

New York Journal of Commerce Reports Brush Handle Tariff Hearing

Tariff Commission Hears Arguments of Rubberset Company and National Association of Wood Turners.
Final Hearing September 6

Washington, July 17.—Determined opposition to a downward revision of existing tariff schedules on imported articles of wood developed today at the first public hearing held by the Tariff Commission under the flexible provisions of the new act.

Attacking the specific case at issue, the application of the Rubberset Company for a reduction of 50 per cent in the duty of 33 1-3 per cent imposed by the Tariff Act on paint brush handles, domestic manufacturers demanded protection from competition induced by a lower rate.

Reduction of the duties on articles of wood was generally opposed by the National Association of Wood Turners on the theory that the American industry must be defended from the commercial assaults of foreign manufacturers, eagerly seeking business wherever they can find it.

Will Not Go to Harding

Incidentally, however, the commission disclosed that it planned no recommendations to President Harding for changes in the tariff rates. Chairman Marvin announced that briefs might be filed in the paint brush handles case up to September 6. Before that time, he said, the commission would decide whether it would make public the facts disclosed in its own investigation into the costs of production on the commodity in this country and Canada. The commission's ultimate stand on this question is expected to set the precedent regarding the making public of the results of its other investigations now under way.

Argument on behalf of the application for a reduction in the duty on paint brush handles was made to the commission by Marion Devries and Thomas Doherty, counsel representing the Rubberset Company. They maintained that their independant investigations into the production costs of the article in the United States and Canada had revealed these expenses to be virtually on a parity with the result that the 33 1-3 per cent ad valorem duty imposed by the tariff act was in effect a consumption tax on the commodity sold in this country. They contended that since a reduction by 50 per cent was the maximum allowed by the act and that since the Tariff Act of 1913 had assessed paint brush handles at 15 per cent ad valorem their petition was asking a readjustment of the schedule which would leave the rate at 16 2-3 per cent ad valorem or 1 2-3 per cent higher than under the previous law. The argument was advanced that

the assessment of duty upon the commodity under a basket clause of the tariff act was manifestly an indication of the inequality of the rate in comparison with other articles of wood.

Rubberset Officers Testify

Andrew Albright and Clinton M. Freeman, both of Newark, production manager and treasurer, respectively, of the Rubberset Company appeared as witnesses for the petitioner. Their testimony developed that the Rubberset Company had opened a factory in Canada about three years ago and was engaged in manufacturing paint brush handles, which the subsidiary Canadian company sold only to the American company. They disclosed that they had formerly depended upon the Holgate Company of Kane, Pa., for their supply of paint brush handles, but had opened their own factory to insure their source of supply. They testified that the cost of production of paint brush handles in Canada was virtually the same as in this country.

W. A. Babbitt, of South Bend, secretary and general manager of the National Association of Wood Turners, took the lead in the opposition to the application. At the outset he challenged the right of the commission to recommend a change in the rate on paint brush handles merely upon an investigation of production costs in Canada and the United States. He declared that the Fordney-McCumber act was not a reciprocity agreement with the Dominion to equalize production costs between this country and Canada.

Asks Other Surveys

Mr. Babbitt asserted that the commission should survey the production costs of the same industry in Germany, Norway, Sweden, Finland and Czecho-Slovakia. Formal request for the broadening of the inquiry to include the production costs in these countries was made to the commission by George A. Fernley, of Philadelphia, secretary of the American Brush Manufacturers' Association.

Mr. Babbitt, however, urged the commission to go slow in its consideration of a reduction of the duty on the handles. He argued that nothing satisfactory in the way of data could be obtained until the general European situation clears up. Moreover, he contended there was grave danger to American industry in lowering tariff rates on articles in which foreign producers might compete in the markets of the United States. He recalled that two years ago the domestic toy industry was virtually crippled by German com-

petition and he feared a repetition of that state of affairs in other wood turning industries if the tariff wall were lowered.

Moreover, he contended, the wood turning industries are now proceeding along established lines after having adjusted themselves to present conditions and to the workings of the new tariff law. It would be unwise, he asserted, to create uncertainties in the industry by the changing of tariff rates.

In Business Since 1786

W. H. Davis, of Kane, Pa., appearing in behalf of the Holgate Company, stated that his concern had been organized in 1786 and had been in the business of manufacturing paint brush handles continuously ever since. He protested against the lowering of the duty on the articles because of the competition which might result in the American markets from the Rubberset Company being able to obtain the handles from Canada at a lower rate of duty. He stated that his company still supplied the Rubberset concern with certain types of handles.

Although the paint brush handle case has been considered relatively unimportant in comparison with other commodities on the commission's list of investigations the first hearing revealed a number of the commission's lines of approach to the

problem of adjusting rates under the flexible provisions of the act. Commission members evidenced great interest in the cost of labor in the foreign producing country and compared with the levels in the United States. They were also interested in the type of labor, such as female and child labor. They paid little attention to transportation, but were anxious to develop the selling cost angle.

Possibilities of Competition

While the act uses production costs as the basis for rate changes, the commission members by their questions sought to develop the competitive conditions in American markets, the possibilities of greater foreign competition resulting from lowered duties and methods of manufacture.

The procedure adopted by the commission for its first hearing was rather informal, although all witnesses were sworn. Strict rules of evidence were not enforced, and witnesses were questioned by the commission and by both sides indiscriminately as they gave their testimony. Commission members asked many and in some cases meticulous questions, indicating the probability of hearings on more important commodities consuming considerable time.

Newspaper Comment on Handle Tariff Hearing

This Characteristic Sample Is Clipped from the Waterbury Democrat

WHEN the tariff commission decided some months ago to launch an investigation into the possibility of raising the schedule on paint brush handles the utter sincerity of that body and the administration that framed the so-called flexibility feature of the Fordney tariff was thereupon proved beyond any fear of successful contradiction. For everyone knows that while such merchandise as sugar, of which we consume a mere 10,000,000,000 pounds a year, is non-essential, the paint brush handle is one of the very commonest of common necessities of existence. After all, what is home without a paint brush handle? There is one somewhere in every basement—probably it is never used, but it is there. Whenever a home is decorated or a sign created, somewhere in the process a paint brush handle has played its part. The sugar tariff enjoys the sancity of private business, but when the commission took up the handle situation the populace realized that here were gentlemen who recognized the common weal, or at least that of the manufacturer. Further weight is now lent this appraisal of the ad-

ministration and its commission. Instead of dignifying the handle mentioned with all its attention, that honor was shared with another everlasting accessory of life; namely the wall pocket. There is an indispensable object for you! The lowly Thibetan, the wild tribes of Somaliland, the Igorrote may live without wall pockets. But not your American. It appears now that vast industrial centers devoted exclusively to the manufacture of this article are threatened with extinction if the cheap and inferior foreign wall pocket is permitted to mingle freely in our marts of trade. And homes whose patriotic owners have scraped pennies together over the years for the purchase of the more expensive but superior American wall pocket will be denied that proud privilege if these companies are forced to close down. Not only that, but walls have rights; they are entitled to American pockets, just like trousers. Thus patriots and manufacturers and walls themselves are discriminated against by a low tariff on this essential of life.