or Western hemlock entered, or withdrawn from warehouse, for consumption, in any calendar year after 1935 in excess of an aggregate quantity of 250,000,000 feet, board measure, shall not be subject to this provision.

Provided further, That no article described in

paragraph 401, Tariff Act of 1930, of a kind which is being classified under section 601 (c) (6), Revenue Act of 1932 on the day of the signature of this Agreement but is thereafter excluded from such classification pursuant to a final judicial decision in which the Treasury Department acquiesces, shall be subject to the provisions of Article IV of this Agreement or any provision of this Schedule; but the total duties, taxes, and other exactions hereafter imposed on or in connection with the importation of any such article shall not exceed the total which would have accrued if such article had not been excluded from such classification. (Article IV of the Agreement gives assurance that the Canadian products described in Schedule I, in which the tariff concessions appear, will be subject to no higher duties than indicated.)

Par. 402. Maple (except Japanese maple), birch, and beech; Flooring. (Duty reduced from 8 to 4 per centum ad valorem.)

Par. 412. Ice-hockey sticks, wholly or in chief value of wood. (Duty reduced from $33 \frac{1}{3}$ to 20 per centum ad valorem.)

NOVEMBER 2, 1936; FINNISH TRADE AGREEMENT

Par. 405. Plywood wholly or in chief value of birch. (Duty changed from 40 per centum ad valorem and in addition thereto, 10 per centum ad valorem to 20 per centum ad valorem and in addition thereto, 5 per centum ad valorem.)

Par. 412. Spools wholly of wood suitable for thread, not including bobbins. (Duty reduced from $33 \frac{1}{3}$ to 25 per centum ad valorem.)

JANUARY 1, 1939; NEW CANADIAN TRADE AGREEMENT

Par. 401. Cabinet woods, specifically excluded from the new agreement and the effect of this action is to restore the statutory revenue tax of \$3.00 per thousand feet, board measure.

Par. 405. Veneers of birch and maple. (Duty reduced from 20 to 10 per centum ad valorem.)

Par. 406. Hubs for wheels, heading and stave bolts, last and other blocks, etc., rough-shaped, sawed or bored. (Duty reduced from 10 to 5 per centum ad valorem.)

Par. 407. Casks, barrels, and hogsheads, of wood, not specially provided for, not including beer barrels or beer kegs. (Duty reduced from 15 to 7 1/2 per centum ad valorem.)

Par. 412. Paint-brush handles of wood. (Duty reduced from 33 1/3 to 20 per centum ad valorem.)

Broom handles and mop handles, advanced, not less than 3/4 of an inch in diameter and not less than 38 inches in length; tennis-racket frames, valued at \$1.75 or more each; toboggans; baby carriages; wheelbarrows; canoes and canoe paddles; carriages, drays, trucks, and other horse-drawn vehicles, and parts thereof, not specially provided for; wholly or in chief value of wood. (Duty reduced from 33 1/3 to 20 per centum ad valorem.)

JANUARY 1, 1939; UNITED KINGDOM TRADE AGREEMENT

Par. 412. Furniture (other than chairs) wholly or partly finished, wholly or in chief value of wood, not specially provided for. (Duty reduced from 40 to 25 per centum ad valorem.)

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Par. 412. Tennis-racket and badminton-racket frames, valued at \$1.75 or more each. (Duty reduced from $33 \frac{1}{3}$ to 20 per centum ad valorem.)

FREE LIST BINDINGS UNDER THE TRADE AGREEMENTS ACT

Par. 1670. Logwood. (By Haitian agreement of June 3, 1935)

Dyeing or tanning materials; Fustic wood, logwood, and Brazil wood; all the foregoing, whether crude or advanced in value or condition by shredding, grinding, chipping, crushing, or any similar process, and not containing alcohol. (By Nicaraguan agreement of October 1, 1936)

Mangrove bark. (By United Kingdom agreement of January 1, 1939.)

Logwood. (By United Kingdom agreement of January 1, 1939.)

Par. 1760. Shingles of wood. (By Canadian agreement of January 1, 1936.)

"Provided, That the United States reserves the right to limit the total quantity of red cedar shingles which may be entered, or withdrawn from warehouse, for consumption, during any given half of any calendar year to a quantity not exceeding 25 per centum of the combined total of the shipments of red cedar shingles by producers in the United States and the imports of such shingles during the preceding half year."

The following section of the Revenue Act

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of 1936 is pertinent to the provisions for shingles of wood in the Canadian trade agreement:

"Section 811. Importation of Shingles."

"Whenever any organization or association representing the producers of more than 75 per centum of the red cedar shingles produced in the United States during the previous half-year period shall request the President to limit the importation of red cedar shingles from Canada under paragraph 1760 of the reciprocal trade agreement entered into with the Dominion of Canada under date of November 15, 1935, and the President finds from available statistics that the total quantity of red cedar shingles produced in the Dominion of Canada which is entered, or withdrawn from warehouse, for consumption in the United States, during any given half of any calendar year exceeds or will exceed 25 per centum of the combined total of the shipments of red cedar shingles by producers in the United States and the imports during the preceding half year, the President shall issue an order limiting for the six months immediately following the half of the calendar year in which said excess occurred, the quantity of red cedar shingles to be imported from Canada to 25 per centum of the combined total of the shipments and imports of red cedar shingles for such preceding half calendar year. The President shall issue a new order for each half of the calendar year thereafter during the continuation of the operation of the reciprocal trade agreement entered into with the Dominion of Canada, under date of November 15, 1935, with the same limitations as hereinbefore set forth."

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Par. 1803 (1). Timber hewn, sided, or squared, otherwise than by sawing, and round timber used for spars or in building wharves; sawed lumber and timber, not further manufactured than planed, and tongued and grooved; all the foregoing not specially provided for. (Conditional duty repealed by Trade Agreements Act of June 12, 1934.)

Par. 1803 (1). Timber hewn, sided, or squared, otherwise than by sawing, and round timber used for spars or in building wharves; sawed lumber and timber, not further manufactured than planed, and tongued and grooved; all the foregoing, if not of balsa or teak, and not specially provided for. (By Canadian agreement of January 1, 1936.)

Par. 1803 (2). Logs; timber, round, unmanufactured; pulp woods; firewood, handle bolts, shingle bolts; and laths; all the foregoing, not cabinet woods, and not specially provided for. (By Canadian agreement of January 1, 1936.)

Par. 1803. Cabinet woods in the log. (By the Brazilian agreement of January 1, 1936; the Guatemalan agreement of June 15, 1936; the Nicaraguan agreement of October 1, 1936; the Costa Rican agreement of August 2, 1937.)

Par. 1803. Balsa wood in the log. (By the Costa Rican agreement of August 2, 1937.)

Par. 1804. Posts, railroad ties, and telephone, trolley, electric-light, and telegraph poles of cedar or other woods. (By the Canadian agreement of January 1, 1936.)

Par. 1805. Pickets, palings, hoops, and staves of wood of all kinds. (By the Canadian agreement of January 1, 1936.)

Par. 1806. Sticks of rattan in the rough, or not further advanced than cut into lengths suitable for sticks for umbrellas, parasols, sunshades, whips, fishing rods, or walking canes.

(By the Netherlands agreement of February 1, 1936.)

FREE LIST BINDINGS CONTINUED IN THE NEW CANADIAN AGREEMENT

Par. 1760. Shingles of wood;

Red cedar;

Imports limited to 25 percent of United States consumption under old agreement.

Under new agreement the United States Government reserves the right to impose duty not to exceed 25 cents per square on imports in excess of 30 percent of United States consumption.

Other. (Without restriction)

Par. 1803 (2). Pulpwood, logs, round timber, firewood, bolts, laths, etc., (excluding cabinet woods), not specially provided for.

Par. 1804. Posts, ties, and poles of wood.

Par. 1805. Pickets, palings, hoops, and staves of wood.

The detailed information presented in this appendix was compiled from the tariff acts passed by the Congress of the United States from 1789-1939.

APPENDIX C

A SUMMARY OF CANADIAN TARIFF HISTORY FROM 1651 to 1938, INCLUSIVE

CANADIAN TARIFF HISTORY

THE REPEAL OF EARLY PREFERENCES.

The Navigation Acts formed an important means of controlling the colonial trade of Great Britain in the interests of its merchants and manufacturers. The first important navigation act was passed in 1651. It was followed by the act of 1660 which continued in effect for two hundred years. Although designed to regulate commerce between Great Britain and its European neighbors, the Navigation Acts were later extended and modified so as to maintain a monopoly of the colonial trade. The chief provisions of these acts were as follows:

(1) Certain specified articles, known as "the enumerated articles", including the chief articles of commerce, could be imported into England only in English ships or ships of the country of which they were the produce, or from which they were generally exported. However, no products of Asia, Africa, America, Russia, or Turkey were allowed to be imported except in British ships or ships of the producing country.

(2) No goods could be carried between any two British ports except in British ships.

(3) No goods could be imported from any foreign country into any British colony except in British ships, including colonial ships, or in ships of the country of which they were the produce and from which they were exported.

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Great Britain levied duties on foreign products imported into the colonies, in addition to the uniform duties on British and foreign goods which the colonial legislatures were authorized to levy, and thus created tariff preferences in the colonies for British goods.

Occasionally Great Britain levied duties on imports of British goods into the colonies. The guiding principle was that duties on British imports in the colonies should be for revenue, while the duties on foreign imports into the colonies should be for the protection of British trade and industry.

During the eighteenth century various bounties were given to colonial products. The most important were the premiums granted upon imports into England of iron, indigo and materials used in the construction of ships, such as timber, tar and turpentine. The Napoleonic Wars brought on the establishment of a preference on British North American timber as a favor to the shipbuilding, shipping and timber interests of the eastern provinces. In 1815 a corn law was passed permitting the importation of British North American wheat whenever the price reached \$1.56 per bushel in England, whereas no other wheat could enter until the price in England reached \$2.50 per bushel. Other grains from British North America also received some concessions in the British market. However, it was not until the period from 1823 to 1846 that the preferential system entered its final and most comprehensive stage and British preferences were established for many important Canadian products of which the most important were oats, lumber, fish, and naval materials, along with the older preferences on wheat, flour and timber.

From 1842 to 1845 agitation began to develop in England against taxation of the English consumer in order to provide preferences to colonial products in the British market and finally in 1846 the Corn Laws were repealed and lower duties were substituted in their place. The abolition of the Corn Laws was a great step forward in removing the protective element from the British tariff. The dominance of British merchants and manufacturers in the commerce of the world made it a certainty that the minute they gained the political ascendancy in England tariff protection and preferences to colonial products would go. The repeal of the Corn Laws thus marked the transfer in political power in England from the agricultural interests to the merchants and manufacturers. By 1849 the last trace of colonial preference on grains was removed and by 1853 all the preferences except those on timber, wines and spirits had been abolished. In 1860 the last preferences remaining, those on timber and on wines were terminated.

The Navigation Acts followed a similar parliamentary path and by 1853 the last vestige of the same had disappeared from the British commercial policy. The argument for the abolition of the Navigation laws was based partly on the ground that with the abolition of preferences to colonial products in Great Britain it was unfair to the colonies to confine colonial trade to British ships when foreign ships might be available at lower cost, and partly on the expectation that their abolition would result in more favorable treatment of British ships by foreign countries.

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Although the preference enjoyed by colonial grains ceased in 1846, it was not convenient at that time for the colonies to abolish the preference to British goods since the reduction of the duty on foreign goods to the stipulated 5 per cent tax would have deprived the colonies of a considerable part of their revenue. And in 1846 an act was passed which permitted the colonies to abolish all preference, either by raising the duties on British goods to the foreign level or by reducing the foreign duties to the British level. Most of the colonies at once exercised this new privilege and by 1855 all the colonial preferences to British imports had disappeared, preceding by five years the abolition of the last British preferences to colonial products.

Canada in 1847, with her recently won autonomy, reduced the tariff on manufactures of the United States and raised the rates on British manufactures in the hope of securing closer commercial relations with the United States. (At this time Canada consisted of the two Provinces of Upper Canada, now Ontario, and Lower Canada, now Quebec. Nova Scotia followed the example of Canada and abolished the tariff preferences. The Province of New Brunswick, however, retained in her tariff of 1848 preferences to British goods amounting in some cases to 75 or 80 per cent of the ordinary duty. Prince Edward Island likewise established a preference on British goods.) The American duties on Canadian products were not lowered in response to this Canadian action, and the loss of the British preferences led to so much economic hardship that there arose in Canada in 1849 a great deal of agitation for annexation to the United States. This agitation did

much to bring about the repeal of the Navigation Acts by Great Britain. And although the British Government was, at the time, opposed to the granting of trade preferences by the colonies to one another, Canada in 1850 passed an act permitting free entry of the products of other North American colonies and it was not disallowed by the home Government. Consequently, before the confederation of the colonies in 1867 most of them were granting reciprocal concessions to each other. In 1868 the privilege of establishing intercolonial preferences from which Great Britain was excluded was formally granted to the British North American colonies.

THE RECIPROCITY TREATY WITH THE UNITED STATES, 1854.

In 1854 a reciprocity treaty was negotiated, with the assistance of the imperial authorities, between all the British North American colonies and the United States. This treaty provided for the free exchange between the colonies and the United States of the natural products of both countries. It involved discrimination in colonial tariffs against British products in favor of foreign imports, a privilege which has never been granted formally to British colonies. However, the economic distress of the colonies and the fact that there was practically no competition for their trade between Great Britain and the United States led the imperial authorities to depart from their usual policy and to sanction the treaty.

GALT'S TARIFF, (1859) AND ITS PREFERENTIAL FEATURES.

In 1859 the Canadian Legislature passed a tariff act

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introduced by A. T. Gault, the minister of finance, which levied considerably increased duties on manufactures, without discriminating between British and foreign goods. On the suggestion of the manufacturers of Sheffield, the British Government protested against the new duties. Galt in his answer affirmed in plain language the right of Canada to decide for itself both as to the mode and extent of its customs taxation, and the principle he then maintained has never since been seriously questioned. At various times in later years the home Government has protested against protective measures, but the exercise of the imperial veto to suppress such measures was never considered.

Galt also pointed out that the legislation enacted at this time introduced by indirect means a measure of preference to England. In place of the previous specific duties, the Government had introduced ad valorem duties, based not upon the value of the goods at the place of import, but upon their value in the market where bought. This change had for its objective the encouragement of Canada's sea trade as against her land trade with the United States. The ad valorem duties when calculated in this manner tended both to favor direct purchase from the country of origin, and thus to foster trade and shipping with the mother country direct instead of through New York importers, and also to offset to some extent the advantages in shipping costs enjoyed by the American producer, owing to his greater proximity to the Canadian market. This method of valuing imports was continued until confederation, and was adhered to in the tariff legislation of the Dominion.

THE CONFEDERATION TARIFF, 1867.

When, in 1867, the Dominion of Canada was formed by the confederation of Quebec, Ontario, New Brunswick, and Nova Scotia the common tariff adopted was, on the whole, an average of the former different provincial tariffs. As New Brunswick and Nova Scotia had had lower duties than the old Province of Canada, this resulted in a lowering of the Canadian tariff. The tariff provided for the admission free of duty of certain articles when imported from Prince Edward Island, which had not as yet entered the confederation. In return, Canadian breadstuffs were admitted into the island free of duty. There were no other preferential provisions in the tariff.

PREFERENTIAL DUTIES IN THE TARIFF OF 1870.

In 1870 the tariff underwent some revision. Two items in the tariff act, although of minor significance by themselves, are not unimportant in relation to the history of the British preference. One of these was the duty of 5 cents a bushel imposed on salt for the purpose of preventing alleged dumping of American salt. British salt paid no duty. This was the first instance after 1846 of a direct preference to British imports in the Canadian tariff, a preference still in effect, although changed in amount. The other preference, though one not confined to Great Britain, was the duty of 10 cents a pound levied on tea imported neither from Great Britain nor from the country of origin, all other tea being admitted free of duty. This duty was cancelled in 1874 on the ground that it was burdensome to the Canadian consumer.

"THE NATIONAL POLICY" AND PREFERENCE.

By 1876 the tariff had become the chief political issue in Canada and in order to make a policy of protection agreeable to the British government its advocates thought it well to hold out to British commerce the prospect of preferential treatment of British products which would compensate for the higher duties. In the budget debate of 1878 the Conservative opposition made strong pleas for preferential duties; one speaker urged the, at that time, novel view that preference in customs duties should be given to British products as a favor in return for those favors Great Britain bestowed upon Canada in bearing alone the whole burden of imperial defense and in admitting Canadian products into her markets on more favorable terms than those on which they were admitted into the United States. But the higher duties were also advocated by the opposition as a purely "national policy" of protection to Canadian industries and without reference to British advantage.

THE TARIFF OF 1879.

When the Conservatives won the general election in the summer of 1878, they proceeded to remodel the tariff on frankly protective lines. The duties on manufactures were raised to an average of 30 per cent, and many articles which had previously been on the free list were made dutiable. The tariff of 1879 contained a number of provisions which operated either directly or indirectly to establish a preference on British imports. They were passed in

Parliament without much discussion, and undoubtedly in many cases the purpose was rather to favor certain Canadian importers or to retaliate against the United States than to confer special benefits on British exporters. Although these provisions were not very important taken singly, they served in combination to confer distinct advantages on British trade.

While the Conservative Party remained in power (1878-1896) it represented the manufacturing interests of Canada. These interests were ardent advocates of protective legislation, and they made little distinction between the competition of British and of American manufacturers. The Liberal Party was a tariff-for-revenue party. Both parties favored reciprocity with the United States but the Liberals as a rule were willing to go further than the Conservatives in this direction. But the failure of all attempts to secure a reciprocity arrangement with the United States satisfactory to Canadian interests, and the growing belief in Canada, after the enactment by the United States of the McKinley tariff of 1890, that the latter country was deliberately unfriendly in commercial matters in the expectation that economic distress would force Canada into the American union, turned Canadians in increasing numbers to view with favor proposals for imperial preference.

PREFERENCE DEVELOPMENTS FROM 1897 TO THE PRESENT DAY.

In 1897 Canada inaugurated a new period in the tariff history of the British Empire by her first introduction of a

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preferential tariff policy. The preference originally granted was 1/8 of the full duty but in the following year, when Great Britain, by denouncing her treaties with Belgium and the Zollverein, had relieved Canada from the necessity of extending her preference to them and to other most-favored-nation countries, the amount of the preference was increased to 25 per cent of the full duty. In 1900 the reduction was made 1/3 of the full duty. One-third continues to be the normal reduction, but by changes made for the most part in 1904 and 1907 the single-tariff schedule subject to a uniform percentage of the reduction has been replaced by a three-column tariff which specifies the preferential, the intermediate, and the general rate upon each item.

In Canada, as in the other British Dominions, the preferential policy has been subordinate to the policy of protection, but, unlike the other Dominions, Canada has made her preferential policy also subordinate to the promotion of her export trade and has not hesitated, when concessions to foreign countries seemed advantageous, to cut into the preference already granted to Great Britain. This willingness of the Canadian Government to reduce a preference even of some years' standing was seen in 1904 and later when the amount of preference upon woolens, cordage, and other products was reduced; in 1907, when the intermediate tariff was established; in 1910, when agreements were made with France, Italy, Belgium, the Netherlands, and the United States for various reductions of rates, some of which became applicable to all most-favored countries; in 1911, when a reciprocity treaty was negotiated with the United

States; and in 1920, when the war surtax was swept from the intermediate and general schedules. On the other hand, both in 1904 and 1907, while the preference was reduced upon some articles to afford greater protection to the Canadian producer, upon other articles the preference was increased; the war surtax of 1915 operated to produce a general increase in the preference, and this was further increased in 1919, when the war surtax was removed, through the greater part of the tariff, only from the preferential schedule.

Canada extended its preference to Great Britain without bargaining for any reciprocal concessions. Indeed, the idea underlying the "reciprocal tariff" of 1897 was that the free-trade policy of the United Kingdom in itself constituted favorable treatment of Canadian products. Upon the like basis the Canadian preference was freely extended in 1898 or later to practically all of the British Crown colonies on the ground that their low revenue duties made them favorable markets for Canadian products. To New Zealand, Canada freely extended her preferential tariff in 1904, but only after New Zealand had extended hers to Canada. Canada bargained successfully with South Africa in 1904 for the mutual concession of the preferential rates; and repeatedly but unsuccessfully Canada has bargained with Australia. This difference in attitude toward the mother country and the Crown colonies on the other hand is not an arbitrary one nor is it due to sentiment, but rests upon the fact that the Dominions pursue protective policies. The desire of Canada and Australia to foster the same industries hinders a reciprocity agreement between them. The tariff schedules of the British West Indies have been more extensive and have contained higher rates than

those of the other colonies to which Canada freely granted her preferences, but reasons of policy and of geography led Canada from the first to show these colonies special consideration even to the extent of imposing duties for the sake of establishing a preference upon their products. Later, in the period when trade agreements with foreign countries were impairing the value of the preference to Great Britain, the preferential rates in which the West Indies were especially interested were increased and extended, but only in return for concessions on the part of some of the West Indies (1912-1913). The West Indian colonies which remained outside of this agreement were included in its benefits for a period which was allowed to run on during the war until, in 1920-1921 all the West Indies except Bermuda ratified a new agreement by which greater tariff favors were extended on both sides.

The administrative regulations connected with the Canadian tariff operate to increase the British preference in three respects. Since 1859 the Canadian ad valorem duties have been assessed on the value in the port of shipment rather than on the value at the port of entry into Canada. The effect is to free from duty the costs of direct transportation from any part of the world, and to that extent to deprive the countries which lie close to Canada of the advantage of their position. Since the chief competitors for the Canadian import trade are the United States and Great Britain, the latter derives the main benefit from the regulation. The Canadian antidumping law (1904-1907) operates to the advantage of free-trade countries, so that Great Britain derives the main benefit; and special features of the

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law applicable to Great Britain alone extend the same advantages in respect to certain articles upon which duties or excises are levied in Great Britain. In 1920 the rule in regard to the conversion of valuations expressed in depreciated currencies was changed so that ad valorem duties upon imports from countries with depreciated currencies were in effect reduced in proportion to that depreciation but not beyond 50 per cent. Here again the legislation benefits countries other than Great Britain, but its significance lies chiefly in its favorable effect upon British as compared to American trade with Canada.

It was the Liberal Party which introduced and extended the Canadian preferential system in 1897-1900. When, after several years, Great Britain had granted no preference in return, the Canadian Government sought the expansion of trade in other directions, and the period from 1904 to 1911 impaired, to a considerable degree, the value of the preference accorded to Great Britain. This period ended with the rejection by the Canadian voters of the reciprocal agreement with the United States (1911) and the return of the Conservatives to power. The Conservatives extended the preference enjoyed by the British West Indies (1912), and, by the war customs act of 1915, made a general increase in the differentials between the rates of the preferential and the other schedules. After the war, when the reduction of taxation became possible, the Coalition or Unionist Government removed the surtax from British products so that temporarily the preference was further increased. The programs of the Liberal and of the Farmers' Parties in 1922 called for an extension of the free list and for all-around reduction of duties and a general increase in the percentage of reduction accorded under the preferential

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schedule, and the Farmers' Party has even advocated free trade with Great Britain. Thus all the leading parties in Canada have lent more or less support to the preferential policy.

Tariff revision in the United States in 1922 and in 1930 greatly increased the duties affecting Canadian products and so in consequence the Canadian preferential policy was greatly stimulated. In May 1930, before the adoption of the new tariff act of the United States, Canada made a considerable revision of her tariff. The rates of the "general" tariff on about 30 items were increased. The most important changes were the reductions in the British preferential rates on some 300 tariff items, thereby in most cases increasing the differential against American products; about 125 of these items previously dutiable were made free when imported from British countries.

Canada made a further revision of its duties in September of the same year. Approximately 100 rates of the general tariff were increased and there were few decreases; however, the British preferential rates were also increased on more than 60 items. Still another extensive revision was made in 1931 and rates of the Canadian general tariff increased on 76 articles and decreased on 29, whereas under the tariff applicable to British countries rates were increased on only 19 articles and decreased on 33.

In 1932 both Canada and the United States tried to out-do the other in tariff warfare. The United States imposed a revenue tax on all lumber in addition to the tariff

proper previously applicable by the act of 1930 on the principal species of softwood lumber. A similar tax was also placed on copper and on coal, but with the proviso in the latter case that it should not apply to imports from any country with which the United States export trade in coal exceeds the import trade, which is the case with Canada. Meanwhile Canada undertook negotiations with other British areas looking toward further extension of the tariff preference within the British Empire. A conference was held at Ottawa which had as a result, among other things, a series of agreements between Canada, on the one hand, and the United Kingdom and the principal British Dominions and Colonies, on the other. In the revision of the Canadian tariff in October 1932 following the Ottawa conference, and for the most part reflecting these agreements, British preferential rates were lowered on more than 130 items, over half of these being made free, and the general and intermediate rates on a considerable number of articles when imported from the United States and other non-British countries were raised, thus also increasing the preference for goods of British origin.

Canada took no direct tariff action against the United States during 1933, 1934, or 1935. However, Canada did enter into additional most-favored-nation agreements with the result that the United States became the only major non-British country whose products still paid the higher "general" rates of the Canadian tariff. A new commercial treaty was made with France, reducing Canadian duties on certain commodities imported from that country. In the case of some of the commodities affected by this treaty the United States is a competitor in Canadian markets, and it therefore tended in a small

degree to the disadvantage of American export trade.

In addition to the changes already mentioned in the Canadian tariff, that country built up, during the years between 1930 and 1935, a system of arbitrary valuations of imports of many commodities, when imported at "general" tariff rates. These valuations, with the resulting so-called dumping duties in effect increased, often very greatly, the amount of duty to be paid. The arbitrary valuations were for the most part applied only on commodities of which the imports were chiefly, or exclusively, from the United States. They served materially to cut down American exports of certain articles to Canada.

Both Canada and the United States in 1935 had apparently tired of cutting each others throat over a tariff wall sufficiently to come to an understanding. The result of this understanding was the trade agreement which became effective January 1, 1936. This agreement, with modifications, was renewed in 1938, effective as of January 1, 1939. This renewal was effected in conjunction with the trade agreement that was entered into at this same time by the United States and the United Kingdom. Both the Canadian and United Kingdom agreements with the United States are to continue for a period of three years, and may continue in force indefinitely thereafter, subject to termination by either party to the agreements on 6 months notice.

This summary of Canadian tariff history was organized from "Colonial Tariff Policies", a publication of the United States Tariff Commission and other publications relative to Canadian history and Canadian tariffs.

APPENDIX D

A BROAD SUMMARY OF THE NEW TRADE AGREEMENT WITH CANADA

THE NEW TRADE AGREEMENT WITH CANADA

The United States and Canada signed at Washington on November 17, 1938, a trade agreement superseding the agreement signed November 15, 1935. The former went into effect January 1, 1936, and is now called the 1936 agreement. The duty concessions of the new agreement were applied by both countries beginning January 1, 1939.

TRADE UNDER THE 1936 AGREEMENT.

The mutually beneficial results of the 1936 agreement between Canada and the United States were the background for the expansion of concessions in the new agreement. The 1936 agreement had gone far to remove the added barriers against trade with one another which both countries had raised in recent years. Previous to the 1936 agreement the United States had increased its duties on many Canadian products by the Tariff Act of 1930 and by various revenue acts. Canada had likewise raised its rates, and had increased the preferences in favor of British Empire countries. These higher barriers, combined with the general business depression brought the imports from Canada into the United States down from \$503,000,000 in 1929 to \$232,000,000 in 1934, a decline of 54 per cent. Canadian imports from this country had fallen even more, from \$894,000,000 to \$294,000,000, a drop of 67 per cent. These 1934 figures had already shown appreciable recovery over 1932 and 1933. In 1935, before the first agreement, improved business conditions in this country, together with the drought of 1934 which necessitated larger purchases of certain agricultural products, raised imports from Canada

materially, although they still remained 31 per cent lower in 1935 than in 1929. Imports from the United States into Canada also increased somewhat in 1935.

The years 1936 and 1937 witnessed a marked expansion in the trade. Further business recovery in both countries contributed to this increase, and drought conditions in the United States also influenced imports from Canada well into 1937. The duty reductions which went into effect at the beginning of 1936 were, however, a major factor in trade revival.

In view of the special factors influencing the trade of individual years, the most significant measure of the operation of the Canadian-American agreement of 1936 is afforded by a comparison of the experience during the 2 years following the agreement, with the 2 years immediately preceding it. Canadian imports from the United States increased from an annual average value of \$303,000,000 during 1934 and 1935, to \$430,000,000 during 1936 and 1937, an average increase of \$128,000,000 a year, or 42 per cent, over the preagreement period. The rate of increase in our exports to Canada was well above that of the increase in our exports to the world as a whole.

Likewise, United States imports from Canada rose from an average of \$257,000,000 during 1934-35, to \$386,000,000 during 1936-37, an average increase of \$129,000,000 a year over the preagreement period, or 50 per cent. The increase in Canadian imports from the United States during the first two full years that the agreement has been in operation has thus been almost identical with the increase in United States imports from Canada.

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In the trade in both directions the increases between the preagreement and postagreement periods were in general most marked in goods on which tariff barriers had been lowered by the 1936 agreement. So far as comparable statistics are available, Canada's imports of such goods rose from about \$120,000,000 in 1935 to about \$215,000,000 in 1937, an increase of 80 per cent. This rate of increase was much greater than that in goods on which duties had remained unchanged or which were free of duty.

Similarly, the influence of the first trade agreement appears from analysis of our imports from Canada. Between 1935 and 1937 there was an increase of nearly 87 per cent in the value of the imports of articles on which the duties had been reduced, as compared with an increase of 34 per cent for dutiable articles not specified in the agreement and of 35 per cent for goods free of duty. However, the disparity between these percentages was due in part to causes other than reduction of duties, notably to the effects of drought on imports.

NATURE AND SCOPE OF THE NEW AGREEMENT.

This is the first instance under the Trade Agreements Act of 1934 (see appendix) in which the United States has made a second agreement with the same country. The experience of both countries with the first agreement, as shown above, was considered highly satisfactory. The new agreement covers a still broader field and effects still greater duty reductions. It should add further to the benefits which came to the agriculture, industry, and commerce of the two countries from the first agreement.

The new agreement covers commodities which make up the great bulk of United-States-Canadian trade in each direction. That trade outranks the trade between any other two countries in the world. Canada in recent years has closely followed the United Kingdom as the best customer for our exports, taking about one-seventh of the total; Canada is much the largest source of our imports. The United States in all but one of the last 10 years has been the largest customer for Canada's exports, and has supplied in the neighborhood of three-fifths of Canada's imports.

The new tariff schedules, in addition to continuing many concessions on both sides made in 1936, make further reductions in many rates which had already been reduced, and provide for lower duties on many commodities not covered by the first agreement. A major new concession to the United States results from the provision that hereafter the Canadian special import tax of 3 per cent will be removed from all items, dutiable or free, listed specifically in schedule I which names concessions by Canada. The term "concession" is used to describe not only undertakings which improve the tariff status of any commodity, such as a reduction in duty, but also those which bind the existing tariff treatment against unfavorable change. In view of the widespread tendency in recent years toward greater trade barriers, these binding commitments are of much value to the country receiving them.

Roughly three-fifths of the value of the imports into the United States from Canada has long consisted of crude or simply manufactured products of forests and mines which have entered free of duty. Under the new trade agreement, as under the first, practically all these free items are bound against the imposition of any duty or import tax. On the other hand, the bulk of Canadian imports from the

United States consists of dutiable commodities; consequently the commodities on which Canada has reduced its duties, make up a substantially larger value of trade than do the commodities on which the United States lowered its duties. Experience under the first agreement shows that the agriculture and industry of the United States had been left with adequate protection in the domestic market, even though the reduced duties opened to Canadian producers the opportunity to add to their sales in this country. Each group of American producers receives indirect benefits from the expansion of exports of the other groups under the trade-agreements program. Moreover, many groups which have encountered, or will encounter, increased Canadian competition in the home market as the result of the agreement with Canada have directly benefited, or will hereafter profit, from concessions obtained for their exports in various foreign markets.

CONCESSIONS MADE BY CANADA.

An analysis made by the Department of Commerce based on Canadian import statistics shows that under the new agreement, both through commitments on specific products and through the extension of most-favored-nation treatment, duties have been lowered, as compared with those in effect in 1935, on products which the United States supplied to Canada in 1937 to the value of approximately \$241,000,000. This figure, necessarily based in part on estimates, is 74 per cent of the total imports into Canada in 1937 from the United States of goods which were dutiable in 1935 (some dutiable

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in 1935 were free in 1937 as the result of the agreement of 1936 or of subsequent Canadian legislation). The amount mentioned is in addition to commodities the 1935 rates of duty on which are bound against increase or which are bound duty-free, but from which the 3 per cent tax is removed.

About one-third of the above mentioned total represents commodities on which duties already reduced by the first agreement with Canada are further reduced, or commodities not covered by the 1936 agreement on which duties are now reduced for the first time; the imports of these items from the United States into Canada in 1937 were valued at \$80,000,000. The remainder consists of items on which the duty reductions secured in 1936, either through specific commitments or through most-favored-nation treatment, are continued under the new agreement.

As might be expected from the highly varied character of Canada's imports from the United States, concessions involving new or increased reductions of duty are distributed through all the groups of the Canadian tariff. Among the major items on which the tariff status is improved by the new agreement may be mentioned fruits and vegetables, fishery products, paper products, certain manufactures of wood, two large so-called "basket" groups of chemicals, numerous heavy iron and steel products including tinplate, a large "basket" group of machinery, aircraft and engines, a number of important textiles including yarns, cloths and other made up products such as wearing apparel; also other manufactures of cotton, silk, and rayon. The duty on automobiles, one of the major American products

in the Canadian market, had been previously reduced as the result of the most-favored-nation provision of the 1936 agreement, but the rate remained subject to increase by Canadian legislation. The reduced rate is bound against such increase.

The duty reductions on American products entering Canada as compared with the preagreement 1935 rates result in part from the assurances of specified lower rates on the individual commodities listed in schedule I of the agreement, some of which are a continuation from the 1936 agreement; and in part from the most-favored-nation treatment first secured by the United States in the 1936 agreement, and continued in the present agreement. Many of these duty reductions entail also a narrowing of the margins of preference enjoyed by imports from British Empire countries.

The new agreement also brings advantage to many American producers and exporters by binding against increase the rates of duty already in effect in 1935 on articles covering \$48,000,000 of Canadian imports from this country in 1937. Most of these bound duties are of moderate rates. Continued free entry into Canada has been assured for articles with a trade value of \$69,000,000 in 1937. Although these bindings do not alter the position of American goods as regards duties proper, they carry with them a reduction of the actual charges to which the imports are subject. This results from the provision of the agreement that the special import tax applicable to imports from the United States and other non-British countries will be removed from all commodities, dutiable or free, specified in

schedule I of the agreement. This tax is 3 per cent ad valorem, and for dutiable goods it is computed on the basis of duty-paid value, thus averaging about 3 1/2 per cent on the dutiable value.

In the aggregate the concessions made by Canada, including duty reductions (under schedule I and most-favored-nation provisions) as compared with 1935 rates, bindings of 1935 rates against increase, and bindings of continued free entry, cover articles which Canada imported from the United States in 1937 to a value of some \$358,000,000, or 73 per cent of the imports from this country. This represents the cumulative scope of the 1936 and 1938 agreements.

CONCESSIONS MADE BY THE UNITED STATES.

The concessions made by the United States in the new agreement are also of wide scope. Although only about two-fifths of our imports from Canada are subject to duty, the reductions in duty, as compared with the rates in effect before 1936, cover commodities which this country imported from Canada in 1937 to a value of \$121,000,000. This total is 77 per cent of the value of all dutiable imports from Canada and 31 per cent of the combined free and dutiable imports.

In the case of Canadian articles imported in 1937 to a value of about \$73,000,000, the agreement either makes new duty reductions or reduces further rates previously reduced, or increases the quantity permitted to enter at the reduced rates. On dutiable trade valued at \$47,000,000 the concessions in the new agreement are the same as in that of 1936.

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Among the more important concessions by the United States which involve an improvement in tariff position as compared with that immediately preceding the new agreement are those on live cattle, hogs and pork products, cheese, eggs, grains other than wheat, grain by-products, maple sugar, potatoes, various fishery products, acetic acid, certain pigments, brick, nickel, aluminum, zinc, cadmium, certain cast-iron products, book paper, the cheaper grades of tissue and crepe paper, silver-fox furs, and Christmas trees. The quota limitation on the quantity of Douglas fir and western hemlock lumber permitted to enter at the reduced duty has been removed. The most important single commodity on which the concession in the new agreement is the same as in that of 1936 is whiskey, the imports of which from Canada in 1937 amounted to \$21,000,000. Other important items on which the concessions remain the same are ferromanganese, live and dressed poultry, several classes of fish, various grass and clover seeds, turnips, and pulpboard.

The commodities on which duties have been reduced, as compared with the 1935 rates, in the new agreement include seven which are subject to quota; that is, the reduced rates apply only to limited quantities. The value of the imports of these seven items from Canada in 1937 was \$14,000,000. Although the quota restrictions constitute a safeguard to American producers against injury, the limits are liberal enough so as to afford very substantial benefits to Canada.

On articles with a value of trade from Canada in 1937 of \$3,000,000, the trade agreement binds against increasing the duties which were already in effect in 1935.

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Of the total dutiable articles on which duties are reduced by the United States (as compared with 1935 rates) or bound against increase, 37 per cent, as measured by value of imports from Canada in 1937, are agricultural products and 63 per cent nonagricultural.

The agreement binds continued free entry into the United States of many articles, which together accounted for \$203,000,000 of imports from Canada in 1937. This total constitutes 85 per cent of the free imports from Canada in that year and 51 per cent of the aggregate free and dutiable imports. Together, duty reductions and guarantees of the continuance of previous customs treatment thus affect items which made up 83 per cent of all our imports from Canada in 1937.

In the case of both countries a large proportion of the articles not covered by the agreement consists of noncommercial items or of commodities of which the other country is not the principal source of imports.

ANALYSIS OF CONCESSIONS FROM CANADA ON PULP, PAPER, AND PRINTED MATTER.

In schedule I of the new agreement Canada has granted concessions on articles of pulp, paper, and printed matter which were imported from the United States to the value of \$14,500,000 in 1937.

A major concession of the 1936 agreement, continued in the new agreement, related to magazines and periodical publications. Formerly these had entered Canada free of duty from all countries but by legislation of 1927 and 1931 imports from the United States, with certain exceptions, became dutiable. The rates were so high that

publishers in many cases were obliged to advance their selling prices in Canada; one magazine of wide circulation raised its rate from 5 to 10 cents per copy. By the 1936 agreement these duties were removed, although the 3 per cent excise tax continued. The new agreement binds continued free entry with the removal of the tax. Imports under periodicals of all kinds, including newspapers, from the United States increased from \$2,600,000 in 1935 to \$5,900,000 in 1937, the gain being chiefly in the class from which the duties had been removed. The wider circulation of American magazines in Canada creates and stimulates demand for new and improved products and thereby benefits both Canadian and American manufacturers of such products.

Prior to 1936, advertising and printed matter of all kinds was dutiable at 15 cents per pound but not less than 35 per cent; through the most-favored-nation provision the rate became 12 1/2 cents but not less than 27 1/2 per cent (this ad valorem minimum was added by subsequent Canadian legislation). The new schedule I does not cover this item as a whole, but it provides that free entry shall be accorded to all such matter when in individual packages not over \$1 in value; this accords with the practice of the United States. Heretofore, advertising matter sent by post, no matter how small the value was dutiable, and although the duty could be prepaid by affixing Canadian customs stamps, much annoyance was caused both to advertisers and to addressees. The new provision will promote both tourist travel and trade by facilitating the circulation of advertising matter. Tourist literature issued by governments

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or authorized associations was bound on the free list by the 1936 agreement and also by the new agreement.

On labels, tags, tickets, commercial forms, and unspecified printing matter the rate of duty in 1935 was 35 per cent. It was slightly reduced by the most-favored-nation provision in 1936 and is now fixed at 27 1/2 per cent. The value of imports in 1937 was \$530,000. On photographs, engravings, maps, etc. (imports \$455,000), the rate, which had been 22 1/2 per cent in 1935, is made 20 per cent. On picture postcards, greeting and similar cards, the 1935 rate of 35 per cent plus 5 cents per pound becomes 30 per cent (imports \$462,000).

The duty on photographic paper and films is fixed at 20 per cent; it had been 30 per cent in 1935 and became 25 per cent under schedule I of the 1936 agreement. Imports increased from \$561,000 in 1935 to \$829,000 in 1937.

The former 35 per cent rate on paper board and allied products was reduced to 25 per cent by the 1936 most-favored-nation provision. Imports increased from \$432,000 in 1935 to \$811,000 in 1937. The rate has been further reduced to 22 1/2 per cent in the new schedule I. On wallpapers the former compound rate, equivalent to about 50 per cent ad valorem, was reduced to 32 1/2 per cent by the 1936 agreement (schedule I), and imports increased over 60 per cent; the rate is now reduced to 30 per cent. On wrapping paper the duty which had been 35 per cent in 1935 and 30 per cent under the most-favored-nation provision of the 1936 agreement is made 25 per cent (imports in 1937, \$274,000).

Schedule I of the 1936 agreement reduced the duty

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on paper not otherwise provided for from 25 to 22 1/2 per cent, and the same rate is named in the new agreement, carrying with it removal of the 3 per cent excise tax. This item formerly included electric cable insulating paper and condenser paper but these two types have now been segregated at a rate of 10 per cent. Imports of the item as a whole increased from \$767,000 in 1935 to \$1,431,000 in 1937.

On ruled papers, paper in boxes, paper pads, etc. (imports in 1937, \$705,000), the duty is fixed at 27 1/2 per cent; it had been 35 per cent plus tax in 1935. The same 27 1/2 per cent rate is applied to the "basket" item of paper manufactures, which includes papeteries, envelopes, paper napkins, and many other items; the duty had been 35 per cent in 1935 and was reduced to 30 per cent by schedule I of the 1936 agreement. Imports increased from \$897,000 in 1935 to \$1,155,000 in 1937. Paperboard containers were formerly dutiable at 1 1/2 cents per pound, with an ad valorem minimum of 35 per cent. By virtue of the most-favored-nation provision of the 1936 agreement (after amendatory Canadian legislation) the rate became 1 1/4 cents per pound, with a minimum of 30 per cent; imports in 1937 were nearly double those of 1935. The rate has now been reduced by schedule I to 1 cent per pound, with a minimum of 30 per cent.

Although the United States imports great quantities of wood pulp from Canada, there is also some trade in the opposite direction, \$713,000 in 1937. This was formerly dutiable at 25 per cent. The most-favored-nation provision brought the rate down to 22 1/2 per cent in 1936. In the new agreement wood pulp is transferred to the Canadian free list,

to correspond with the free entry into the United States.

Other paper commodities on which duties are reduced by schedule I include works of fiction; books and magazines in languages of other than English (made free); sandpaper, emery paper, emery cloth; electrical insulating pressboard; and waxed stencil paper.

The most important item in the paper group on which continued free entry was bound by the 1936 agreement, and is now rebound, is newspapers, imports of which from this country, not shown separately, are large.

As a result of the most-favored-nation provision of the 1936 agreement the United States received the benefit of lower rates on many commodities of the paper group which are now specified in schedule I of the new agreement. Among others may be mentioned sheet music and rolls for piano players, reduced from 10 to 7 1/2 per cent (imports, \$179,000); certain pulpboard for wrapping newsprint, with the same rates (imports, \$70,000); and advertising matter (other than that for which free entry is provided in the new agreement) from 15 cents per pound, but not less than 35 per cent, to 12 1/2 cents per pound, but not less than 27 1/2 per cent; total 1937 imports (part of which under the new agreement will enter free of duty) were valued at \$1,449,000.

ANALYSIS OF CONCESSIONS FROM CANADA ON WOOD AND MANUFACTURES THEREOF.

In schedule I Canada has reduced duties or guaranteed continued free entry on numerous articles of wood or derived from wood. The value

of the imports of these articles from the United States in 1937 was over \$8,000,000.

The rate on dressed lumber, other than hardwood flooring, is reduced to 10 per cent. It had been 25 per cent in 1935 and became 20 per cent by the most-favored-nation provision in 1936. Since rough lumber is free of duty, imports of dressed lumber hitherto have been small (estimated value in 1937 about \$50,000). The rate on hardwood flooring is reduced to 17 1/2 per cent; the former rate was the same as on other dressed lumber. Imports were \$35,000 in 1937. The 20 per cent rate on veneers of wood (imports, \$318,000 in 1937) is bound against increase and the rate on plywood (imports, \$144,000) is reduced to 22 1/2 per cent; the latter was 35 per cent before 1936 and 30 per cent under the 1936 agreement.

Miscellaneous manufactures of wood, such as barrels, headings and staves, pails, tubs, boxes, crates, shooks, matches, spoons, window sash, etc., were dutiable at 25 per cent prior to 1936. The rate was made 20 per cent by schedule I of the 1936 agreement and this rate is now repeated, with removal of the 3 per cent excise tax. The United States has always supplied 80 to 90 per cent of Canada's imports. Imports from this country increased from \$639,000 in 1935 to \$1,154,000 in 1937.

On vulcanized or indurated fiber and manufactures of the same, the most-favored-nation provision reduced the rate in 1936 from 25 to 22 1/2 per cent; the new schedule I fixes it at 17 1/2 percent (imports in 1937, \$229,000). The rate on fishing rods (imports in 1937, \$53,000) is fixed at 25 per cent; it had been 35 per cent in 1935.

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As the United Kingdom, which supplies half as much of this trade as does this country, is entitled to free entry, this reduction in duty should enable the United States to better its competitive position. The duty on game tables and boards (imports in 1937, \$283,000) is reduced to 27 1/2 per cent; it had been 35 per cent before 1936 and became 30 per cent in 1936 under the most-favored-nation provision.

The most important of the dutiable wood items covered by schedule I is furniture, including metal furniture. In 1929, with a 30 per cent duty, imports from this country amounted to \$4,631,000. The duty was thereafter increased to almost 50 per cent (including the 3 per cent tax) and imports fell greatly.

As a result of most-favored-nation treatment, substantial reductions in the rate of duty on furniture resulted in 1936. This rate, however, was increased somewhat to 33 3/4 per cent by action of parliament in 1937. Imports in 1936 were more than double those of 1935 and, in spite of the increase in duty, registered a substantial gain in 1937. Under the moderate duty which existed in 1936, domestic production supplied about 95 per cent of the total Canadian requirements. The United States participation in the Canadian market, although it represents a small fraction of the Canadian requirements, is important, as the United States is in a position to supply Canada with special types of furniture for which the limited demand does not justify production in Canada itself. Under the new agreement the tariff item has been divided into two parts. On wood furniture the rate is reduced to 32 1/2 per cent; and on furniture other than wood, including steel

and other metal furniture, the rate is reduced to 27 1/2 per cent.

Schedule I of the 1936 agreement bound the continued free entry of two major groups of wood products, and these bindings are continued in the new agreement. These relate to logs and other unmanufactured wood, ties, shingles, rough blocks, etc., and to lumber not further manufactured than dressed on one side, including lath, pickets, clapboards, etc., as well as planks and boards. Imports from the United States under these two tariff items increased from about \$3,600,000 in 1935 to about \$5,850,000 in 1937.

Under the most-favored-nation provision of the 1936 agreement, the United States has the benefit of lower duties than it paid in 1935 on a large number of wood products. While these rates are not bound against increase, there have been in fact no increases in them since the 1936 agreement went into effect. Among the more important of these items are; manufactures of cork, duty reduced from 20 to 15 3/4 per cent (imports \$269,000); golf clubs, racquets, canes, etc., from 35 to 30 per cent (\$64,000); picture frames, from 30 to 27 1/2 per cent (\$113,000); coffins and caskets, from 25 to 22 1/2 per cent (\$73,000); wire doors, cash registers, and mattresses (these articles being grouped with wood products), from 30 to 27 1/2 per cent (\$116,000).

ANALYSIS OF CONCESSIONS FROM THE UNITED STATES ON FOREST PRODUCTS.

Forest products, counting newsprint paper in this group, make up more than half of the total imports from Canada into this

country. The great bulk of the imports of this group, in terms of value, consists of duty-free items, principally newsprint paper and paper-making materials. Prior to 1930 lumber also entered free.

The Tariff Act of 1930 imposed a duty of \$1 per thousand board feet on lumber of pine, spruce, fir, hemlock, and larch, other softwood lumber, and practically all hardwood lumber remaining free of duty. By the Revenue Act of 1932 an additional tax of \$3 per thousand was levied on lumber of these species and also on all other softwood and hardwood lumber. The agreement of 1936 reduced both duty and tax by 50 per cent. In the case of Douglas fir and Western hemlock, however, the reduced rates applied only to a quantity not exceeding 250,000,000 board feet annually. In the new agreement the concession on lumber has been continued (except with respect to certain cabinet woods of which Canada is not a supplier), and the advantage to Canada has been enhanced by the removal of the previous quota limitation on fir and hemlock. Furthermore, by an act of Congress in 1938, the import tax had been repealed with respect to northern white pine, Norway pine, and western white spruce, so that under the new agreement the total charge on these species may not exceed 50 cents per thousand.

Among the considerations which led to the 50 per cent reduction in the duty and tax on lumber by the 1936 agreement were the facts that the \$4 charge had proved practically prohibitive of imports in the case of Douglas fir and western hemlock; the inadequacy of the supplies of white pine and of spruce in the United States; and the fact that even when all lumber was free of duty the imports had been small compared with domestic production.

The quota fixed in the 1936 agreement on Douglas fir and western hemlock, although representing a relatively small fraction of the domestic consumption, has not been reached by actual imports, which at their maximum, in 1937, were barely 60 per cent of the quota. This was one of the reasons for dropping the quota provision in the new treaty. Another was the fact that valuable concessions are being obtained for American lumber in markets of the United Kingdom and certain of the British colonies, concessions which involve the relinquishment by Canada of a large portion of its preferences in those markets. Moreover, Canada has agreed to relinquish further its guaranteed preferences on lumber if and when the United States import tax on Canadian lumber is repealed.

Apart from its provisions regarding rates of duty and tax on lumber, the new agreement dispenses with the requirement for marking the country of origin on imported lumber and provides for the application of the revenue tax to sawed "timber" as well as to "lumber".

The duty on Christmas trees is reduced by the maximum amount permitted, from 10 to 5 per cent ad valorem. Imports, predominantly from Canada, are comparatively large.

United States imports of dutiable manufactures of wood, other than lumber, from Canada and from all countries, are relatively small. Only a few concessions were made in 1936 on articles of this group by the United States. These have been repeated and new concessions made on several other products. In 1937 the value of

the imports from all countries of the items affected by these concessions was between \$200,000 and \$300,000. Among these articles, duty reductions of 50 per cent have been made on the following; flooring of beech, birch, and maple; veneers of birch and maple; hubs, bolts for heading and staves, and various other rough-shaped blocks and pieces; and barrels other than beer barrels. The rate has been reduced from $33\frac{1}{3}$ to 20 per cent ad valorem on the following; paint-brush handles, broom and mop handles, tennis-racquet frames (valued at \$1.75 or more each), toboggans, baby carriages, wheelbarrows, canoes and paddles, horse-drawn vehicles, and ice-hockey sticks. Imports of most of the articles listed above are very small compared with domestic production.

Paper-making materials and newsprint paper, long free of duty, are huge items in the imports from Canada. The 1936 agreement with Canada bound the continued free entry of pulpwood, newsprint paper, and the three classes of wood pulp of which that country is the principal foreign supplier. A previous agreement with Sweden had similarly bound the free entry of the other three classes of wood pulp, Sweden being the principal supplier of these. In the new Canadian agreement all kinds of wood pulp, as well as pulpwood and newsprint paper, are bound free. The total value of the imports of these items from Canada in 1937 was \$155,000,000.

The United States has long been dependent on imports for a large part of its paper requirements. For the last 10 years or more, imports of paper materials and paper have accounted for about half of our total paper consumption. Any sudden and marked

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reduction in imports through the imposition of duties would greatly derange our paper-manufacturing and paper-using industries. Imports have consisted chiefly of white paper and materials for making it. The stands in this country of spruce and balsam fir, hitherto considered almost the only species suitable for making white paper, have been greatly depleted. Recent developments indicate the possibility of large production of white paper from southern pine, the supplies of which are relatively abundant. There has already been an immense expansion in the production of brown paper and paperboard in the south.

A secondary reason why the United States has kept newsprint paper and paper materials on the free list may lie in the fact that at least in times of active business construction the cut of wood from American forests, for lumber, paper, and all other purposes, exceeds the annual growth, with a resultant depletion of the total stand of timber.

The agreement, repeating that of 1936, also binds the existing free entry into the United States of various unmanufactured or simply manufactured wood products, such as logs, posts, poles, railway ties, pickets, palings, and lath. The free entry of these wood products has long been maintained by Congress in the public interest.

Wood shingles have long been on the free list. However, in connection with the National Industrial Recovery Act informal arrangements were made between American and Canadian producers of red-cedar shingles on the Pacific coast for limiting the share of the latter in the United States market. The trade agreement of 1936 reserved to the

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United States the right to restrict the imports of shingles in any half year to a quantity equal to 25 per cent of consumption in the preceding half year. Congress subsequently passed a law imposing such an import restriction to carry out this provision. Whenever the quantity of shingles entered during a given period reached the limit fixed, further imports were refused entry altogether. This method involved much irregularity in the flow of imports.

In the new agreement shingles are listed as free of duty, but in place of the absolute limit on the quantity which may enter, the United States reserves the right, the exercise of which would require action of Congress, to impose a customs duty on imports in excess of a quantity equal to 30 per cent of the average annual consumption during the three preceding years. Such a duty may not exceed 25 cents per square (about 10 per cent ad valorem).

ANALYSIS OF CONCESSIONS FROM THE UNITED STATES ON PAPER AND PRINTED MATTER.

Total imports of newsprint paper, which is free of duty, are many times greater in value than the combined imports of all other forms of paper, all of which are dutiable. Domestic production of several of these dutiable classes of paper is very large, while the imports are small and often consist of special types not sharply competitive with any domestic product.

Canada is the principal supplier of only a few kinds of dutiable paper. The 1936 agreement made maximum duty reductions on pulpboard in rolls for wallboard, both unprocessed and processed, and these are continued in the new agreement. The most important new concession is on uncoated book and printing paper, on which the rate

has been lowered from 1/4 cent per pound plus 10 per cent ad valorem to 1/5 cent per pound plus 5 per cent. Although the imports of this class of paper in the last 2 years have been much larger than before, they were still less than 1 1/2 per cent of the domestic production. The duty on hanging paper, not printed (the basic material for wallpaper), is reduced from 10 to 7 1/2 per cent ad valorem.

Tissue paper is dutiable under the act of 1930 at 5 cents per pound plus 15 per cent ad valorem, according to the weight of the paper. The specific part of these compound duties is prohibitive of imports of tissue paper of the ordinary grades. Therefore the imports are confined to high-grade material of various types, coming chiefly from European countries and from Japan. By the agreement with Canada the two duties above mentioned are reduced by 50 per cent but only with respect to tissue paper valued at not over 15 cents per pound (foreign value basis). Hitherto there have been practically no imports valued below that amount. The great bulk of the domestic production of tissue paper is of grades valued in this country at less than 6 cents per pound. A concession of advantage to the tourist trade is embodied in maximum reductions in the duties on tourist literature.

GENERAL PROVISIONS OF THE NEW AGREEMENT.

The general provisions of the new agreement are, with comparatively few exceptions, similar to those of the 1936 agreement.

In the new agreement the United States and Canada guarantee to accord each other unconditional "most-favored-nation" treatment

with the usual exceptions as regards special trade advantages between the United States and Cuba, and between Canada and the other British countries. Under this provision each country obligates itself to extend to the other, immediately and without compensation, the most advantageous customs treatment, including the lowest rates of customs duties, which it grants to any other country, either under trade agreements or otherwise, with the exceptions noted above. The most-favored-nation principle applies not only to customs duties but also to such matters as prohibitions or restrictions on imports or exports, the allocation of import quotas, foreign purchases by any Government-controlled monopoly in either country, and either Government's purchases of supplies from abroad.

Each country undertakes that it will not impose quantitative restrictions or prohibitions upon imports from the other country of products upon which concessions have been granted except such restrictions as may become necessary by reason of governmental measures which operate to control the production, marketing, quality, or price of like domestic products or to increase the labor costs of their production. Before imposing such restrictions on imports the Government proposing to take such action must give notice in writing to the other Government, and if no agreement can be reached regarding the proposal, but the action is nevertheless taken, the Government to whose products the regulations apply shall have the right to terminate the agreement.

The agreement also provides that the general principles upon which the dutiable value of products listed in the schedules is determined for the purpose of assessing ad valorem duties, shall not be so altered as to impair the value of any of the concessions. Either

country may terminate the agreement upon 30 days' notice if the rate of exchange between the currencies of the two countries varies so substantially as to prejudice its industries or commerce.

If, contrary to expectations, a third country proves to be the principal beneficiary of a concession granted under the agreement, and imports of the product concerned increase to such an extent as to threaten serious injury to domestic producers, the country granting the concession may withdraw or restrict it.

The information presented in this appendix was organized from the "Press Releases" of the United States Department of State, 1938.

APPENDIX E

A BROAD SUMMARY OF THE TRADE AGREEMENT WITH THE UNITED KINGDOM

THE TRADE AGREEMENT WITH THE UNITED KINGDOM

The trade agreement between the United States and the United Kingdom of Great Britain and Northern Ireland which was signed on November 17, 1938, covers not only the trade between these two countries, the largest trading countries in the world, but also the trade of the United States with Newfoundland and with the non-self-governing British Colonies. It does not apply to Australia, Canada, New Zealand, the Union of South Africa, Ireland, India, Burma, or Southern Rhodesia, although some of the above-mentioned countries are large exporters of certain commodities on which the present tariff status in the United States is bound against unfavorable change. The agreement went into effect on January 1, 1939, for an initial period of 3 years, and may continue in force indefinitely thereafter, subject to termination by either Government on 6 months' notice.

NATURE AND SCOPE OF THE AGREEMENT.

The importance of this agreement may be judged by the fact that the trade of the United States with the United Kingdom and other areas covered by the agreement constitutes nearly one-fifth of our trade with the world as a whole. The United Kingdom is in most years the largest market for our exports and ranks among the three

leading countries as a source of our imports. The trade with several of the more than 50 British colonies to which the agreement relates is also large, notably that with, British Malaya, Ceylon, Hong Kong, Jamaica, Trinidad and Tobago, the Gold Coast, and Nigeria. The commodities on which specific concessions are provided in the agreement represented in 1936 a trade between the United States (including Puerto Rico, Hawaii, Alaska, and the Virgin Islands) and the United Kingdom, Newfoundland, and the British colonies of about \$675,000,000.

The term 'concession' as used throughout this discussion of the treaty, includes not only undertakings with respect to specified articles which result in an improvement in the customs treatment of imports from the other country, but also bindings which assure that the existing treatment will not be made less favorable during the life of the agreement. Those concessions which provide improvement in treatment should prove a powerful stimulus to trade, and the bindings are also of great value particularly when it is remembered that the United Kingdom tariff is generally at a very moderate level.

RELATION OF THE AGREEMENT TO TRADE WITH THE UNITED KINGDOM.

The agreement is particularly important because the United Kingdom is by far the principal market for American agricultural exports. Even in 1937, when, as a result of the drought of 1936, agricultural exports were much smaller than some years ago, United States exports of farm products to the United Kingdom were valued at \$261,000,000 and constituted one-third of the exports of

agricultural products to all countries of the world.

Important concessions have been secured for American farm products in the United Kingdom market. The most important of these are the abolition of the United Kingdom duties on wheat, lard, canned grapefruit, and certain fruit juices; substantial reductions in the duties on rice, apples, pears, and certain canned fruits; an increase in the quantity of American hams permitted to enter under the quota system; and binding of duty-free entry of ham and certain pork products, corn (other than flat white corn), and cotton.

Statistics of trade in recent years preceding this agreement cannot indicate fully the importance of the concessions obtained for American exports. In addition to the restrictive effect upon imports of American products of the trade barriers modified by this agreement, the scarcity of grains and meats in the United States in the last few years as a result of drought has been a factor of major importance in the reduction of American exports. The value of imports into the United Kingdom from the United States of all articles, agricultural and nonagricultural, on which concessions are obtained in this agreement (including both concessions which improve the tariff status and those which bind existing treatment against unfavorable change) was about \$300,000,000 in 1936, the latest year for which detailed statistics of imports into the United Kingdom are available. Even under the above mentioned conditions, the value of total imports into the United Kingdom of American farm products on which concessions are obtained amounted in 1936 to more than \$200,000,000.

The commodities on which improved tariff treatment is secured under the agreement accounted in 1936 for \$50,000,000 of imports of American products, of which agricultural products accounted for \$26,000,000. The latter figure particularly understates the importance of concessions of this type because of the abnormally small trade in that year in American farm products on which improved tariff treatment is secured under the agreement. There is every reason to believe that with a return to previous production conditions in the United States and with the liberalization of customs treatment in British markets, exports of farm products from the United States to the United Kingdom will usually exceed those of the last few years.

Although it was to be expected from the nature of the trade between the two countries that the concessions obtained in the United Kingdom market would be predominantly for American agricultural exports, numerous and important concessions have also been secured on industrial products, as well as on forest and fishery products.

Many of the concessions obtained in the United Kingdom market, especially on agricultural and forest products, result in the modification of tariff preferences which the British Dominions and other parts of the British Empire have enjoyed. Some of these preferences were a matter of formal agreement, and their modification required the consent of the governments concerned.

Inasmuch as our imports from the United Kingdom, as distinguished from the British Colonies and Newfoundland, consist largely of manufactured articles, most of the concessions made by the United

States which are of special benefit to the United Kingdom relate to such manufactured articles.

The concessions made by the United States which involve duties on United Kingdom goods relate principally to textiles, metals and manufactures thereof, and various specialties. This is a natural result of the composition of the trade. Many of the reductions in duty are limited to special types of products which are complementary to, rather than competitive with, those produced in the United States. In some instances imports have customarily supplied a very small proportion of our consumption; in others imports have supplied almost all of the consumption because domestic production has been either very small or practically nonexistent.

The concessions granted by the United States (including both reductions and bindings) cover commodities of special significance to the United Kingdom, imports of which from that country amounted to \$141,500,000 in 1937. Imports from the United Kingdom in 1937 of commodities the duties on which are reduced were valued at \$59,900,000; imports on which the duties are bound against increase were valued at \$39,000,000 (this includes imports of jute burlaps from the United Kingdom valued at about \$3,500,000 in 1937; imports of jute burlaps from British India amounted in 1937 to about \$34,000,000); imports on which duty-free entry is bound were valued at \$42,600,000.

Of the concessions made by the United States to the United Kingdom which involve reductions in duties from the 1938 level, some reduce further rates previously lowered in agreements with other countries. Those concessions made on dutiable articles which involve

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no change in 1938 tariff rates are of two kinds; Those which merely bind continuance of the statutory rates (the rates which were in effect before any trade agreements were made under the act of 1934), and those which bind rates which were previously reduced in agreements with other countries.

Of the two classes of bindings of rates of duty, the latter is of great importance to that country since the reduced rates might otherwise cease to be effective through termination of the agreements providing for them or through omission of these reductions in any revision of such agreements.

In the case of nearly all of the concessions made by the United States by which duties on products of special interest to the United Kingdom are reduced below the 1938 level, the United Kingdom is the principal source of our imports; it furnishes the great bulk of the imports of many of the commodities concerned.

Although it is, of course, to be assumed that concessions made by the United States will result in increased imports, great care has been taken to keep the reductions in duty within such limits as to avoid injury to American industry. Many of the industries which may encounter increased British competition in the domestic market as the result of this agreement have profited or will profit from concessions obtained for their export articles in foreign markets through other trade agreements, notably that with Canada. Moreover, all of them will share in the indirect benefits which come to every American industry from the general expansion of agricultural and industrial exports under the trade-agreements program.

RELATION TO TRADE WITH THE BRITISH COLONIES.

A large part of the imports into the United States from the non-self-supporting British territories covered by this agreement consist of raw or partly manufactured materials, and most of these materials in turn enter free of duty, not being produced in the United States or not being produced in sufficient quantities to meet requirements. Consequently, the concessions made by the United States of special interest to these territories consist chiefly of assurances that the present duty-free status of specified commodities will continue. The trade covered by these assurances was valued at more than \$200,000,000 in 1936.

All of these territories are included within the scope of the most-favored-nation provisions of the agreement; accordingly, American exports to these territories are assured of treatment no less favorable than that accorded to any other non-British country. In addition, the agreement provides concessions for the United States covering specified products in a large number of these territories. These concessions, relate to margins of tariff preference for British goods and take the form of removal or reduction of existing margins, or binding of existing parity of treatment. They cover many important products, including flour, fruits, tobacco, lumber, machinery, and motor vehicles. Imports from the United States of the products specifically covered by these concessions into the territories concerned amounted in 1936 to more than \$22,000,000, or nearly one-half of the total imports from the United States in that year into all of the non-self-governing British territories included in the scope of this agreement.

The tariff schedules of these territories are maintained primarily for revenue purposes, and the rates in general are not high. The preferential margins in favor of British products constitute for American exporters the principal tariff problem in these areas. Therefore, the consolidation or improvement of the competitive position of American products covered by these concessions through the reductions in or bindings of preferential margins, as well as bindings of present parity of treatment, should prove of substantial value.

RELATION TO TRADE WITH NEWFOUNDLAND.

The agreement contains provisions affecting a large part of the already substantial trade between the United States and Newfoundland. Of the total imports into Newfoundland in the year ending June 30, 1938, the United States supplied 31 per cent, valued at \$7,447,000; of this trade products on which the United States is now receiving concessions, including bindings, accounted for \$3,979,000.

The concessions obtained for American trade relate in some cases to rates (or free entry) on imports into Newfoundland, in others to the margins of preference (which with minor exceptions apply to products of the United Kingdom only), and in some cases to both rates and margins. Since the primary purpose of the Newfoundland tariff is to raise revenue rather than to restrict imports, the improvement of the competitive position of the American trade by concessions relating to the margins of preference are quite as important as those pertaining directly to rates of duty. The 47 items on which concessions have been obtained include such important American agricultural products

as wheat flour, salted beef and pork, citrus fruits, tobacco, and raisins, and such industrial products as automotive products, radio apparatus, and certain textile manufacturers. Reductions in the United States tariff of special importance to Newfoundland cover salt fish of the cod and related species, frozen blueberries, and other items.

THE BROAD SIGNIFICANCE OF THE AGREEMENT.

This agreement between the United States and the United Kingdom is significant not only because of the wide scope of the trade which will benefit directly from it, but also because of its relation to the general commercial policies of the two countries. From the standpoint of the United States it represents a long additional step in that liberalization of trade which began with the Trade Agreements Act of 1934. The agreement, moreover, marks a most important step in the development of the commercial policy of the United Kingdom. Although for decades that country maintained substantial freedom of trade, its few duties being intended either for revenue only or to protect certain key industries necessary for military safety, the Import Duties Act of 1932 marked the abandonment of this historic policy so far as countries outside the British Empire were concerned. In some of its trade agreements with other countries, the United Kingdom has modified its protective and preferential policy, and this agreement with the United States represents a conspicuous departure from that policy.

Since the trade policies of the United States and of the British Empire have wide influence in the world, the liberal spirit

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shown in this trade agreement should have an important bearing on the commercial policies of many other countries, quite apart from the fact that, under the most-favored-nation practice of both the United Kingdom and the United States, most countries will benefit directly from the concessions provided for.

GENERAL ANALYSIS OF THE CONCESSIONS TO THE UNITED STATES ON LUMBER AND WOOD MANUFACTURES.

Concessions of substantial importance are secured for American lumber in the agreement. Before 1932 lumber was free and imports from the United States were much larger than at present. The United States in 1930 after a lapse of many years reimposed a duty on lumber and in 1932 imposed also an excise tax on imports; these charges affected especially the trade with Canada. In 1932 the United Kingdom imposed a duty of 10 per cent ad valorem on softwood lumber imported from non-British countries, imports from Canada and other British countries remaining free. This preference was bound in the Ottawa agreement with Canada in the same year. A very marked diversion in trade has followed, especially as regards the cheaper grades of lumber and more particularly as regards Douglas fir.

The first trade agreement between the United States and Canada cut the American duty and import tax on lumber in half but imports of Douglas fir and Western hemlock at the reduced rate were subject to a quota restriction. This restriction has been removed in the new agreement with Canada. Important reductions in the British duties have been made in view of these concessions to Canada. The reductions on the wider forms and the higher-priced species and types are

particularly marked, but even the intermediate grades will receive some benefit. The agreement also provides that if in the future the United States removes entirely the import tax on lumber the United Kingdom will remove entirely its duties and preferences on certain important classes of softwood lumber and reduce further the rates on certain other classes. In this connection Canada has agreed with the United States to interpose no objection to some reduction of preferences in Canada's favor on softwood lumber in the British Dominions and to their abolition if the United States import tax is removed. Moreover, concessions on lumber in the colonies also are provided by the present agreement.

The continued free entry of logs and lumber of hickory, persimmon, and cornel is bound by the agreement, and the 10 per cent duty on other hardwood logs and lumber is bound against increase. This duty has not been severely restrictive.

The duty on hardwood flooring, which is intended chiefly to protect British manufactures but which has also had some effect in diverting trade, is reduced from 20 to 17 1/2 per cent. Imports of flooring from the United States have continued to increase despite the duty. The duty on plywood faced with softwood is bound at 10 per cent. The duty on doors is lowered from about 62 1/2 cents to about 37 1/2 cents each, or 20 per cent ad valorem, whichever is the greater. This concession is of much importance since the former large trade (\$2,287,000 exported from the United States to the United Kingdom in 1931) has practically disappeared (\$20,000 in 1937) by reason of the duty and the free entry of doors from Canada.

Concessions, partly duty reductions and partly bindings of existing tariff treatment, have also been secured on tool handles, cooperage, pencil slats, boat oars and paddles, and a number of less important wood products.

GENERAL ANALYSIS OF THE CONCESSIONS TO THE UNITED STATES ON PAPER AND RELATED PRODUCTS.

Several concessions are made by the United Kingdom on paper and related products. The United States is only a minor supplier of British imports of the articles in this field. For example, the 20 per cent duty on paper towels, napkins, and handkerchiefs is reduced to $16 \frac{2}{3}$ per cent, and similar cuts made in the duties on vulcanized fiber and paper dress patterns.

GENERAL ANALYSIS OF THE CONCESSIONS TO THE UNITED KINGDOM ON WOOD PRODUCTS.

The rate on wood furniture (other than chairs), hitherto 40 per cent, becomes 25 per cent. Total imports are insignificant compared with domestic production and consist chiefly of high-priced and special types. Imports in 1937 from all countries were about \$1,000,000, and from the United Kingdom about \$300,000.

GENERAL ANALYSIS OF THE CONCESSIONS TO THE UNITED KINGDOM ON PAPER AND BOOKS.

The United Kingdom is not an important supplier of most

forms of paper, but is an important supplier of printed matter. The trade in most articles on which concessions are made in this schedule of the tariff is small. Total imports of the items affected from the United Kingdom in 1937 amounted to \$2,842,000.

The most important concession covers books, pamphlets, etc., of bona fide foreign authorship, in English, on which the rate is reduced from 15 to 7 1/2 per cent ad valorem. These imports do not include any books copyrighted in this country. Most new books by English authors sold in the United States are copyrighted here and, if so, must be printed in this country. Total imports, including some books of American authorship printed abroad, were valued at about 2 1/4 million dollars in 1937, of which the United Kingdom supplied about 1 1/2 million dollars.

Duty reductions averaging somewhat less than one-third are made on the two classes of carbon paper (coated or uncoated) distinguished by the tariff (imports from the United Kingdom in 1937, \$393,000). The imports are chiefly high-grade uncoated paper not competitive with the bulk of domestic production. Among the other articles in this schedule on which duties are lowered are stereotype and pottery paper (both of these are tissue papers), india or bible paper, drawing paper, wall paper, filtering paper, and several classes of printed material.

A SUMMARY OF THE GENERAL PROVISIONS OF THE AGREEMENT.

The general provisions of this agreement are largely similar to those of other trade agreements between the United States and other countries. They provide for the carrying into effect of the tariff

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concessions listed in the schedules and define the territory to which the agreement is to apply. They also contain detailed provisions regarding the general treatment to be accorded by each country to trade with the other and provisions designed to safeguard the tariff concessions in the agreement.

The agreement makes provision for application of the most-favored-nation treatment by each country to the imports from the other, exceptions being made regarding special trade advantages between the United States and Cuba, and among British countries. Under these provisions each country obligates itself, with these usual exceptions, to extend to the other the most advantageous customs treatment it grants to any other country, either in connection with a trade agreement or otherwise. The principle of most-favored-nation treatment extends not only to tariff rates, but also to restrictions and prohibitions on imports and exports, the allocation of import quotas, and purchases made abroad by the government or a government-controlled monopoly of either country.

The tariff concessions in the agreement are safeguarded by an undertaking by both countries that neither will impose quantitative restrictions or regulations on imports from the other of products on which it has granted concessions. An exception is made in the case of the quantitative regulation of imports in connection with measures adopted by either government which operate to regulate or control the production, market supply, quality, or price of like domestic products, or to increase the labor cost of their production, but the agreement may terminate if there is disagreement concerning any such restriction of imports by the country to which the concession

was granted.

The agreement also provides that the general principles upon which dutiable value is based in the assessment of ad valorem duties on products listed in the Schedules shall not be altered to the detriment of importers.

The agreement provides that any concession granted by either country may be withdrawn or restricted if, contrary to expectations, a third country proves to be the principal beneficiary of the concession, with the result that imports of the product concerned into the country granting the concession increase to such an extent that they threaten serious injury to its domestic producers.

The agreement may be terminated on short notice in case of a wide variation in the exchange rates between the currencies of the two countries which substantially prejudices the industries or commerce of either.

In notes exchanged between the two countries in connection with the agreement, there are assurances of opportunity to consult on various matters such as methods of determining dutiable value, the imposition of countervailing or antidumping duties, and access to supplies of raw materials. There is an exchange of notes dealing with the subject of British preferences to certain territories under British mandate, one relating to the International Beef Conference, and another concerning the exportation of rubber planting material to countries not party to the International Rubber Regulation Agreement.

The information presented in this appendix was organized from the "Press Releases" of the United States Department of State, 1938.

APPENDIX F

"THE RECIPROCITY TARIFF ACT OF 1934"

THE RECIPROCITY TARIFF ACT OF 1934

(Public Law No. 316-73D Congress)

AN ACT

To amend the Tariff Act of 1930

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Tariff Act of 1930 is amended by adding at the end of title III the following:

"PART III - PROMOTION OF FOREIGN TRADE

"Sec. 350. (a) For the purpose of expanding foreign markets for the products of the United States (as a means of assisting in the present emergency in restoring the American standard of living, in overcoming domestic unemployment and the present economic depression, in increasing the purchasing power of the American public, and in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce) by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States, the President, whenever he finds as a fact that any existing duties or other import restrictions of the United States or any foreign country are unduly

burdening and restricting the foreign trade of the United States and that the purpose above declared will be promoted by the means hereinafter specified, is authorized from time to time -

(1) To enter into foreign trade agreements with foreign governments or instrumentalities thereof; and

(2) To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out any foreign trade agreement that the President has entered into hereunder. No proclamation shall be made increasing or decreasing by 50 per centum any existing rate of duty or transferring any article between the dutiable and free lists. The proclaimed duties and other import restrictions shall apply to articles the growth, produce, or manufacture of all foreign countries, whether imported directly or indirectly ; Provided, That the President may suspend the application to articles the growth, produce, or manufacture of any country because of its discriminatory treatment of American commerce or because of other acts or policies which in his opinion tend to defeat the purposes set forth in this section; and the proclaimed duties and other import restrictions shall be in effect from and after such time as is specified in the proclamation. The President may at any time terminate any such proclamation in whole or in part.

(b) Nothing in this section shall be construed to prevent the application, with respect to rates of duty established under this section pursuant to agreements with countries other than Cuba, of the provisions of the treaty of commercial reciprocity concluded between

the United States and the Republic of Cuba on December 11, 1902, or to preclude giving effect to an exclusive agreement with Cuba concluded under this section, modifying the existing preferential customs treatment of any article the growth, produce, or manufacture of Cuba: Provided, That the duties payable on such an article shall in no case be increased or decreased by more than 50 per centum of the duties now payable thereon.

(c) As used in this section, the term "duties and other import restrictions" includes (1) rate and form of import duties and classification of articles, and (2) limitations, prohibitions, charges, and exactions other than duties, imposed on importation or imposed for the regulation of imports.

Sec.2. (a) Subparagraph (d) of paragraph 369, the last sentence of paragraph 1402, and the provisos to paragraphs 371, 401, 1650, 1687, and 1803 (1) of the Tariff Act of 1930 are repealed. The provisions of sections 336 and 516 (b) of the Tariff Act of 1930 shall not apply to any article with respect to the importation of which into the United States a foreign trade agreement has been concluded pursuant to this Act, or to any provision of any such agreement. The third paragraph of section 311 of the Tariff Act of 1930 shall apply to any agreement concluded pursuant to this Act to the extent only that such agreement assures to the United States a rate of duty on wheat flour produced in the United States which is preferential in respect to the lowest rate of duty imposed by the country with which such agreement has been concluded on like flour produced in any other country; and upon the withdrawal of wheat flour from bonded manufacturing warehouses for exportation to the country with which such

agreement has been concluded, there shall be levied, collected, and paid on the imported wheat used, a duty equal to the amount of such assured preference.

(b) Every foreign trade agreement concluded pursuant to this Act shall be subject to termination, upon due notice to the foreign government concerned, at the end of not more than three years from the date on which the agreement comes into force, and, if not then terminated, shall be subject to termination thereafter upon not more than six months' notice.

(c) The authority of the President to enter into foreign trade agreements under section I of this Act shall terminate on the expiration of three years from the date of the enactment of this Act.

Sec. 3. Nothing in this Act shall be construed to give any authority to cancel or reduce, in any manner, any of the indebtedness of any foreign country to the United States.

Sec. 4. Before any foreign trade agreement is concluded with any foreign government or instrumentality thereof ~~under~~ provisions of this Act, reasonable public notice of the intention to negotiate an agreement with such government or instrumentality shall be given in order that any interested person may have an opportunity to present his views to the President, or to such agency as the President may designate, under such rules and regulations as the President may prescribe; and before concluding such agreement the President shall seek information and advice with respect thereto from the United States Tariff Commission, the Departments of State, Agriculture, and Commerce and from such other sources as he may deem appropriate.

Approved, June 12, 1934, 9:15 p.m.

APPENDIX G

AMERICAN AND INDEPENDENT NEWSPRINT COMPANIES IN CANADA

APPENDIX G

NEWSPRINT COMPANIES IN CANADA

Tons daily capacity

American-owned:

Beaver Wood Fibre Co., Ltd.	77	
Canadian International Paper Co., Ltd.	1,817	(3 mills)
Donnacona Paper Co., Ltd.	240	
Fort Frances Pulp and Paper Co., Ltd.	283	
Great Lakes Paper Co., Ltd.	314	
Kenora Paper Mills, Ltd.	252	
Ontario Paper Co., Ltd.	429	
Pacific Mills, Ltd.	256	
Powell River Co., Ltd.	650	
Spruce Falls Power and Paper Co., Ltd.	<u>480</u>	
		4,798

Independent:

Abitibi Power and Paper Co., Ltd.	2,013	
Thunder Bay Paper Co., Ltd.	246	
Anglo-Canadian Pulp and Paper Mills, Ltd.	480	
Bathurst Power and Paper Co., Ltd.	140	
Booth, J. R., Ltd.	158	
Brompton Pulp and Paper Co., Ltd.	239	
Consolidated Paper Corporation, Ltd.	1,944	
E. B. Eddy Company, Ltd.	127	
Lake St. John Power and Paper Co., Ltd.	260	
MacLaren Company, Ltd.	240	
Mersey Paper Company, Ltd.	293	
News Pulp and Paper Co., Ltd.	37	
Price Brothers and Company, Ltd.	1,020	
St. Lawrence Paper Mills, Ltd.	<u>460</u>	
		7,657
		<u>12,455</u>

Source: Newsprint Service Bureau

APPENDIX H

ECONOMISTS PETITION AGAINST THE SIGNING OF THE HAWLEY-SMOOT TARIFF ACT

ECONOMISTS PETITION AGAINST THE SIGNING OF THE HAWLEY - SMOOT TARIFF ACT

More than one thousand economists from one hundred and seventy-nine universities in the United States signed and presented the petition which follows to President Hoover and the Congress of the United States when the Hawley-Smoot Tariff bill was under consideration, 1929-1930.

"The undersigned American economists and teachers of economics strongly urge that any measure which provides for a general upward revision of tariff rates be denied passage by Congress, or if passed, be vetoed by the President."

"We are convinced that increased restrictive duties would be a mistake. They would operate, in general, to increase the prices which domestic consumers would have to pay. By raising prices, they would encourage concerns with higher costs to undertake production, thus compelling the consumer to subsidize waste and inefficiency in industry. At the same time they would force him to pay higher rates of profit to established firms which enjoyed lower production costs."

"A higher level of duties, such as is contemplated by the Hawley-Smoot bill, would therefore raise the cost of living and injure the great majority of our citizens."

"Few people could hope to gain from such a change. Miners, construction, transportation and public utility workers, professional people and those employed in banks, hotels, newspaper offices, in the wholesale and retail trades and scores of other occupations would clearly lose

since they produce no products which could be specially favored by tariff barriers."

"The vast majority of farmers, also, would lose. Their cotton, pork, lard and wheat are export crops and are sold in the world market. They have no important competition in the home market. They cannot benefit, therefore, from any tariff which is imposed upon the basic commodities which they produce. They would lose through the increased duties on manufactured goods, however, and in a double fashion."

"First, as consumers they would have to pay still higher prices for the products, made of textiles, chemicals, iron and steel, which they buy. Second, as producers, their ability to sell their products would be further restricted by the barriers placed in the way of foreigners who wished to sell manufactured goods to us."

"Our export trade, in general, would suffer. Countries cannot permanently buy from us unless they are permitted to sell to us, and the more we restrict the importation of goods from them by means of our ever higher tariffs, the more we reduce the possibility of our exporting to them. This applies to such exporting industries as copper, automobiles, agricultural machinery and the like as much as it does to farming."

"The difficulties of these industries are likely to be increased still further if we pass a higher tariff. They are already many evidences that such action would inevitably provoke other countries to pay us back in kind by levying retaliatory duties against our goods. There are few more ironical spectacles than that of the American government as it seeks, on

the one hand, to promote exports through the activity of the Bureau of Foreign and Domestic Commerce, while, on the other hand, by increasing tariffs it makes exportation ever more difficult."

"We do not believe that American manufacturers, in general need higher tariffs. The report of the President's Committee on Recent Economic Changes has shown that industrial efficiency has increased, that costs have fallen, that profits have grown with amazing rapidity since the end of the World War. Already our factories supply our own people with over ninety-six per cent of the manufactured goods which they consume, and our producers look to foreign markets to absorb the increasing output of their machines. Further barriers to trade will serve them not well, but ill."

"Many of our citizens have invested their money in foreign enterprises. The Department of Commerce has estimated that such investments, entirely aside from the war debts, amounted to between \$12,555,000,000 and \$14,555,000,000 on January 1, 1929. These investors, too, would suffer if restrictive duties were to be increased, since such action would make it still more difficult for their foreign debtors to pay them the interest due them."

"America is now facing the problem of unemployment. The proponents of higher tariffs claim that an increase in rates will give work to the idle. This is not true. We cannot increase employment by restricting trade. American industry, in the present crisis, might well be spared the burden of adjusting itself to higher schedules of duties."

"Finally, we would urge our government to consider the bitterness

which a policy of higher tariffs would inevitably inject into our international relations. The United States was ably represented at the World Economic Conference which was held under the auspices of the League of Nations in 1927. This conference adopted a resolution announcing that "The time has come to put an end to the increase in tariffs and to move in the opposite direction."

"The higher duties proposed in our pending legislation violate the spirit of this agreement and plainly invite other nations to compete with us in raising further barriers to trade. A tariff war does not furnish good soil for the growth of world peace."

APPENDIX I

FOREST PRODUCTS EXPORT TRADE WITH CANADA, 1935 AND 1936

EXPORT TRADE WITH CANADA

(Wood and Paper)

Item	1935		1936	
	Quantity	Value	Quantity	Value
Logs and hewn timber, hardwoods, (M).	879	26,891	1,062	49,958
Logs and hewn timber, softwoods, (M).	12,029	182,040	21,039	386,473
R. R. ties.	200,840	247,847	169,703	228,800
Piling (linear feet).	187,104	23,249	309,569	65,571
Other wood unmanufactured.	-----	28,221	-----	51,897
Sawed timber and softwoods, (M).	2,589	81,102	1,696	68,236
Beards, planks, scantlings;				
Cypress (M).	1,083	61,422	1,232	69,963
D. Fir (M).	7,603	186,722	10,242	274,161
Southern Pine (M).	6,346	267,129	6,313	267,719
White, ponderosa, and sugar pine (M).	16,038	495,596	19,830	670,514
Cedar (M).	837	43,610	1,219	59,198
Redwood (M).	840	52,878	947	63,884
Spruce (M).	478	16,849	5,518	158,791
Hemlock (M).	1,951	34,066	1,930	34,647
Other softwoods (M).	38	1,191	38	1,129
Birch, beech and maple (M).	1,112	54,400	1,219	52,320
Chestnut (M).	564	29,458	836	44,497
Gum, red and sap (M).	4,966	197,424	6,975	282,677
Hickory (M).	460	30,789	461	34,195
Oak (M).	15,134	738,722	17,460	855,918
Poplar (M).	2,019	98,140	2,876	132,440
Walnut (M).	3,248	231,242	3,971	264,811
Mahogany (M).	355	48,730	834	101,880
Small hardwood dimension stock (M).	2,561	135,789	2,407	115,477
Other hardwoods (MO).	4,427	223,836	4,647	228,948
Cooperage;				
Tight staves (#).	4,669,831	126,467	7,304,768	177,461
Slack staves (#).	1,849,485	31,780	2,140,639	28,593
Tight heading (sets).	284,738	60,950	284,874	57,765
Plywood (square feet).	5,629,507	216,986	6,462,181	239,656
Veneers (square feet).	14,920,529	295,556	19,143,595	331,616
Hardwood flooring (M).	143	8,998	824	43,815
Trimming and moldings (linear feet).	1,299,665	34,620	1,190,642	35,176

Item	1935		1936	
	Quantity	Value	Quantity	Value
Other millwork and house fixtures.	-----	41,693	-----	32,816
Furniture of wood.	-----	215,383	-----	531,593
Handles, of wood (dozens).	119,816	120,658	133,176	136,320
Pencil slats (pounds).	353,037	32,047	388,414	33,157
Woodenware.	-----	44,888	-----	64,192
Other wood manufactures.	-----	640,156	-----	747,137
Cork disks, washers and wafers.	-----	122,958	-----	96,927
Other cork manufactures (pounds).	593,978	97,275	767,606	166,400
Pulpwoods (cords).	29,167	181,407	20,720	124,162
Sulphite wood pulp (ton).	2,043	94,947	1,306	91,890
Rags and other paper stock.	-----	578,796	-----	654,586
Printing paper (pounds).	1,848,511	117,527	2,202,886	126,322
Cover paper (pounds).	559,671	70,285	499,322	73,518
Grease proof and water-proof paper (pounds).	2,732,252	255,247	3,686,376	334,496
Wrapping paper (pounds).	4,652,717	359,887	5,933,577	446,235
Surface coated paper (pounds).	1,870,300	254,244	2,180,408	299,004
Tissue and crepe paper (pounds).	1,432,970	151,338	1,700,938	187,053
Toilet paper (pounds).	1,121,380	68,563	1,043,583	66,102
Paper towels and napkins (pounds).	924,578	74,001	1,226,081	99,444
Paperboard (pounds).	9,344,990	433,273	11,839,303	514,627
Sheathing and building paper (pounds).	2,143,063	78,471	1,735,189	73,735
Fiber insulating board (square feet).	2,151,052	83,541	4,369,359	166,502
Wall board of paper or pulp (square feet).	839,585	33,684	1,140,959	39,946
Blotting paper (pounds).	397,682	47,859	512,687	62,041
Filing folders, index cards and other office forms (pounds).	203,414	62,420	307,667	91,843
Writing paper (pounds).	1,118,771	113,573	1,267,569	132,813
Paper hangings (rolls)	657,777	60,884	783,653	82,422
Paper bags (pounds).	1,964,094	137,099	2,431,837	162,188
Paper boxes and cartons (pounds).	2,559,431	217,322	3,308,344	267,246
Vulcanized fiber sheets, strips, rods and tubes (pounds).	671,146	160,111	627,710	173,640
Other wood and paper.	-----	1,199,535	-----	1,492,614

Source: Foreign Commerce and Navigation of the United States for 1936, Vol. II

APPENDIX J

FOREST PRODUCTS IMPORT TRADE FROM CANADA, 1935 AND 1936

IMPORT TRADE FROM CANADA

(Wood and Paper)

Item	1935		1936	
	Quantity	Value	Quantity	Value
Logs, timbers.	-----	1,109,031	-----	767,814
R. R. ties.	202,854	139,428	279,967	225,100
Poles, telephone and telegraph.	239,157	642,842	322,961	862,775
Posts.	324,131	30,318	408,119	38,952
Firewood(cords).	137,913	366,140	160,273	418,034
Staves.	652,780	25,431	1,077,163	12,742
Christmas trees.	3,573,642	364,135	3,826,166	378,262
Other unmanufac- tured wood.	-----	98,980	-----	83,800
Laths (1000).	273,030	683,117	267,612	919,930
Shingles (square).	2,748,514	7,410,898	2,365,277	6,057,072
Pickets and palings.	-----	133,274	-----	65,856
Other sawmill pro- ducts.	-----	8,611,485	-----	13,183,561
Barrels, boxes and shooks.	-----	21,441	-----	12,152
Clapboards(M feet).	376	18,896	7,231	487,084
Other wood, manufac- tured.	-----	131,031	-----	158,705
Cork and manufactures.	-----	2,723	-----	14,162
Pulpwoods (cords)	1,037,332	7,760,700	1,209,760	9,481,914
Mech. ground wood pulp (ton).	136,112	2,360,383	170,344	3,030,465
Sulphite wood pulp (ton).	300,802	15,084,118	369,334	18,206,231
Sulphate wood pulp (ton).	94,748	4,897,233	118,547	5,397,345
Soda wood pulp (ton).	9,416	409,636	12,737	565,572
Rags for paper stock (pounds).	8,906,243	145,355	13,799,228	288,884
Other paper base stocks.	-----	121,100	-----	186,575
Standard newsprint (pounds).	3,123,780,916	72,160,421	4,844,633,841	86,498,969
Other printing paper (pounds).	7,675,518	159,000	17,069,104	338,873
Writing and drawing paper.	-----	15,531	-----	14,955
Pulpboard, paperboard, cardboard,(pounds).	26,865,740	453,768	35,477,983	652,404
Hanging paper (pounds).	22,394	3,910	5,023,958	114,236
Other paper and manu- factures (pounds).	-----	52,297	-----	80,965

Source; Foreign Commerce and Navigation of the United States for 1936, Vol. I

APPENDIX K

STATISTICS

(Tables and Charts)

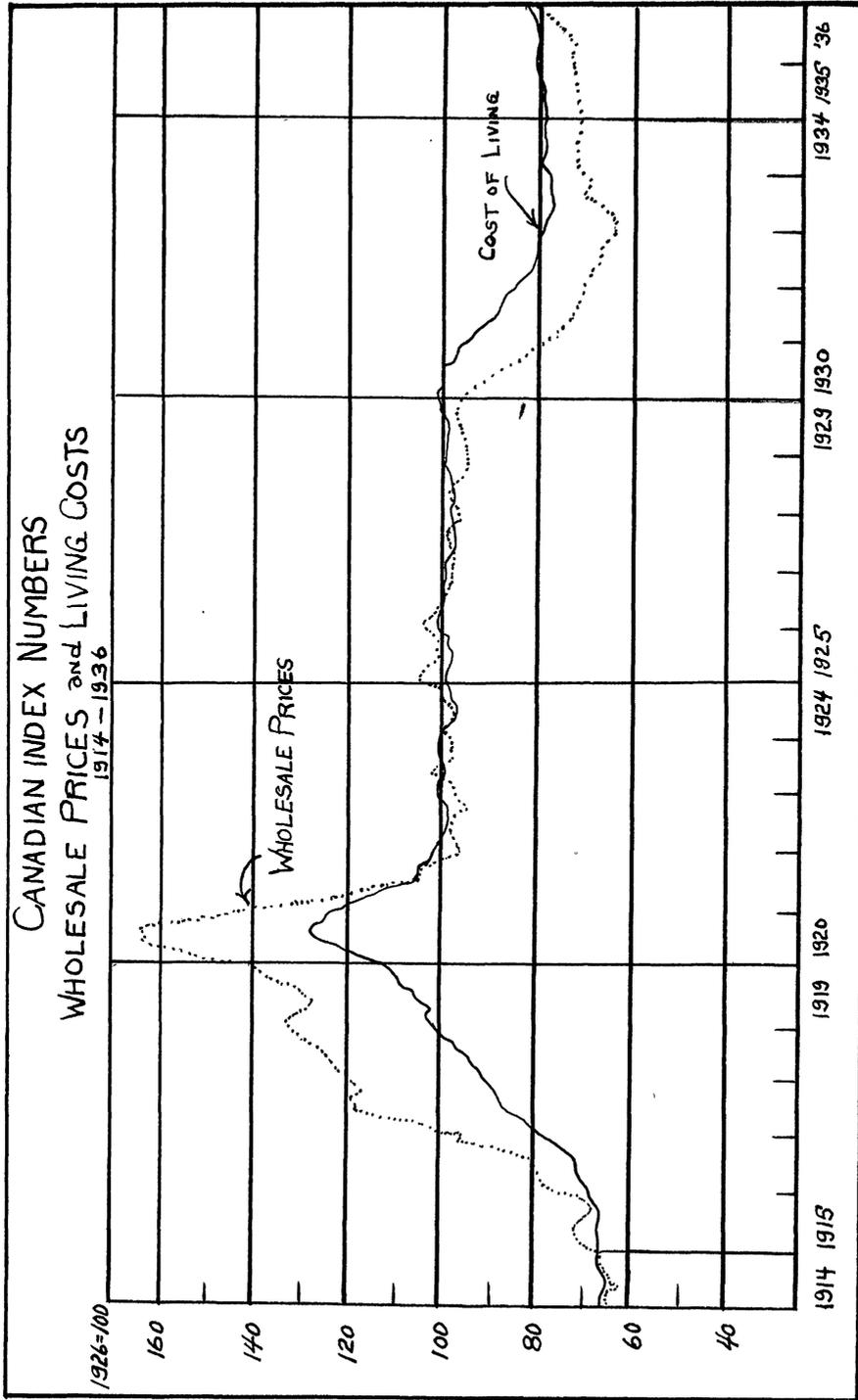


Chart 5

Source: Dominion Bureau of Statistics

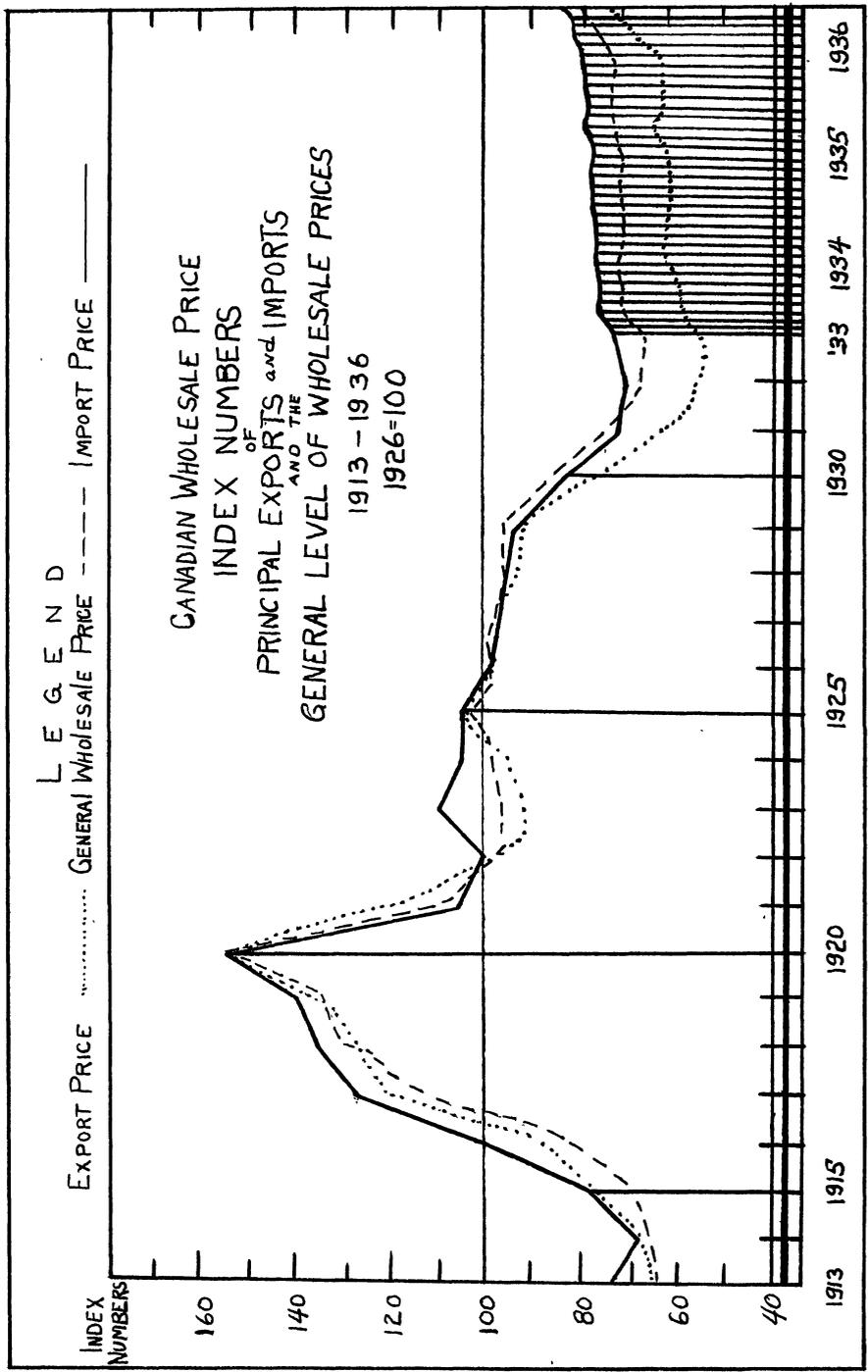


Chart 6

Source: Dominion Bureau of Statistics

TABLE 7
 INDEX NUMBERS OF LUMBER PRICES IN THE UNITED STATES
 AND CANADA, 1913-1938
 1926 = 100

Year	United States ¹	Canada ²	Differential United States and Canada
1913	54.0	67.4	-13.4
1914	49.9	61.4	-11.5
1915	48.7	56.8	- 8.1
1916	55.1	62.2	- 7.1
1917	72.2	74.6	- 2.4
1918	83.5	87.9	- 4.4
1919	113.0	110.4	+ 2.6
1920	165.2	139.1	+26.1
1921	88.9	121.3	-32.4
1922	99.1	108.0	- 8.9
1923	111.8	112.1	- .3
1924	99.3	104.8	- 5.5
1925	100.6	100.6	0.0
1926	100.0	100.0	0.0
1927	92.5	97.5	- 5.0
1928	90.1	102.3	-12.2
1929	94.5	103.5	- 9.0
1930	85.7	90.1	- 4.4
1931	69.5	77.4	- 7.9
1932	58.5	68.8	-10.3
1933	70.7	70.8	- 0.1
1934	84.5	78.6	+ 5.9
1935	81.1	77.8	+ 3.3
1936	84.5	86.3	- 1.8
1937	99.0	98.1	+ 0.9
1938	90.4	89.8	+ 0.6

Sources: ¹Bureau of Labor Statistics, U. S. Department of Labor.

²Canada, Dominion Bureau of Statistics, Internal Trade Branch.

TABLE 8

CANADIAN

INDEX NUMBERS OF WHOLESALE PRICES OF SPECIFIED COMMODITIES

1913 - DECEMBER 1938, INCLUSIVE

(1926 = 100)

Index Numbers of Wholesale Prices of;

Year	Newsprint paper rolls	Lumber	Wood pulp Unbleached sulphite newsgrade
1913	56.9	67.4	72.4
1914	58.5	61.4	73.6
1915	57.9	56.8	69.0
1916	59.2	62.2	140.5
1917	76.4	74.6	134.9
1918	92.0	87.9	120.8
1919	104.8	110.4	127.8
1920	151.9	139.1	232.9
1921	155.1	121.3	135.8
1922	108.1	108.0	90.5
1923	113.9	112.1	110.1
1924	111.5	104.8	101.0
1925	106.3	100.6	98.3
1926	100.0	100.0	100.0
1927	100.0	97.5	97.5
1928	97.7	102.3	96.3
1929	84.9	103.5	96.5
1930	84.9	90.1	94.0
1931	77.2	77.4	82.4
1932	66.8	68.8	70.6
1933	52.6	70.8	66.0
1934	51.1	78.6	72.6
1935	51.1	77.8	70.3
1936	52.6	86.3	70.1
1937	55.5	98.1	86.6
1938			
January	67.1	92.1	86.1
February	67.0	92.2	86.1
March	67.2	91.2	86.2
April	66.5	89.1	86.3
May	66.6	88.2	84.5
June	66.9	87.8	78.7
July	66.5	88.4	78.6
August	66.4	90.4	74.6
September	66.6	89.9	74.6
October	66.8	89.9	75.0
November	66.6	89.0	71.9
December	66.7	88.8	70.1

Source: Dominion Bureau of Statistics-Internal Trade Branch, Ottawa, Canada

TABLE 9

INDEX NUMBERS OF LUMBER PRICES IN THE UNITED STATES
AND CANADA, 1890-1912

(Average of 1901, 1902, and 1903 = 100)

Year	United States	Canada	Differential United States and Canada
1890	84.1	84.9	- 0.8
1891	83.2	84.3	= 1.1
1892	82.7	85.7	- 3.0
1893	83.4	85.1	- 1.7
1894	80.3	85.9	- 5.6
1895	79.0	84.4	- 5.4
1896	78.2	79.7	- 1.5
1897	77.0	77.1	- 0.1
1898	78.0	74.5	+ 3.4
1899	85.8	78.6	+ 7.2
1900	94.5	93.6	+ 0.9
1901	92.1	94.1	- 2.0
1902	100.7	100.1	+ 0.6
1903	107.2	105.8	+ 1.4
1904	109.0	107.8	+ 1.2
1905	111.6	110.1	+ 1.5
1906	126.1	125.3	+ 0.8
1907	137.2	135.6	+ 1.6
1908	127.4	133.5	- 6.1
1909	129.7	126.9	+ 2.8
1910	133.3	131.9	+ 1.4
1911	135.8	135.5	+ 0.3
1912	140.0	136.4	+ 3.6

Source: Wilson Compton, "The Organization of the Lumber Industry (Chicago, 1916), Appendix IV.

TABLE 10

AVERAGE MILL VALUES OF LUMBER IN THE UNITED STATES
AND CANADA, 1908-1937

(Dollars per thousand board feet)

Year	United States ¹	Canada ²	Differential United States and Canada
1908	14.84	16.27	- 1.43
1909	15.38	16.41	- 1.03
1910	15.30	15.81	- .51
1911	15.05	15.42	- .37
1912	15.35	15.83	- .48
1913	a	17.24	
1914	a	15.30	
1915	14.04	16.11	- 2.07
1916	15.32	16.72	- 1.40
1917	20.32	20.15	+ .17
1918	24.79	26.28	- 1.49
1919	30.21	31.95	- 1.74
1920	38.42	39.13	- .71
1921	23.47	28.73	- 5.26
1922	26.15	26.94	- .79
1923	31.78	29.04	+ 2.74
1924	28.57	26.93	+ 1.64
1925	28.02	25.64	+ 2.38
1926	27.34	24.15	+ 3.19
1927	25.80	23.79	+ 2.01
1928	25.61	23.88	+ 1.73
1929	26.94	23.90	+ 3.04
1930	22.81	21.98	+ .83
1931	18.56	18.41	+ .15
1932	15.12	14.85	+ .27
1933	18.55	14.15	+ 4.40
1934	21.47	15.71	+ 5.76
1935	20.43	15.44	+ 4.99
1936	22.20	a	
1937	24.24	a	

Sources: ¹U. S. Census Bureau and Forest Service.

²Canada, Department of Mines and Resources, Lands, Parks and Forests Branch.

^a Not available.

TABLE 11

AVERAGE VALUE PER M FEET OF LUMBER, F.O.B. MILL
IN THE UNITED STATES

Year	Total Softwoods	Southern Pine	Douglas Fir	Total Hardwoods	Oak
1899	\$10.27	\$ 8.46	\$ 8.67	\$13.53	\$13.78
1909	14.08	12.69	12.44	19.52	20.50
1919	28.39	28.71	24.62	37.22	37.87
1920		35.89	34.59		46.88
1921	21.85	19.42	18.04	30.92	30.56
1922	24.79	23.66	20.93	33.50	34.01
1923	30.13	29.82	26.99	39.82	39.08
1924	26.52	26.55	22.08	37.84	36.13
1925	25.89	26.46	20.94	38.21	37.00
1926	25.22	26.54	20.17	37.34	35.67
1927	23.47	23.77	19.45	36.71	35.72
1928	23.41	24.62	19.02	36.35	35.23
1929	24.31	25.66	20.05	38.04	38.43
1930	20.88	21.06	16.91	31.49	29.29
1931	16.74	16.99	12.05	28.00	27.68
1932	13.94	13.32	10.63	22.45	22.84
1933	16.94	17.91	13.57	27.81	28.53
1934	20.05	21.64	16.14	28.01	27.54
1935	19.08	18.24	15.97	27.09	27.15
1936	21.03	20.76	17.67	27.92	27.46
1937	22.97	22.18	19.54	30.49	29.60

Source: United States Census Bureau and Forest Service.

TABLE 12

AVERAGE MILL PRICES OF CANADIAN LUMBER PER THOUSAND
FEET B.M. OF SPRUCE, WHITE PINE, AND DOUGLAS FIR,
1908-1935

Year	Spruce	White Pine	Douglas Fir
1908	\$14.09	\$20.08	\$13.78
1909	14.55	21.55	14.58
1910	13.55	20.41	15.45
1911	13.65	20.01	13.94
1912	14.46	20.98	12.33
1913	15.01	27.28	13.74
1914	14.71	20.79	11.32
1915	15.24	20.71	11.76
1916	15.81	20.80	14.04
1917	19.00	24.00	17.73
1918	25.55	33.34	24.23
1919	32.92	41.41	27.39
1920	37.64	46.13	38.16
1921	28.16	35.88	24.40
1922	25.28	35.61	22.88
1923	27.17	37.31	35.98
1924	25.74	34.67	22.44
1925	24.64	33.20	21.77
1926	23.64	32.19	20.92
1927	23.78	32.53	19.87
1928	23.98	32.18	19.98
1929	23.84	32.25	20.16
1930	22.09	30.96	17.79
1931	18.49	27.47	14.34
1932	14.42	23.53	11.93
1933	13.86	21.60	12.86
1934	14.95	23.48	15.09
1935	14.97	25.13	14.86

Source: Canada, Dominion Forest Service-Bulletin 92.

TABLE 13

EXPORTS AND IMPORTS OF LUMBER, PAPER AND CORK PRODUCTS

	1929		1938	
	Exports	Imports	Exports	Imports
Logs and hewn timber	\$ 7,841,817	\$ 10,088,309	\$ 2,569,893	\$ 4,716,534
Railroad ties	4,334,709	735,758	1,034,060	304,075
Sawn timber	17,492,022	1,906,942 ^a	4,899,915	1,457,956 ^a
Softwood boards ¹	62,074,897	36,520,119	17,990,593	10,194,837
Hardwood boards ¹	30,242,050	4,874,604	12,696,110	1,775,277
Total Lumber and Logs	\$121,985,495	\$ 54,125,732	\$39,190,571	\$ 18,448,679
Lath	233,600	3,561,514	18,583	510,064
Shingles	366,688	6,850,073	69,607	5,029,847
Manufactures of Wood	40,938,366	10,837,568	15,640,222	4,482,217
All other ³	3,338,999	7,329,577	911,700	3,166,949
Total Wood and Mfrs.	\$166,863,148	\$ 82,704,464	\$55,830,683	\$ 31,637,756
Paper Base Stock	5,078,346	118,132,740	11,654,690	86,354,332
Paper and Manufactures	37,189,486	163,365,011	25,913,234	112,978,458
Total Wood and Paper	\$209,130,980	\$364,202,215	\$93,398,607	\$230,970,546
Cork Manufactures	1,816,053	13,118,594	703,783	3,711,371
GRAND TOTAL	\$210,947,033	\$377,320,809	\$94,102,390	\$234,681,917

¹Boards, planks and scantlings.

³Mostly unmanufactured, as poles, piling, pickets, firewood, rattan, etc.

^aCabinet woods, sawed.

In 1938 lumber exports dropped to less than a billion feet, the lowest volume in 40 years. They were 4.5 percent of the national compared with an average of about 9 percent ten years ago. In the Douglas fir tide-water region exports are normally about 22 percent of the lumber movement; in the South, nearly as large a proportion in mills is accessible to export markets—hardwoods and softwoods.

The greatest losses have been to the Orient and to the British Empire markets. Due largely to the Sino-Japanese war, softwood exports to the Orient in 1938 were about one-third of their volume in the 1920s. In 1929 the proportion of Pacific Northwest water shipments to British Empire markets was 78 percent from the United States, 22 percent from British Columbia; in 1938, 5 percent from the United States, 95 percent from British Columbia. The Empire preferential tariff system has been largely accountable for the phenomenal decline in the United States exports to these countries and for the present critical condition of the lumber export trade.

Source: Lumber Industry Facts, National Lumber Manufacturers Association, 1939.

TABLE 14

PRODUCTION OF LUMBER IN CANADA OF SPRUCE, WHITE PINE,
DOUGLAS FIR, AND OTHER SPECIES, 1908 TO 1935
(In Millions of Feet Board Measure)

Year	Spruce	White Pine	Douglas Fir	Other Species	Total
1908	1,028	953	372	994	3,347
1909	1,125	1,047	470	1,173	3,815
1910	1,255	1,000	636	1,561	4,452
1911	1,600	1,038	846	1,434	4,918
1912	1,409	911	890	1,180	4,390
1913	1,274	678	793	1,072	3,817
1914	1,441	668	602	1,235	3,946
1915	1,564	849	453	977	3,843
1916	1,341	719	575	855	3,490
1917	1,467	792	704	1,189	4,152
1918	1,143	809	716	1,219	3,887
1919	1,335	480	818	1,187	3,820
1920	1,490	642	902	1,265	4,299
1921	847	480	681	834	2,869
1922	1,018	576	821	724	3,139
1923	1,165	628	1,040	895	3,728
1924	1,261	614	1,000	1,003	3,878
1925	1,167	558	1,103	1,061	3,889
1926	1,226	483	1,294	1,182	4,185
1927	1,129	433	1,437	1,099	4,098
1928	1,170	502	1,517	1,148	4,337
1929	1,397	526	1,605	1,214	4,724
1930	1,232	413	1,254	1,090	3,989
1931	619	279	936	663	2,497
1932	514	157	642	497	1,810
1933	503	159	818	478	1,958
1934	695	197	1,032	654	2,578
1935	814	226	1,115	818	2,973

Source: Canada, Dominion Forest Service-Bulletin 92.

TABLE 15

VALUE OF SELECTED COMMODITIES IMPORTED INTO THE UNITED STATES

(All figures in thousands of dollars)

Year	Sawmill Products	Wood Pulp	Paper and Mfrs.	Year	Sawmill Products	Wood Pulp	Paper and Mfrs.
1821	-----	-----	58	1911	20,761	13,980	8,224
1830	-----	-----	170	1912	19,794	14,219	7,273
1840	-----	-----	70	1913	23,098	16,165	12,169
1850	-----	-----	432	1914	22,312	17,023	18,244
1860	-----	-----	497	1915	23,453	19,881	18,849
1865	-----	-----	372	1916	30,497	26,986	24,611
1870	-----	-----	1,100	1917	35,694	41,979	42,031
1871-'75	7,542	-----	1,822	1918	41,960	31,477	48,214
1876-'80	4,017	-----	1,359	1919	50,314	37,048	54,452
1881-'85	8,076	-----	1,838	1920	76,057	89,418	80,510
1886-'90	8,603	-----	2,325	1921	44,492	39,396	88,330
1891-'95	9,194	1,851	3,149	1922	63,844	63,292	85,334
1896-1900	7,707	1,107	2,882	1923	82,622	74,744	115,659
1901-'05	12,147	3,027	3,539	1924	72,942	75,743	117,673
1906-'10	21,112	7,729	6,708	1925	78,150	81,834	119,201
1911-'15	21,884	16,254	12,952	1926	74,579	91,231	139,499
1915-'20	45,592	42,814	47,214	1927	64,004	85,842	149,365
1921-'25	68,410	67,002	105,239	1928	54,885	83,464	156,407
1926-'30	56,703	86,044	151,219	1929	54,160	88,573	163,365
1931-'35	14,961	59,544	95,523	1930	35,889	81,109	147,461
1894	8,289	1,665	2,628	1931	20,319	60,887	125,623
1895	7,259	958	2,864	1932	10,913	46,903	94,135
1896	8,527	1,053	3,169	1933	12,282	57,369	77,447
1897	9,095	801	3,122	1934	11,772	61,825	86,520
1898	5,068	602	2,839	1935	19,551	70,735	93,444
1899	6,015	672	2,392	1936	23,537	82,837	110,113
1900	9,829	2,406	2,890	1937 ^a	-----	-----	-----
1901	8,636	1,586	3,055	1938 ^a	-----	-----	-----
1902	12,015	2,059	3,170				
1903	13,922	3,388	3,483				
1904	12,027	3,603	3,868				
1905	14,137	4,501	4,117				
1906	19,367	4,585	4,793				
1907	20,959	6,349	6,759				
1908	20,257	7,313	7,312				
1909	20,900	8,629	7,183				
1910	24,079	11,768	7,491				

^a No available figures.

Source: Statistical Abstract of the United States, 1937; U.S.D.C.

TABLE 16

VALUE OF SELECTED ARTICLES OF UNITED STATES MERCHANDISE EXPORTED

(All figures in thousands of dollars)

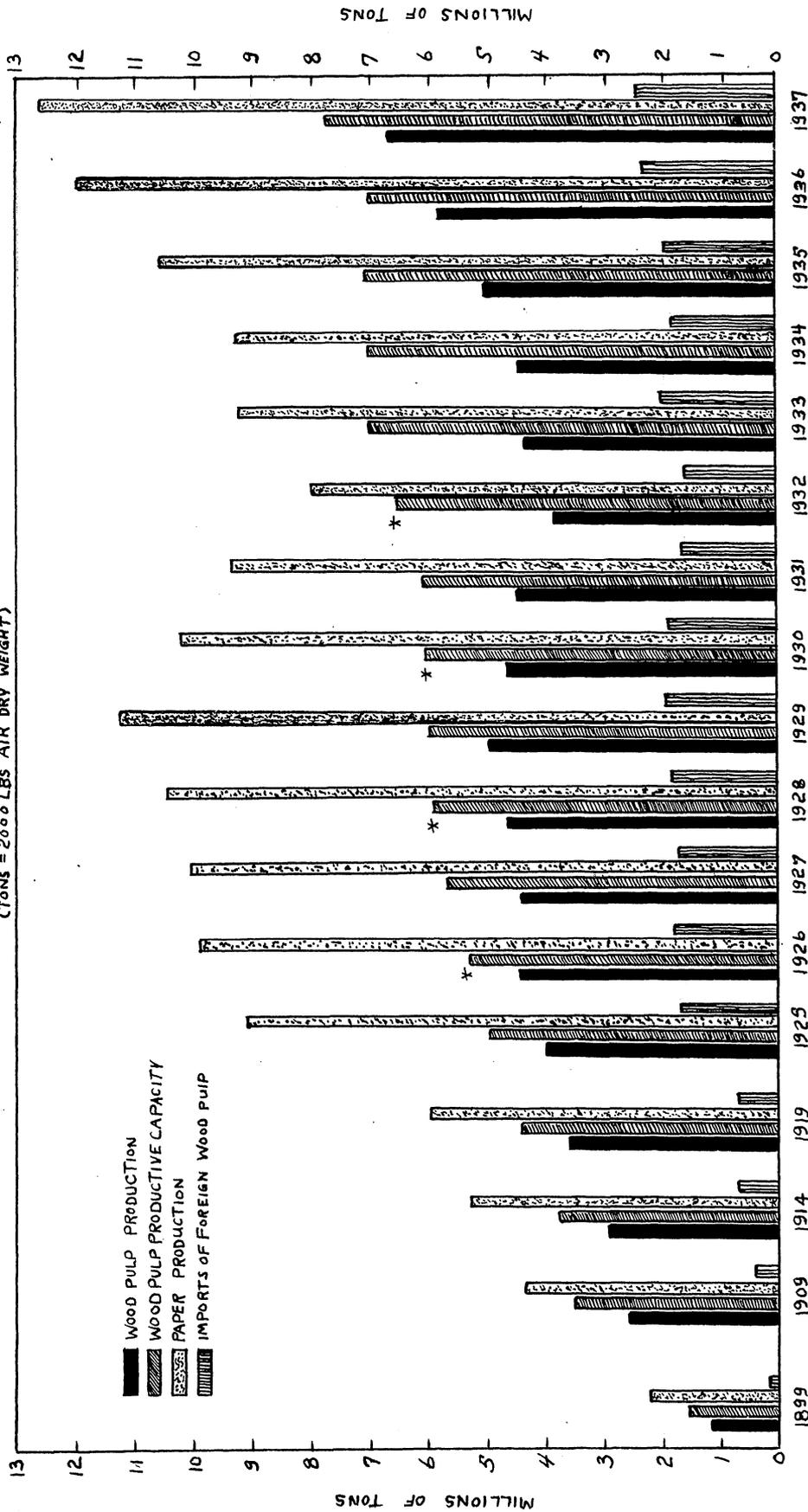
Year	Sawmill products	Other wood manufactures	Year	Sawmill products	Other wood Manufactures
1821	1,513	-----	1911	62,947	24,384
1830	1,650	426	1912	66,811	25,667
1840	2,072	921	1913	76,955	30,764
1850	2,545	2,279	1914	70,095	26,326
1860	3,884	6,148	1915	30,085	16,296
1865	7,020	11,261	1916	33,061	20,818
1870	4,660	7,886	1917	40,302	26,602
1871-'75	6,749	9,108	1918	54,121	28,095
1876-'80	7,840	7,924	1919	76,884	51,239
1881-'85	11,796	9,347	1920	110,013	64,347
1886-'90	13,376	8,846	1921	52,532	28,040
1891-'95	14,782	9,694	1922	67,890	24,485
1896-1900	22,390	13,863	1923	103,378	33,347
1901-'05	34,447	17,413	1924	101,999	32,248
1906-'10	50,754	21,075	1925	99,589	36,109
1911-'15	61,379	24,687	1926	97,444	37,884
1915-'20	60,630	36,556	1927	107,574	38,089
1921-'25	85,078	30,846	1928	108,798	37,525
1926-'30	100,571	36,857	1929	110,637	40,938
1931-'35	37,501	13,695	1930	78,402	29,849
1894	14,463	10,561	1931	45,070	19,177
1895	14,989	10,313	1932	26,281	9,784
1896	17,315	11,836	1933	32,275	11,576
1897	22,038	13,642	1934	42,777	13,704
1898	20,393	13,393	1935	41,103	14,234
1899	23,591	13,939	1936	43,279	15,371
1900	28,614	16,506	1937 ^a	-----	-----
1901	32,370	15,415	1938 ^a	-----	-----
1902	27,546	16,330			
1903	33,681	19,110			
1904	42,106	18,256			
1905	36,533	17,956			
1906	44,115	20,511			
1907	58,237	20,969			
1908	53,839	22,825			
1909	44,213	19,879			
1910	53,368	21,193			

^a No figures available.

Source: Statistical Abstract of the United States, 1937; Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce.

U.S. WOOD PULP PRODUCTION, CAPACITY AND IMPORTS AND U.S. PAPER PRODUCTION

TOTAL - ALL-GRADES
(TONS = 2000 LBS AIR DRY WEIGHT)



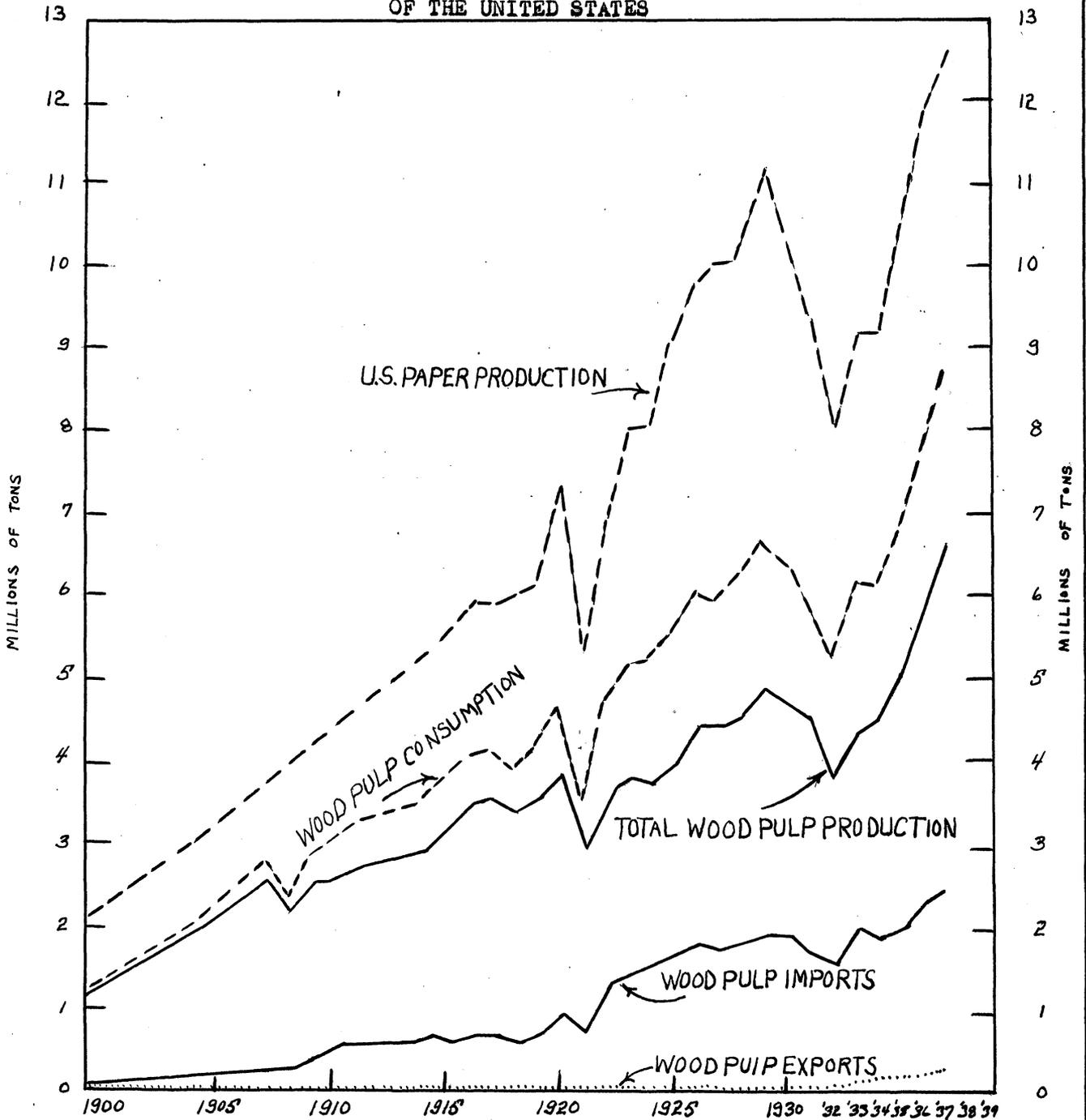
Sources: Paper and Wood Pulp Production (1899-1936) and Capacity (1899-1937) U.S. Bureau of the Census
Imports of Wood Pulp (1919-1937) - U.S. Bureau of Foreign and Domestic Commerce
Capacity (1934-1937) - United States Pulp Producers Association's Surveys of Pulp Capacity in the U.S.
1937 Pulp Production Estimated by United States Pulp Producers Association
1937 Paper Production Estimated by the American Paper & Pulp Association

UNITED STATES PULP PRODUCERS ASSOCIATION
July 1938

* Estimated

Chart 7

TOTAL WOOD PULP PRODUCTION, CONSUMPTION, IMPORTS
AND EXPORTS AND TOTAL PAPER PRODUCTION
OF THE UNITED STATES



Sources for Paper Production - U.S. Bureau of the Census except
1924, 1926 & 1937 estimated by American Paper & Pulp Association
for Pulp Production - 1899-1936 U.S. Bureau of the Census
1937 estimated by U.S. Pulp Producers Association
Imports & Exports - U.S. Bureau of Foreign & Domestic Commerce

UNITED STATES PULP PRODUCERS ASSOCIATION
July 1938

chart 8

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"Protection and Free Trade are interchangeable, due to the condition of the country at any given time. If a country is new and feeble, protection is useful in hastening the progress of the same. On the other hand, if continued too long, it will hamper the progress of industry with respect to foreign competition."

-Robert Smitley

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