Late Tariff Questionnaires Analyzed

AFTER the February issue of *Oil & Fat Industries* had been published, a number of additional questionnaires on the oil and fat tariff were returned to the publishers. These, of course, arrived too late to be included in the original discussion of this subject, but have been analyzed and the facts are given herewith. Of the total received late, 53 per cent were opposed to the tariff and 47 per cent in favor of it. The latter were mostly peanut and cotton oil producers and the former coconut oil crushers and refiners, manufacturers of margarine, lard compounds, etc. One producer of lard, lard compound, shortening fats, salad oils, stated that he was "neutral" and that the tariff as proposed at 45 per cent would have no effect on his business. Most of the reasons given against the tariff included the fact that it would cause a material reduction in consumption due to high prices. The chief reason given in favor was that it would create a better demand for American crushed oils, with consequent higher prices to the crusher and to the farmer for his seed. Proposed tariffs were suggested all the way from 1c on crude oils and 2c per pound on refined oils up to 7c and 8c per pound and 50 per cent. Practically all replies agreed that some kind of tariff was needed, but varied as to what was equitable according to the type of business from which the reply came.

Some interesting excerpts from several replies are given herewith. A cotton oil crusher says:—"Unless the Philippine importations are taxed, the whole tariff measure will be invalidated as a protective measure, because our imports from these Islands last year were the equivalent of 1,217,000 bbls. of coconut oil. According to an estimate made by a representative of the Department of Commerce in 1925—'By 1930 the Philippine production of cocoanut oil and its equivalent in copra will be more than 2,000,000 bbls.' At the same ratio of increase, by 1935 the Philippine production will amount to as much as our present production of cotton oil in the South.

Further, while we hold the Philippine Islands as wards, and our obligation is to give them a good and stable government, our obligations do not compel us to share with them our American markets in which American white men, living under American standards of living must make a living in producing both animal and vegetable fats. Further, there is no constitutional reason why we should not tax the Philippines because in the treaty with Spain in which we took over the Islands, it was specifically provided that we treat them as any other foreign country in levying tariff duties and they in turn should treat us likewise. Further, for the first ten years of our occupancy of the Islands, we did tax them as any other foreign country, save and except that we did grant them a 25% preferential rate.

We believe a rate of 45% Ad Valorem is justified, but we would have a specific rate of duty equalling 45% on basis of the average price for the past six years, which would approximate practically 3½c per pound, but not less than 45% Ad Valorem. On refined oils, we are in favor of an increased tariff commensurate with the cost of refining and with the crude oil tariff."

An oil consumer states: "To put into effect the duties that have been asked for would mean nothing less than a tragedy to the laundry soap industry of this country and this would be accomplished without benefiting the farmers or the edible fat industries. In this tariff consideration laundry soap manufacturers, and other technical users, should be set apart from the manufacturers of edible products, and all fats and oils for the soap kettle, etc. should be admitted free."

A Pittsburgh manufacturer says: "It is extremely foolish for manufacturers of compounds, mayonnaise and soap to oppose an increase on the tariff of raw materials. An increase on the tariff of raw materials would increase the cost of their finished product, and increase the selling price of their finished product. There is no business condition in which it is not better to do business on a high scale of prices than a low scale. Witness our prosperity during the war and in 1920 when prices were high.

This question has been up in a similar manner on Flavoring Extracts and Perfumes—particularly on Flavoring Extracts. At one time there was a price of $4.12 per gallon on alcohol used in Flavoring Extracts, which being a considerable factor in their cost required a high retail price. Many manufacturers preferred to do business on this basis because they held their percentage of profit the same as before and made more dollars than they had made when there was no tax on the alcohol to speak of.

In my opinion it would be an inestimable benefit to all the meat industries, tallow renderers, oil refineries, farmers, and manufacturers of finished products containing oils and greases, if this tariff raise was put through, providing, of course, that the finished product was protected in the like manner. A business doing $5,000,000.00 a year, figuring on a net profit of 10% would naturally increase in volume to a business of $7,500,000.00 a year, making the same percent of profit. Owing to the larger investment the earnings would increase by $25,000.00. People eat only so much food anyhow, and they use only so much soap anyhow. Records will prove that this is the case —no matter at what price it is sold. It would, therefore, benefit all the above classes of people. Some trade, such as the laundry trade, might suffer, but it would not take them long to advance the prices of washing goods a cent apiece or so, and join the rest of the beneficiaries of this increase in price.

Why should the American people support millions of negroes, Chinese, Malays, nad foreign countries who do not wish to pay their debts, by spending millions each year for coconut oil, palm oil, etc., which are sent to this country to compete with our domestic fats and oils? The duty on steel is 50%—why should not the duty on fats and oils be 50%? Why should one manufacturer be penalized at the expense of another? There are so many millions of people in this country whom this tariff would benefit that I have no doubt it should be passed."

A California company states: "The olive oil situation is simply this. Imported oils are underselling California oil, due to the fact of cheap harvesting and producing labor in Mediterranean countries. Our farmers growing olives for oil cannot compete with these low wages. Moreover many of the workers in the olive oil producing plants often are of direct Mediteranean extraction. At the wages we pay for this labor, they cannot afford to buy back our oil. We would like to pay higher wages and give more continuous employment. As it is, we are forced to lay off men due to inability to obtain sufficient olives. The farmers are gradually reducing their acreage of oil olives.

This condition is brought about by low labor costs in the Mediterranean countries. Though we pay high labor wages, in fact ten times what Europe pays for similar work, it is insufficient to stimulate oil olive growing and production. We do not worry about our business if the wage income in the industry all along the line can be raised. We heartily appreciate this opportunity to express ourselves through your valuable journal."

Further Hearings at Washington

Washington, D. C., Mar. 1, 1929. The Ways and Means Committee of the House of Representatives has now concluded its hearings relative to revision of the tariff on oils and fats, and has heard a voluminous mass of testimony favoring each side of the controversy. Among those who appeared before the last session of the committee were: E. R. Crawford, President of the McKeesport Tin Plate Company, who protested against a duty on palm oil, declaring that no other oil can take its place in the tin plate industry; J. A. Ryan, of C. F. Simonin's Sons, Inc., who asked a duty of 45 percent on sesame oil when it is imported for edible purposes, saying that sesame oil is not an industrial oil, but is a salad oil and comes into direct competition with domestic cottonseed and corn oils; and Charles W. Holman, secretary of the National Co-operative Milk Producers Federation, who advocated the policy of making products imported from the Philippines dutiable the same as those from any foreign country. Mr. Holman referred particularly to copra and coconut oil which are the particular targets of the dairy interests and said, in part; "I believe we are the only country in the world that permits a colony or dependency to have a preferential duty on a manufactured product. The policies of European countries are to bring in the raw material, and with respect to coconut oil and copra we have developed what seems to us to be an uneconomic condition in that we have fostered an oil crushing industry in the Philippines by means of a tariff, when the whole economics of our position would call for the movement out of that country of copra alone." Mr. Holman stated that the key to the solution of the fats and oils tariff problems is in the Philippine Islands, and pointed to the great potential production of coconut oil there as a menace to American vegetable oils and butter. Mr. Holman's arguments were opposed by several representatives of Philippine interests, among them being: Newton W. Gilbert, representing the Philippine-American Chamber of Commerce of New York, Pedro Guevara, Resident Commissioner of the Philippine Islands, and General Frank McIntyre, American Trade Commissioner of the Philippine Government.

Copra crushers, including Duval Moore, of the Eldorado Oil Works, San Francisco, and John W. Barker, of the Portland Vegetable Oil Mills, Portland, Oregon, declared that between the demands of the soap manufacturers for duty-free coconut oil and the demands of the farmers for a tariff on copra, it looked like the death of the copra industry.