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*** START OF THE PROJECT GUTENBERG EBOOK MEN'S SEWED STRAW HATS ***

UNITED STATES TARIFF COMMISSION
WASHINGTON

MEN'S SEWED STRAW HATS

**REPORT
OF THE
UNITED STATES TARIFF COMMISSION
TO THE
PRESIDENT OF THE UNITED STATES**

INVESTIGATION OF THE COSTS OF PRODUCTION OF
MEN'S SEWED STRAW HATS IN THE UNITED
STATES AND IN THE PRINCIPAL
COMPETING FOREIGN
COUNTRIES

WITH APPENDIX
PROCLAMATION BY THE PRESIDENT

WASHINGTON
GOVERNMENT PRINTING OFFICE
1926

UNITED STATES TARIFF COMMISSION
Office: Eighth and E Streets NW., Washington, D. C.
COMMISSIONERS

THOMAS O. MARVIN, *Chairman*.
ALFRED P. DENNIS, *Vice Chairman*.
EDWARD P. COSTIGAN.
HENRY H. GLASSIE.

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LETTER OF TRANSMITTAL

JULY 17, 1925.

The PRESIDENT, *The White House, Washington, D. C.*

MY DEAR MR. PRESIDENT: Herewith I have the honor to transmit the report of the Tariff Commission in the investigation, for the purposes of section 315 of the tariff act of 1922, of the costs of production in the United States and in the principal competing foreign country of men's sewed straw hats. Included in the report is a "Separate statement of Commissioner Costigan, in part concurring and in part dissenting, in the investigation of men's sewed straw hats."

Respectfully,

THOMAS O. MARVIN, *Chairman.*

UNITED STATES TARIFF COMMISSION
WASHINGTON

MEN'S SEWED STRAW HATS

JULY 17, 1925.

To the President:

The United States Tariff Commission respectfully submits the following report upon an investigation of the differences in costs of production of men's sewed straw hats in the United States and in competing foreign countries, for the purposes of section 315 of Title III of the tariff act of 1922.

INTRODUCTORY

Reference to files.—The basic documents in connection with the investigation on men's sewed straw hats are in the files of the Tariff Commission and are available to the President. They include the transcripts of the public hearings and the original cost schedules and other data. These include confidential data, the disclosure of which is forbidden by section 708 of the revenue act of 1916:

SEC. 708. It shall be unlawful for any member of the United States Tariff Commission, or for any employee, agent, or clerk of said commission, or any other officer or employee of the United States, to divulge, or to make known in any manner whatever not provided for by law, to any person, the trade secrets or processes of any person, firm, copartnership, corporation, or association embraced in any examination or investigation conducted by said commission, or by order of said commission, or by order of any member thereof. * * *

Rates of duty:

Act of 1922—	Not blocked or trimmed	}	60 per cent.	}	Par. 1406.
	Blocked or trimmed		...		
Act of 1913—	Not blocked or trimmed	}	25 per cent.	}	Par. 335.
	Blocked or trimmed		40 per cent.		
Act of 1909—	Not trimmed	}	35 per cent.	}	Par. 422.
	Trimmed		50 per cent.		

History of the investigation.—On May 29, 1924, the commission ordered an investigation of men's sewed straw hats for the purposes of section 315 of Title III of the tariff act of 1922, and on the same date ordered a preliminary hearing for June 12, 1924.

An application was received from the National Association of Men's Straw Hat Manufacturers of America requesting an investigation looking toward an increase in the rate of duty on men's sewed straw hats, now dutiable at 60 per cent ad valorem under paragraph 1406 of the tariff act of 1922.

The domestic field work was carried on during the period August to October, 1924, and the foreign work in Italy and England during the period October, 1924, to February, 1925. After due notice, as prescribed by law, public hearings were held in the offices of the commission on June 12, 1924, and on May 4, 1925. The latter hearing was continued on May 14, 15, and 16, 1925. Oral argument was waived and the date for filing briefs was set for June 6, 1925.

Scope of the investigation.—Costs of production were obtained for hats sold in the straw hat season of 1924 by companies whose fiscal years ended at or about June 30, 1924. This period was the latest for which cost

data could be obtained at the time the investigation was made.

Domestic costs were obtained from 19 concerns in Maryland, New York, Connecticut, and Massachusetts. The total production of these concerns amounted to 718,265 dozen hats. Of this number, 553,253 dozen were men's sewed straw hats. The 19 concerns produce approximately 85 per cent of the men's sewed straw hats in the United States and include makers of cheap, medium, and high-priced hats. They include nonmembers as well as members of the national association.

Costs were obtained in Italy from five concerns and in England from three concerns exporting men's sewed straw hats to the United States.

Both domestic and foreign straw hat factories are characterized by lack of standardization in production. Variations exist in the quality of the hats manufactured by different establishments, because of variations in the type and quality of the braid, in the quality of the trimming materials, such as leather sweat and silk bands, and in the amount of hand labor employed in the finishing processes. Because of these variations, it was considered inadvisable to compare the average costs of production of all hats of the domestic concerns with the average of all foreign hats. Evidence submitted at the preliminary hearing and data in the possession of the commission indicated that competition between domestic and foreign straw hats centered chiefly on three types, split sennits of 13/15 millimeter braid, improved sennits of 16/18 millimeter braid, and flatfoot sennits of 16/18 millimeter braid. The commission's cost comparisons were therefore confined to hats of these specifications.

INFORMATION OBTAINED IN THE INVESTIGATION

From the commission's investigation of men's sewed straw hats, conducted as indicated above, the following information has been obtained:

DOMESTIC PRODUCTION

The manufacture of men's straw hats has been conducted on a commercial scale in the United States for upward of 50 years. The industry is centered in and around New York City, in a number of cities in Massachusetts and Connecticut, and in Baltimore, Md. Statistics of production of men's sewed straw hats are not available, since the census of manufactures does not distinguish between men's and women's hats nor between sewed hats and woven hats. Domestic manufacturers estimate that the value of the men's straw hats produced in 1914 was \$12,000,000, or about 45 per cent of the total production of all straw hats. In 1920 the value of the total production of men's straw hats was estimated at \$20,000,000, of which about \$12,000,000 was men's sewed hats. At the preliminary hearing it was estimated that the average annual production of men's sewed straw hats in recent years amounted to 800,000 dozen. There are about 40 manufacturers of men's sewed straw hats in the United States. The majority are well established firms.

The production of men's sewed straw hats for the season 1923-24 of 19 factories for which costs were obtained was 553,253 dozen. The factories may be classified as follows:

TABLE 1.—*Domestic straw-hat factories grouped according to annual production*

	Number	Production	Per cent of total
		<i>Dozen</i>	
Group I. Factories with annual production of 50,000 dozen and over	4	265,767	48.0
Group II. Factories with annual production of 25,000-49,000 dozen	4	122,936	22.2
Group III. Factories with annual production of less than 25,000 dozen	11	164,550	29.8
Total production	...	553,253	100.0

Kinds of hats produced.—There are two general types of men's straw hats produced by the domestic manufacturers:

(1) Woven hats, such as panamas, etc. The bodies of these hats are imported in the rough and are shaped, finished, and trimmed in this country.

(2) Sewed hats. All of the operations necessary in the manufacture of a sewed straw hat, with the exception of plaiting the braids, are performed in the United States. This investigation relates to sewed hats only.

Organization of production.—The manufacture of straw hats is essentially a factory business and with few exceptions each concern carries on all of the major operations connected with the production of hats in a single establishment. Plaiting of straw braid is a separate industry, the domestic hat manufacturers being dependent upon foreign sources for their supply of braids. The bleaching of straw braids is performed by some of the hat manufacturers in their own establishments; others have the bleaching done by outside concerns which specialize in this class of work. Some firms make the tips (the inside linings of the hats) in their own establishments; others buy the complete tip, or have certain operations, such as printing or stamping, performed by outside shops.

Labor conditions.—The hours of labor of employees in domestic straw hat factories in 1923-24 varied from 42 to 54 weekly. Wages are based both on piece and time work. Time wages ranged from \$15 to \$40 per week, according to the character of the work performed.

The production of straw hats is to some extent seasonal. Orders are received in the late summer for delivery in the following spring. Production on these orders begins in September and the factories are usually busiest in the early months of the year. The summer is a slack season and factories operate with reduced labor force or close altogether for several weeks. The following table shows the monthly variations in the total number of

[3]

[4]

employees of 18 domestic factories in the season 1923-24:

TABLE 2.—*Employees in 18 domestic straw-hat factories, season of 1923-24*

Month	Number of employees	Month	Number of employees
1923		1924	
July	1,116	January	3,331
August	1,775	February	3,371
September	2,542	March	3,403
October	2,765	April	3,380
November	3,221	May	3,117
December	3,291	June	1,871

IMPORTS

The quantities and values of sewed straw hats imported into the United States were not separately shown in official statistics prior to the tariff act of 1922, in which sewed straw hats were given a separate classification.

Table 3 shows the imports for consumption of sewed straw hats from the principal countries of origin, by months, for the calendar years 1923 and 1924. Total imports increased from 93,309 dozen in 1923, valued at \$779,989, to 164,041 dozen in 1924, valued at \$1,179,929, a gain of approximately 75 per cent in quantity and 50 per cent in value.

TABLE 3.—*Imports for consumption of men's sewed straw hats¹ from Italy, England, Germany, and other countries, by months, calendar years 1923 and 1924*

(Source: Foreign Commerce and Navigation of the United States)

Month	Italy		United Kingdom		Germany		Other countries ²		Total	
	1923	1924	1923	1924	1923	1924	1923	1924	1923	1924
	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
January	51,225	35,754	9,734	50,087	2,460	19,829	26,606	34,754	90,025	140,424
February	53,644	114,644	9,235	35,024	8	25,372	4,756	57,429	67,643	232,469
March	54,102	97,899	55,920	46,435	7,420	50,126	51,305	40,669	168,747	235,129
April	66,552	192,007	46,222	119,031	1,931	85,421	84,684	49,935	199,389	446,394
May	78,602	113,593	68,989	54,874	80	85,884	31,888	34,047	179,559	288,398
June	38,658	59,840	42,776	37,208	1,960	6,873	4,414	14,769	87,808	118,690
July	23,049	22,505	6,717	1,533	848	720	11,685	41,367	42,299	66,125
August	1,796	4,000	1,250	820	1,504	2,795	1,041	41,689	5,591	49,304
September	120	427	960	706	1,272	7,377	102	10,550	2,474	19,060
October	53,129	37,809	396	318	3,411	4,541	331	34,528	57,267	77,196
November	77,962	82,313	2,718	2,640	8,929	959	7,524	44,471	97,133	130,383
December	78,372	100,353	1,647	4,723	21,334	5,332	20,415	54,516	121,768	164,924
Total number	577,211	861,144	246,584	353,399	51,157	295,229	244,751	458,724	1,119,703	1,968,496
Dozen	48,101	71,762	20,549	29,450	4,263	24,602	20,396	38,227	93,309	164,041
Total Value	\$289,215	\$427,706	\$256,769	\$282,402	\$32,503	\$180,054	\$201,502	\$289,767	\$779,989	\$1,179,929
Average value per dozen	\$6.01	\$5.96	\$12.50	\$9.59	\$7.62	\$7.32	\$9.88	\$7.57	\$8.36	\$7.19
Per cent of hats imported from each country	51.50	43.75	22.00	17.95	4.60	15.00	21.90	23.30	100.0	100.00

¹ Including men's, women's, and children's.

² Including withdrawals from warehouse.

A comparison of the imports for the first four months of 1925 with those for the corresponding period in 1924 is shown in Table 4. A significant feature of this table is the increase in imports from Italy and the decrease of imports from both the United Kingdom and Germany. It should be noted also that the average foreign^a value per dozen of Italian hats decreased while the average foreign^a value of hats imported from England and other countries increased.

a (return)

Values upon which duties were assessed as computed from data given in Foreign Commerce and Navigation of the United States.

TABLE 4.—Imports for consumption of men's sewed straw hats¹ from Italy, United Kingdom, Germany, and other countries, by months, January-April, inclusive, 1924 and 1925.

(Source: Foreign Commerce and Navigation of the United States)

Month	Italy		United Kingdom		Germany		Other countries ²		Total	
	1924	1925	1924	1925	1924	1925	1924	1925	1924	1925
	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
January	35,754	212,292	50,087	8,995	19,829	12,070	34,754	6,104	140,424	239,461
February	114,644	189,736	35,024	31,776	25,372	7,697	57,429	22,580	232,469	251,789
March	97,899	207,218	46,435	61,755	50,126	3,828	40,669	24,482	235,129	297,283
April	192,007	260,145	119,031	45,711	85,421	40,479	49,935	10,545	446,394	356,880
Total number	440,304	869,391	250,577	148,237	180,748	64,074	182,787	63,711	1,054,416	1,145,413
Dozen	36,692	72,449	20,882	12,353	15,062	5,340	15,232	5,309	87,868	95,451
Total value	\$228,452	\$395,298	\$201,291	\$161,422	\$102,366	\$40,923	\$123,775	\$78,222	\$655,884	\$675,865
Average value per dozen	6.23	5.46	9.64	13.07	6.80	7.66	8.13	14.73	7.46	7.08
Per cent of hats imported from each country	41.76	75.90	23.76	12.94	17.14	5.60	17.34	5.56	100.00	100.00

¹ Including men's, women's, and children's.

² Including withdrawals from warehouse.

TABLE 5.—Imports at the port of New York of men's sewed straw hats from Italy¹ classified according to foreign value, including packing January-June, 1924

[In dozens]

Value	Sennits ²			Fancies ³			Miscellaneous ⁴			Grand total		
	T r i m m e d	U n t r i m m e d	T o t a l	T r i m m e d	U n t r i m m e d	T o t a l	T r i m m e d	U n t r i m m e d	T o t a l	T r i m m e d	U n t r i m m e d	T o t a l
\$2.99 and less	...	18	18	...	60	60	78	78
\$3.00-\$3.49	6	38	44	...	219	219	50	...	50	56	257	313
\$3.50-\$3.99	255	23	278	1	250	251	570	...	570	826	273	1,099
\$4.00-\$4.49	2,518	28	2,546	196	2,909	3,105	622	...	622	3,336	2,937	6,273
\$4.50-\$4.99	1,617	24	1,641	61	477	538	680	...	680	2,358	501	2,859
\$5.00-\$5.49	1,671	4	1,675	427	711	1,138	1,715	...	1,715	3,813	715	4,528
\$5.50-\$5.99	1,687	1	1,688	608	89	697	1,095	58	1,153	3,390	148	3,538
\$6.00-\$6.49	1,313	...	1,313	2,831	182	3,013	1,826	10	1,836	5,970	192	6,162
\$6.50-\$6.99	2,657	1	2,658	2,537	33	2,570	879	1	880	6,073	35	6,108
\$7.00-\$7.49	740	...	740	996	15	1,011	433	...	433	2,169	15	2,184
\$7.50-\$7.99	255	...	255	939	3	942	346	17	363	1,540	20	1,560
\$8.00-\$8.49	147	...	147	470	6	476	598	...	598	1,215	6	1,221
\$8.50-\$8.99	165	...	165	261	5	266	231	...	231	657	5	662
\$9.00-\$9.49	10	...	10	165	1	166	420	...	420	595	1	596
\$9.50-\$9.99	30	...	30	107	...	107	46	...	46	183	...	183
\$10.00-\$10.49	39	...	39	56	1	57	203	...	203	298	1	299

\$10.50-\$10.99	46	...	46	34	...	34	56	...	56	136	...	136
\$11.00 and over	63	3	66	10	12	22	527	1	528	600	16	616
Total	13,219	140	13,359	9,699	4,973	14,672	10,297	87	10,384	33,215	5,200	38,415

¹ Taken from original invoices. Fractional dozen omitted in this table.

² Split, improved, and flatfoot.

³ Fancy straw and sennit, fancy.

⁴ Including hats the type of which is not specified in the invoice. Probably many sennits and fancies.

[6]

In Table 5, imports of Italian hats at the port of New York in the six months January-June, 1924, have been classified according to foreign values shown on consular invoices. There is a marked concentration of imports in the value groups between \$4 and \$7 per dozen. About 90 per cent of all the sennit hats and 80 per cent of the total importations had foreign values of less than \$7 per dozen.

TABLE 6.—Percentage of men's sewed straw hats imported at the port of New York from Italy with a foreign value less than that specified, January-June, 1924

Foreign value less than—	Sennits ¹	Fancies ²	Miscellaneous ³	Total
	<i>Per cent</i>	<i>Per cent</i>	<i>Per cent</i>	<i>Per cent</i>
\$9.50	98.6	98.5	92.0	96.8
\$9.00	98.6	97.4	87.9	95.2
\$8.50	97.3	95.6	85.7	93.5
\$8.00	91.2	92.3	79.9	90.3
\$7.50	94.3	85.9	76.4	86.3
\$7.00	88.8	79.0	72.3	80.6
\$6.50	68.9	61.5	63.8	64.7
\$6.00	9.1	40.9	46.1	48.6
\$5.50	46.4	36.2	35.0	39.4
\$5.00	33.9	28.4	18.5	27.6
\$4.50	21.6	24.8	12.0	20.2

¹ Split, improved, and flatfoot.

² Fancy straw and sennit, fancy.

³ Including hats the type of which is not specified in the invoice.

The imports at the port of New York of hats from England are classified in Table 7. It is evident that the bulk of the English importations are not competitive with Italian hats. Only 28 per cent of the imports from England had a foreign value of less than \$7 per dozen.

TABLE 7.—Imports at the port of New York of men's sewed straw hats from England,¹ classified according to foreign value, including packing, January-June, 1924

Foreign value	Dozen
\$6.50-\$6.99	2,631
\$7.00-\$7.49	...
\$7.50-\$7.99	...
\$8.00-\$8.49	...
\$8.50-\$8.99	3,340
\$9.00-\$9.49	1,260
\$9.50-\$9.99	1,044
\$10.00-\$10.49	98
\$10.50-\$10.99	...
\$11.00 and up	948
Total	9,521

¹ These data cover 9,521 dozen hats out of a total of approximately 10,730 dozen imported from England, or 89 per cent. They represent the larger invoices (several over 1,000 dozen) and hence are not so evenly distributed as are the Italian hats.

Effect of imports.—The effect of the increasing imports of straw hats on the production and sales of domestic firms was discussed at the public hearings before the Tariff Commission. Evidence was introduced showing that the production of 19 factories decreased from 468,424 dozen in the eight months August, 1923, to March, 1924, to 391,189 dozen in the corresponding months of 1924-25. Seventeen firms showed decreased production and two firms reported increases. Meanwhile imports of foreign hats increased from 74,355 dozen to 102,450 dozen. Imports from Italy increased from 38,000 dozen to 70,000; imports from England decreased

from 12,000 dozen to 9,000. Representatives of several domestic firms stated that their losses of business were directly attributable to inability to meet prices quoted by importers of Italian hats.¹

Representatives of the importers, on the other hand, called attention to the increasing competition of small firms in and around New York City with larger and longer established firms located principally in Baltimore. Some of the new firms operate on small capital and specialize in cheap hats which are directly competitive with the cheapest Italian hats. Others produce a somewhat better hat, such as is sold by chain stores. The rate of business failure among the newer firms is unusually high. Although the membership of the group of producers of cheap hats is fluctuating, its total output of hats each year is a factor in the competitive situation.

A relatively new development in the distribution of straw hats is the chain stores. Sales of such stores, estimated at 150,000 to 200,000 dozen straw hats yearly, include Italian and English hats but are principally of domestic manufacture. In some cases a chain-store organization has established factories and thus has instituted direct competition with manufacturing firms already established. Chain stores also have furnished capital to small manufacturers, contracting for the bulk of their output. Thus the change in marketing methods has a bearing on the failure of the older establishments to keep pace in the volume of their sales with the national expansion in straw hat consumption.

¹ (return)

See Transcript of Public Hearings, May 16, 1925, pp. 408, 420.

PRINCIPAL COMPETING COUNTRY

Table 3, on page 4, shows that in the calendar year 1923 imports of sewed straw hats from Italy amounted to 48,101 dozen, or 51 per cent of total imports. The average value per dozen of these Italian hats was \$6.01. During this same period imports from England amounted to 20,549 dozen or 22 per cent of total imports, at an average value of \$12.50 per dozen.

During the calendar year 1924 imports from Italy amounted to 71,762 dozen, or 44 per cent of the total, at an average value of \$5.96 per dozen. Imports from England were 29,450 dozen, or approximately 18 per cent of the total, at an average value of \$9.59. Total imports increased from 93,309 dozen in 1923, valued at \$779,989, to 164,041 dozen in 1924, valued at \$1,179,929, a quantitative gain of approximately 75 per cent.

The latest available import data covering the months of January-April, 1925, are shown in Table 4, on page 5. For these four months imports from Italy amounted to 72,449 dozen, or about 76 per cent of the total, and the average value of Italian hats imported declined from \$6.23 per dozen, on the comparable four months' period in 1924, to \$5.46 per dozen in 1925. Imports from the United Kingdom for this same period were 12,353 dozen, or about 13 per cent of the total, and it should be noted that the average value increased from \$9.64 to \$13.07 per dozen.

Italy, is, therefore, for the purposes of section 315, the principal competing country.

FOREIGN PRODUCTION

The center of production in Italy is Signa, near Florence. It was estimated (1924) that 1,500 persons were employed in the Signa district in establishments producing men's straw hats. The employees were about evenly divided between men and women.

In England the principal centers of straw-hat production are St. Albans and Luton, towns near London. No estimate was obtained of the number of factories in operation, the volume of production, or the number of persons employed. The English manufacturers of men's straw hats in 1923-24 were suffering a business depression, and some of them were changing over to the manufacture of women's hats.

Types of hats produced in foreign factories.—Neither the English nor the Italian factories producing men's straw hats confine their business exclusively to men's sewed straw hats. Some of them also block and trim woven-hat bodies, such as panamas; some make women's and children's hats, and others produce, or deal in, felt hats. Nor is production of sewed straw hats confined to those made of sennit braids; hats are made of other braids as well.

Organization of foreign production.—The sennit braids used in the Italian straw hats exported to the United States are not made in Italy but are of Japanese origin, as are also the sennit braids used in the sewed straw hats made in the United States and in England.²

In general, the foreign straw-hat factories do not bleach straw braids in their own establishments. In Italy, however, one concern not only bleached its own braids but also bleached braids for other straw-hat manufacturers.

With respect to hats, some of the unfinished bodies, usually leghorns, are made by women in their homes. But men's sewed straw hats, the subject of this investigation, are produced in factories or in small workshops. The latter generally operate on a contract basis for the larger manufacturers or shippers. The workshops which own their own equipment are organized to produce from 25 to 200 dozen sewed hats per week. In the making of the shell or body of the hat the contractors are paid on the basis of the number delivered to and accepted by the principal. The contractors furnish their own sewing cotton, gelatin, and other materials, except braid, used in making the shells or bodies of the hats. The trimming of straw hats is also to some extent performed on a contract basis.

The establishments visited in England generally perform all the operations of making and trimming hats in their own establishments, although at times "outworkers" are employed.

Working hours and wages.—The labor employed in the manufacture of sewed straw hats is well organized in both Italy and England. The rates of wages and hours of labor, both of factory workers and of employees of contractors, are determined by collective bargaining. A minimum wage scale for both pieceworkers and timeworkers became effective in Italy October 27, 1924. The labor of women and children in Italy is limited to 48 hours per week (decree of March 15, 1923). The employment of children under 12 years of age in shops and

factories is prohibited.

2 (return)

Milan and fancy braids are plaited by Italian women in their homes, but this industry is not to be confused with the manufacture of sewed hats, the subject of this investigation.

[9]

COSTS OF PRODUCTION

Methods of obtaining cost data.—Costs of the domestic Italian and English hats were obtained by representatives of the commission. In the United States they were given access to the books and records of the manufacturers. Domestic costs of materials, labor, and overhead are based on actual records.

In both Italy and England representatives of the commission were given access to manufacturers' books showing estimates of their costs. The estimates of material and labor costs were verified from original records. Estimates of general administrative and factory expense were expressed as percentages of the combined cost of labor and materials or of sales. Access to records from which the latter estimates could be verified was not permitted.

DESCRIPTION OF COST ITEMS

Material.—Material includes costs of braid, of bleaching, and of trimming materials and sundries, and also the cartons in which the hats are packed.

Labor.—The amount charged to the individual hat for labor includes all labor costs connected with its manufacture. The amount of direct labor on each hat was first determined. The indirect labor charge for each hat was determined by applying to its direct labor charge the percentage which total indirect labor for the factory bore to the total direct labor.

Overhead.—In each domestic factory the total overhead charges were obtained and the ratio of these charges to the total direct labor cost of the respective factory was computed. This ratio, expressed as a percentage of direct labor, was applied to the direct labor cost of individual hats to determine the overhead charge to be apportioned to each hat.

SELLING EXPENSE

(a) *Domestic.*—The ratio of total selling expense in each factory to total manufacturing cost (material, labor, and overhead) was first determined. This ratio (expressed as a percentage of total manufacturing cost) applied to the manufacturing cost of the selected hat determined its proper share of the total selling expense. Firms organized to deal directly with retailers uniformly had higher selling expenses than those whose products were marketed chiefly through jobbers. The average selling expense of the selected hats was \$1.64 per dozen, or 10.8 per cent of the average manufacturing cost. In selling expense is included the charge for cases and other packing material.

(b) *Foreign.*—Costs of selling hats to importers in the United States are included in the general overhead expenses reported by foreign companies, but are an inconsiderable item when compared with manufacturing costs. No expenses of the offices maintained in this country by foreign manufacturers have been included.

[10]

TABLES SHOWING COST COMPARISONS

In Table 8 are shown the costs of domestic and Italian men's sewed straw hats, irrespective of the type of braid used in their manufacture. In Table 9 are shown similar cost data for domestic and English hats. In both tables costs are shown with and without transportation charges on foreign hats, and ad valorem rates of duty necessary to equalize differences in foreign and domestic costs have been computed.

TABLE 8.—*Rates of duty necessary to equalize differences in costs of production of men's sewed straw hats in the United States and in Italy, the principal competing country*

Item	Domestic ¹	Italian ²
(a) Cost (transportation not included):	<i>Per dozen</i>	<i>Per dozen</i>
Material cost	\$6.44	\$4.35
Labor	4.60	.87
Overhead	1.70	.76
Total manufacturing cost	12.74	5.98
Difference	...	6.76
Foreign valuation ³	...	6.42
American selling price ⁴	13.28	
Ad valorem duty necessary to equalize on basis of—		<i>Per cent</i>
Foreign valuation	...	105
American selling price	...	51
(b) Cost (transportation on Italian hats to New York included):		<i>Per dozen</i>
Total manufacturing cost	12.74	\$5.98

Transportation to New York—Inland freight, ocean freight, marine insurance, consular fee	...	1.10
Cost, including transportation to New York for Italian hats	12.74	7.08
Difference	...	5.66
Foreign valuation ³	...	6.42
Ad valorem duty necessary to equalize on basis of—		<i>Per cent</i>
Foreign valuation	...	88

¹ Average costs of 15 domestic hats selling to jobbers at \$10.55 to \$15.52.

² Average cost of 15 Italian hats whose imported cost plus duty ranged from \$8.51 to \$13.10.

³ Average of wholesale selling prices reported by foreign manufacturers.

⁴ Average of wholesale selling prices to jobbers reported by domestic manufacturers.

TABLE 9.—*Rates of duty necessary to equalize differences in costs of production of men's sewed straw hats in the United States and in England*

Item	Domestic ¹	English ²
(a) Cost (transportation not included):	<i>Per dozen</i>	<i>Per dozen</i>
Material cost	\$8.34	\$5.47
Labor	5.85	1.84
Overhead	1.87	2.01
Total manufacturing cost	16.06	9.32
Difference	...	6.74
Foreign valuation ³	...	9.73
Ad valorem duty necessary to equalize on basis of—		<i>Per cent</i>
Foreign valuation	...	69
(b) Cost (transportation on English hats to New York included):		<i>Per dozen</i>
Total manufacturing cost	16.06	\$9.32
Transportation to New York—Inland freight, ocean freight, marine insurance, consular fee	...	1.35
Cost, including transportation to New York for English hats	16.06	10.67
Difference	...	5.39
Foreign valuation ³	...	9.73
Ad valorem duty necessary to equalize on basis of—		<i>Per cent</i>
Foreign valuation	...	55

¹ Average costs of eight domestic hats selling to jobbers at \$16.74 to \$22.50.

² Average costs of eight English hats whose landed costs duty paid ranged from \$15.64 to \$18.60.

³ Average of selling prices reported by foreign manufacturers.

COMPETITIVE CONDITIONS

Styles for men's straw hats are set about one year in advance. Sample hats are manufactured in May and June and orders are taken by manufacturers in July, August, and September for hats to be delivered the following spring. This custom of the trade makes it possible for foreign manufacturers to copy and offer in competition the same styles as those made by American manufacturers. Imported hats have a wide range of styles and prices, including not only sewed hats of sennit braid but also those of fancy braids, and woven body hats such as leghorns. Domestic hats also comprise a wide range of styles and prices. Within this range there is a more or less definitely limited field in which imports compete directly with domestic merchandise.

TRANSPORTATION AND MARKETING COSTS

Before the Italian or English hats enter into competition in the domestic wholesale market with hats of domestic manufacture expenses for transportation, marine insurance, and consular fees must be incurred. In the season 1923-24 the charges specified amounted to approximately \$1.10 per dozen for Italian hats and \$1.35 per dozen for English hats.³ Such expenses are set forth in the lower half of Tables 8 and 9.

The methods of marketing foreign and domestic hats are similar, but because of minor differences in terms of sale, etc., it was not found practicable to institute a mathematical comparison of selling costs. Some domestic firms deal only with jobbers, others only with retailers. A few of the largest firms sell to both jobbers and retailers. When the manufacturer dispenses with the services of jobbers his selling costs are, of course, increased. Foreign straw hats are distributed principally by importing jobbers. Such firms are usually engaged also in the marketing of domestic hats and in some instances are manufacturers or have financial interests in domestic factories. Foreign factories occasionally deal directly with large retailers in this country. In such cases it is usual for the retailer's representative to travel abroad to inspect samples and place orders. One

large Italian factory maintains a New York office through which it deals directly with domestic retailers.

3 (return)

Computed from consular invoices for hats imported at the port of New York in the six months, January-June, 1924.

FORMAL STATEMENT OF CONCLUSIONS

(1) Italy is the principal competing country. While Commissioners Costigan and Dennis agree with this conclusion, they are also of opinion that, with respect to hats valued at more than \$9.50 per dozen in the country of exportation, Great Britain is shown to be the principal competing country.

[12] (2) The average cost of production in the United States, as shown by the cost data for the season 1923-24, of men's sewed straw hats sold to jobbers for \$10.55 to \$16.52 per unit of one dozen is \$12.74. The average cost of production, not including transportation costs, of imported men's sewed straw hats whose landed costs, duty paid, range from \$8.51 to \$13.10 per dozen, and which are like or similar to the domestic hats above described, is \$5.98 per dozen. The difference in said costs of production, transportation costs not included, is \$6.76 per dozen. The cost of production of the imported hats, including transportation costs from the foreign factory to the dock at New York, is \$7.08 per dozen, and the difference in said costs is \$5.66 per dozen.

(3) The average selling price of such imported men's sewed straw hats, in the country of exportation, as shown by said cost data, is \$6.42 per dozen. The American selling price, as defined in subdivision (f) of section 402 of the tariff act of 1922, of similar competitive articles manufactured or produced in the United States, is \$13.28 per dozen.

(4) If transportation costs be not included, the differences in costs of production in the United States and in said principal competing country are greater than the amount of the present duty of 60 per cent ad valorem increased by the total maximum increase authorized under section 315, subdivision (a), of said act, and said differences in costs of production in the United States and in said principal competing country can not be equalized by proceeding under the provisions of said subdivision (a); that is to say, by increasing to the extent of 50 per cent the existing ad valorem duty applied to the value of the imported article in the country of exportation.

(5) If transportation costs be included, the rate of duty shown by the differences in costs of production, necessary to equalize said differences, upon men's sewed straw hats valued at \$9.50 or less per dozen in the country of exportation, is a rate of 88 per cent ad valorem based on the value in the country of exportation, as defined in section 402 of said act.

(6) If transportation costs be not included, the rate of duty shown by the differences in said costs of production, necessary to equalize said differences, upon men's sewed straw hats valued at \$9.50 or less per dozen in the country of exportation, is a rate of 50 per cent ad valorem based upon the American selling price, as defined in said section 402, of similar competitive articles manufactured or produced in the United States.

(7) The average cost of production in the United States, as shown by the cost data for the season 1923-24, of men's sewed straw hats sold to jobbers for \$16.74 to \$22.50 per unit of one dozen is \$16.06. The average cost of production, not including transportation costs, of imported men's sewed straw hats whose landed costs, duty paid, range from \$15.64 to \$18.60 per dozen, and which are like or similar to the domestic hats above described, is \$9.32 per dozen. The difference in said costs of production, transportation costs not included, is \$6.74 per dozen. The cost of production of the imported hats, including transportation costs, is \$10.67 per dozen, and the difference in said costs is \$5.39 per dozen.

(8) The average selling price of such imported men's sewed straw hats, in the country of exportation, as shown by said cost data, is \$9.73 per dozen.

[13] (9) If transportation costs be included, the rate of duty shown by the differences in costs of production necessary to equalize said differences upon men's sewed straw hats valued at more than \$9.50 per dozen in the country of exportation is a rate of 55 per cent ad valorem based upon the value of such hats in the country of exportation.

(10) If transportation costs be not included, the rate of duty shown by the differences in costs of production necessary to equalize said differences upon men's sewed straw hats valued at more than \$9.50 per dozen in the country of exportation is, according to a mathematical calculation, 69 per cent ad valorem based upon the value of such hats in the country of exportation. Commissioners Marvin, Glassie, and Baldwin are, however, of the opinion that the existing rate of 60 per cent ad valorem substantially equalizes differences in costs of production in respect of hats valued above \$9.50 per dozen in the country of exportation.

SUMMARY OF CONCLUSIONS

On the basis of the facts presented the commission agrees that the data indicate an increase in tariff rates, if the differences in costs of production are to be equalized between lower-priced grades of foreign hats and comparable products of American factories. In respect of such hats, Italy is the principal competing country.

The commission further agrees that foreign hats sold in the United States on a basis of quality rather than price are the higher-priced hats which at this time are not keenly competitive with the products of the American industry. With respect to such higher-priced hats, Commissioners Costigan and Dennis are of opinion that Great Britain is shown to be the principal competing country, and that under the law the data indicate that the duty should be reduced.

The commission agrees that \$9.50 per dozen, foreign valuation, represents a fair breaking point for customs purposes between lower-grade hats competing on a price basis and hats of superior material and workmanship competing on a quality basis.

Under section 315 of the tariff act of 1922 there is an undetermined legal question with respect to including transportation expense in estimating foreign production costs. Commissioners Costigan, Dennis, and Baldwin agree that under subdivision (c) of section 315 a fair estimate of foreign costs should include the expense of

transporting the foreign product to the principal competitive market or markets in this country. For hats whose foreign value is not in excess of \$9.50 per dozen the rate of 88 per cent ad valorem is indicated as the correct duty for equalizing costs, with transportation included.

Chairman Marvin and Commissioner Glassie agree that under the law costs of production do not include transportation costs on either side. If transportation costs be not included in the foreign costs of production shown by this investigation, the rate indicated by the cost data would be 105 per cent on foreign valuation. This rate being in excess of the maximum permissible under subdivision (a) of section 315, resort must be had under subdivision (b) of section 315 to the American selling price basis of valuation in order to equalize the differences in production costs. For hats whose foreign valuation is not in excess of \$9.50 per dozen the rate of duty thus indicated by the cost difference is 50 per cent on the American selling price.

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As to hats with a foreign valuation above \$9.50 per dozen, if foreign transportation be included, the present duty of 60 per cent on the basis of foreign valuation is in excess of the difference in cost of production and the rate of duty indicated is 55 per cent on the basis of foreign valuation. If foreign transportation be not included, the rate of duty indicated is 69 per cent on the basis of foreign valuation. The figures are shown in detail in Table 9, on page 10.

In the accompanying report the above conclusions will be found more formally stated for the purposes of a proclamation.

Respectfully submitted.

THOMAS O. MARVIN, *Chairman*.
EDWARD P. COSTIGAN,
HENRY H. GLASSIE,
ALFRED P. DENNIS,
A. H. BALDWIN, *Commissioners*.

[15]

SEPARATE STATEMENT OF COMMISSIONER COSTIGAN, IN PART CONCURRING AND IN PART DISSENTING, IN THE INVESTIGATION OF MEN'S SEWED STRAW HATS

While I concur with my associates in transmitting the commission's data in the investigation of men's sewed straw hats, a differentiation of views must be expressed with respect to certain conclusions which may be drawn from such data.

Both higher and lower duties indicated by the commission's cost figures.—Under the provisions of section 315 of the tariff act of 1922, the information secured by the commission and summarized in this report points not only to an increased duty on lower-priced hats but also to a decreased duty on higher-priced hats. It is submitted that no satisfactory reason can be assigned under the present record for failing to recommend such a simultaneous upward and downward change in the present rate of duty by the use of the provisions for flexibility in the tariff act of 1922. Under the controlling statute all commissioners are agreed that a clear distinction exists between the bulk of the lower-priced hats coming from Italy and the lesser but considerable quantity of higher-priced hats imported from Great Britain. This feature of the commission's summarized data is particularly presented in Tables 5, 6, and 7, in which are shown the sources, volume, and foreign values of imported hats. Table 8 presents American and Italian costs of lower-priced hats; Table 9, cost data for higher-priced hats in the United States and Great Britain. Table 8 indicates that, in lieu of the present duty of 60 per cent on foreign value, a duty of 88 per cent on foreign value is required to equalize the costs incurred with respect to the lower-priced hats; and Table 9, that a duty of 55 per cent on foreign value will suffice to equalize such costs in the case of the higher-priced hats. In other words, the record establishes the need, if competitive costs are to be equalized under section 315, for creating two classes of men's sewed straw hats, with a different principal competing country and a separate rate of duty for each class. Under the circumstances, to confine the findings of the commission to an increased duty on lower-priced hats is, in one important particular, to fall short of the statutory responsibility undertaken when the commission ordered an investigation of the adequacy of the present 60 per cent ad valorem duty as a measure of equalized costs in the United States and foreign countries. A partial conclusion from the commission's data, where, as here, a comprehensive conclusion is clearly warranted, would appear to be discriminatory and fail to fulfill the scientific and impartial purposes of the provisions of section 315.

Determining the dividing line for tariff purposes between higher and lower priced hats.—The above tables sufficiently demonstrate that the great bulk of men's sewed straw hats, imported at the port of New York during the period of investigation, came from Italy and had a foreign value of \$7 or less per dozen, and much the larger part of the higher-priced hats came from England and had a foreign value of \$8.50 or more per dozen. The separation into classes of lower and higher priced hats, with different duties for each class tends to result in an overstatement of the values of the lower-priced imports in order to obtain the benefit of the lower duty on high-priced imports. There is also a tendency of the higher-priced imports to increase in volume. To meet the changed situation a higher "breaking point" than the \$7 value is desirable. For example, with a 90 per cent duty, a hat whose foreign value is \$7 per dozen would cost, landed, duty and transportation paid, \$14.40. If the rate of 60 per cent remain on hats in the higher bracket, as certain commissioners suggest that it continue to do, instead of the \$7 hat it might be profitable to import a hat worth \$8.25 per dozen, which would enter, duty paid and transportation included, for \$14.30. Adopting and applying the same method to hats having an invoice value of \$7.50 or less per dozen, a breaking point of approximately \$9.10 would make it unprofitable to bring in higher-priced hats in order to obtain the benefit of a 55 per cent rate of duty. A breaking point of approximately \$9.50 would therefore appear to be safely calculated to prevent overvaluation with respect to the great bulk of low-priced men's sewed straw hats now being imported.

[16]

Some omissions from and doubtful features in the commission's report.—Although from the point of view of

equalizing foreign and domestic costs under the provisions of section 315, the data of the commission on their face point to an increase from 60 to 88 per cent ad valorem, complete frankness compels the statement that the conclusion arrived at is not free from difficulties; that the record is not unequivocal; and that a strong case might be made for not advancing the duty to the full extent thus indicated. Since the application of the cost-of-production standard under section 315 is still in its experimental stages, it may promote accuracy and help to bring about scientific amendments of the present law to illustrate in this investigation the possible danger of using the commission's figures to fortify different and inconsistent conclusions. The data obtained by the commission in the straw-hat investigation are unsatisfactory in the following particulars:

Representativeness of samples.—In selecting hats assumed to be representative of American production, it was found impracticable to determine the respective percentages of production of cheap, medium-priced, and high-priced hats. In consequence there is some reason to believe that the limited figures secured with respect to cheap American hats has tended to exaggerate American costs beyond what an exactly representative selection would have shown. Figures were secured for only a few producers of cheap American hats, and while it is impossible to say what weight should be given to such cheap American production, expert opinion is not wanting in support of the view that because of the method of sampling employed, American costs as a whole have been unduly elevated for comparison with Italian costs. While it is too late to make any exact mathematical adjustment on this account, it is only fair to urge distinct caution in accepting at their face value and following to their inexorable conclusions the comparisons based on the domestic and foreign data.

[17] Probably the most important principle of sampling employed by the commission's agents when confronted with the problem of selecting for cost comparison a few types of hats from the many manufactured was the choice of those types of hats with respect to which the domestic industry has been suffering the keenest competition. It must be clear that the selection of such hats tended to show the widest cost divergence for the two countries, since it was to be expected that the severest competition would have been experienced when the relatively higher-cost hats of the United States met the relatively lower-cost hats of Italy. Nor could it be said that such hats as were chosen were the only "similar competitive articles," since the foreign manufacturers can and do produce all types and styles sold in the United States. The fact that the American industry earned approximately 10 per cent on its invested capital (even after the payment of large salaries) must be chiefly explained by the profits earned on hats with respect to which there was no such acute competition. Obviously such more profitable hats strengthened the domestic industry's competitive resistance.

Importers' selling expenses omitted.—Through inadvertence, but none the less unfortunately, the selling expenses of importers were not obtained by the commission. There was considerable testimony at the commission's public hearing to the effect that a relatively heavy burden rests on such importers in selling such straw hats in the United States. (See Transcript of Public Hearing, pp. 110-116.) The American manufacturers' costs of marketing their hats to the jobbers were secured by the commission's representatives, but the selling expenses of importers of foreign hats (without which Italian hats could not reach American jobbers) were not secured: thus, the complete picture of the competitive cost situation is not presented in the commission's report.

The significance of this omission is considerable. Under the provisions of subdivision (c) of section 315 the statutory mandate to consider much "advantages and disadvantages in competition" is unavoidable, and, while it is probably not reasonable to reject the commission's findings as a whole because of this record defect, some allowance would be reasonable falling short of the extreme conclusions to which the data would otherwise point.

In answer to the argument that the domestic industry has so well withstood the competition offered by what seem to be extremely low-cost Italian hats, it has been urged that the Italian producers are far from their market and that jobbers prefer a source of supply more conveniently at hand. This statement involves the admission of a competitive disadvantage suffered by the foreign producer, which is clearly not capable of being measured. However, the one statistically measurable marketing disadvantage of the foreign producer, referred to, was unfortunately neglected when the commission's data were assembled. As has been suggested, costs secured, though not used, for the American producer included his expense of placing his hats in condition ready for delivery to the jobber, but only those Italian costs were obtained which with transportation added bring the product to the docks at New York. Importers must incur the expense of handling and reselling before the product is ready for the jobbers. In so far as such importers perform the jobbers' functions, the objections stated may not be valid, but any importers' costs of reselling to jobbers should undoubtedly have been collected and considered.

[18] It may further be noted that some American manufacturers actually sell their hats to retailers. Such domestic selling expenses were secured by the commission on its schedules, and there is reason to believe that certain overhead items in the assembled costs are probably larger than they would otherwise be because of the imperfect allocation of selling and manufacturing expenses.

Deficiencies in comparative overhead data.—More striking in some respects than the failure to secure importers' selling expenses is the contrast exhibited in the commission's report between overhead expenses in the United States and abroad. The foreign overhead expenses are mere estimates, since the commission's representatives were refused access to the original books and records by practically every foreign firm. It accordingly became necessary to resort to estimates based on flat percentages of prime costs or sales price. These were in fact submitted by Italian manufacturers and used by the commission's representatives. It now develops that these percentages have never been analyzed or justified. Indeed, there is no definite record of what expense items were included or neglected in such percentages. The overhead expenses in the United States include very considerable salaries paid to officers of the domestic manufacturing concerns, and the question is presented whether, as some accountants maintain, such salaries should not be charged exclusively to selling rather than manufacturing expenses, since such officers usually pay more attention to the selling end of the business. In the commission's records it appears that about 85 per cent of the total officers' salaries was charged to manufacturing and about 15 per cent to selling. The importance in cost investigations of scrutinizing high salaries should be evident, as they might easily be, although, in this instance it is not suggested that they have been, used to conceal profits. It is worthy of note that the average salaries allowed by the commission's representatives in the domestic costs of all the hats manufactured amounted to 69 cents per dozen—nearly as much as the entire average Italian overhead charge. It is to be remembered, as already stated, that this average amount does not include the additional item allowed in the selling expense for

officers' salaries. It is of interest to note, further, that the American firms which complain most of Italian competition showed the largest salary accounts. One firm, in fact, had a salary expense, included in manufacturing cost, of more than \$1 per dozen hats. Nevertheless, even after the payment of such salaries, it has been shown that the industry as a whole earned approximately 10 per cent on the invested capital during the period covered by the commission's investigation.

It would be obviously difficult to determine what salaries should reasonably be allowed, but, in view of such a showing, it might be argued with force that, as has been done in other investigations when data unsatisfactory for a fair comparison have been secured, such data on both sides should be excluded from the final calculation. To illustrate, the commission in the present investigation has eliminated the item of interest here and in Italy, since adequate data for the Italian industry were unobtainable. If this principle were followed in the matter of overhead, a conclusion might reasonably be based on the comparison of material and labor costs here and in Italy plus transportation from Italy to our principal market or markets.

To illustrate the possibility, already mentioned, of diverse conclusions from the commission's record, the difference between the material and labor costs here and in Italy, with transportation included, is shown in the following table:

	Domestic	Italian
Material costs	\$6.44	\$4.35
Labor	4.60	.87
Total	11.04	5.22
Difference		\$5.82
Transportation to New York		1.10
Final difference		4.72
Foreign selling value		6.42
		<i>Per cent</i>
Ad valorem duty required to equalize on basis of foreign selling value	74	
Present duty	60	

The failure to consider interest on investment in the overhead introduces another difficulty of some importance. If rents actually paid are included in costs, equality of treatment demands that interest on capital invested in plants owned, and therefore not rented, should be considered. In the costs of 14 of the American companies investigated the rent charge amounted to \$0.29 per dozen for all styles of hats. It appears that there is no information to show that any one of the Italian companies covered rented its factory; therefore, the failure to include interest on the capital invested in the Italian factories may have overestimated the relative strength of Italian competition. The failure to include interest on invested capital in the Italian costs might justify the exclusion of the rent item from the American overhead costs.

It will, of course, be argued that to disregard all overhead costs in both the foreign and domestic figures in the way suggested would fail to measure the domestic disadvantage arising from relatively higher overhead expenses. There are, however, two considerations, discussed in detail in this statement, which tend to compensate for any inaccuracy which the above findings might imply. They are (1) the method of sampling employed by the commission; and (2) the failure to consider certain of the Italian industries' marketing expenses.

Conclusions.—The principal significance of the foregoing discussion is to be found in the conclusion that, in recommending under the law an increase in the present rate of duty on lower-priced hats from 60 to 88 per cent on foreign value, the statute is being liberally construed from the point of view of the domestic industry, in the effort to arrive at an equalization of costs in the United States and abroad. Regardless of the legal question as to whether transportation should or should not be included, any higher duty on any of the hats investigated than 88 per cent on foreign value—particularly so high a duty as 105 per cent, or the equivalent 50 per cent on American selling price, which has been suggested by certain commissioners—involves such a grave departure from the economic purposes sought to be promoted by section 315 as to make it highly desirable that the present investigation be reopened before any such increase in duty is proclaimed.

Reviewing, therefore, the whole record in this investigation and dismissing, though not without hesitation, the foregoing argument in favor of a lower rate of duty than 88 per cent, foreign value, on the lower-priced hats, it is submitted that under the law the data collected by the commission in this investigation warrant formal findings of fact to the following effect:

1. The classification for men's sewed straw hats in paragraph 1406 of the tariff act of 1922 should be changed to provide separate rates of duty for imported hats of different foreign values.
2. The present rate of duty should be increased to 88 per cent on imported hats having a foreign value of less than \$9.50 per dozen.
3. The present rate of duty should be decreased to 55 per cent on imported hats having a foreign value of \$9.50 or more per dozen.

EDWARD P. COSTIGAN,
Commissioner.

JULY 15, 1925.

APPENDIX

A PROCLAMATION

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

INCREASING THE RATE OF DUTY ON MEN'S SEWED STRAW HATS

Whereas in and by section 315 (a) of Title III of the act of Congress approved September 21, 1922, entitled "An act to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, and for other purposes," it is, among other things, provided that whenever the President, upon investigation of the differences in costs of production of articles wholly or in part the growth or product of the United States and of like or similar articles wholly or in part the growth or product of competing foreign countries, shall find it thereby shown that the duties fixed in this act do not equalize the said differences in costs of production in the United States and the principal competing country he shall, by such investigation, ascertain said differences and determine and proclaim the changes in classifications or increases or decreases in rates of duty provided in said act shown by said ascertained differences in such costs of production necessary to equalize the same;

Whereas in and by section 315 (c) of said act it is further provided that in ascertaining the differences in costs of production, under the provisions of subdivisions (a) and (b) of said section, the President, in so far as he finds it practicable, shall take into consideration (1) the differences in conditions in production, including wages, costs of material, and other items in costs of production of such or similar articles in the United States and in competing foreign countries; (2) the differences in the wholesale selling prices of domestic and foreign articles in the principal markets of the United States; (3) advantages granted to a foreign producer by a foreign government, or by a person, partnership, corporation, or association in a foreign country; and (4) any other advantages or disadvantages in competition;

Whereas, under and by virtue of said section of said act, the United States Tariff Commission has made an investigation to assist the President in ascertaining the differences in costs of production of and of all other facts and conditions enumerated in said section with respect to the articles included within the class or kind of articles provided for in paragraph 1406 of Title I of said tariff act of 1922, namely, men's straw hats, whether wholly or partly manufactured, not blocked or blocked, not trimmed or trimmed, if sewed, being wholly or in part the growth or product of the United States, and of and with respect to like or similar articles wholly or in part the growth or product of competing foreign countries;

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Whereas in the course of said investigation hearings were held, of which reasonable public notice was given and at which parties interested were given reasonable opportunity to be present, to produce evidence, and to be heard;

Whereas the President upon said investigation of said differences in costs of production of men's straw hats, whether wholly or partly manufactured, not blocked or blocked, not trimmed or trimmed, if sewed, wholly or in part the growth or product of the United States and of like or similar articles wholly or in part the growth or product of competing foreign countries, has thereby found—

That no change in the existing rate of duty is required to equalize differences in costs of production in the United States and in the principal competing country, with respect to men's straw hats, whether wholly or partly manufactured, not blocked or blocked, not trimmed or trimmed, if sewed, valued at more than \$9.50 per dozen;

That the principal competing country for men's straw hats, whether wholly or partly manufactured, not blocked or blocked, not trimmed or trimmed, if sewed, valued at \$9.50 or less per dozen, is Italy;

And that the duty fixed in said title and act does not equalize the differences in costs of production in the United States and in said principal competing country, namely, Italy, in respect of such men's straw hats, whether wholly or partly manufactured, not blocked or blocked, not trimmed or trimmed, if sewed, valued at \$9.50 or less per dozen, and has ascertained and determined the increased rate of duty necessary to equalize the same.

Now, therefore, I, Calvin Coolidge, President of the United States of America, do hereby determine and proclaim that the increase in the rate of duty provided in said act upon men's straw hats, whether wholly or partly manufactured, not blocked or blocked, not trimmed or trimmed, if sewed, valued at \$9.50 or less per dozen, shown by said ascertained differences in said costs of production necessary to equalize the same is as follows:

An increase in said duty on men's straw hats, whether wholly or partly manufactured, not blocked or blocked, not trimmed or trimmed, if sewed, valued at \$9.50 or less per dozen from 60 per cent ad valorem to 88 per cent ad valorem.

In witness whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the city of Washington this twelfth day of February, in the year of our Lord one thousand nine hundred and twenty-six, and of the Independence of the United States of America the one hundred and fiftieth.

[SEAL.]

CALVIN COOLIDGE.

By the President:
FRANK B. KELLOGG,
Secretary of State.

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