

EXPORT OF FINISHED MANUFACTURES AND IMPORTA-
TION OF CRUDE MATERIALS

LETTER

FROM

THE SECRETARY OF COMMERCE

TRANSMITTING

PURSUANT TO SENATE RESOLUTION NO. 337, A REPORT RELA-
TIVE TO THE MEANS USED BY THE BUREAU OF FOREIGN AND
DOMESTIC COMMERCE TO STIMULATE THE EXPORT OF
AMERICAN PRODUCTS

MARCH 2 (calendar day, MARCH 4), 1927.—Ordered to lie on the table and to be
printed

DEPARTMENT OF COMMERCE,
OFFICE OF THE SECRETARY,
Washington, March 1, 1927.

Hon. CHARLES G. DAWES,
President United States Senate,
Washington, D. C.

DEAR MR. VICE PRESIDENT: I am in receipt of Senate Resolution
337—

Resolved, That the Secretary of Commerce be requested to inform the Senate
what means, if any, are being used by that department, through the Bureau of
Foreign and Domestic Commerce and otherwise, to stimulate the export of finished
manufactures and the importation of crude materials. * * *

The organic act of the Department of Commerce provides:

That it shall be the province and duty of the said department to foster, promote,
and develop the foreign and domestic commerce * * *.

The law creating the Bureau of Foreign and Domestic Commerce
also provides that it shall "promote and develop the foreign and
domestic commerce of the United States."

The work of the department requires, therefore, effort in the
promotion of exports of every category. Our interest in the import
trade has been confined almost entirely to raw materials which wa

do not ourselves produce and to measures directed to protect American consumers as to their prices.

The organization and means used in promotion of exports are set out in detail in the attached documents. The fact that this department received in 1926 over 150,000 requests for assistance and gave that number of services in promoting exports of agricultural products indicates the large volume of such service.

It is the desire of the department to reply in the fullest manner to the request of the Senate, and I assume from the preamble that the purpose of the inquiry is to secure, aside from the information inclosed, a wider discussion of the subject than is implied in the resolution itself. The implication of its terms is perhaps that either insufficient vigor is applied to the promotion of exports of agricultural products as distinguished from manufactures and commodities of other origins, or, alternatively, that the stimulation of exports of commodities of other than agricultural origin is likely to injure American agriculture.

The premises are as stated:

Whereas the value of finished manufactures is becoming a rapidly increasing proportion of the value of all exports, being 35 per cent of the value of all exports in the fiscal year 1925 and 41.6 per cent in 1926, while the value of crude foodstuffs and food animals exported fell from 10.1 per cent in 1925 to 5.4 per cent in 1926, and the value of other crude material exported fell from 29.3 per cent of the value of all exports in 1925 to 28 per cent in 1926, a reduction of \$100,130,000; and

Whereas the value of crude materials is constantly increasing, being 36.4 per cent of the value of all imports in 1925 and 42.7 per cent of the value in 1926, an increase of \$453,333,000, while the value of finished manufactures imported fell from 21 per cent of the value of all imports in 1925 to 20 per cent in 1926; and

Whereas it is apparent that a continuation in the reduction of the proportionate value and volume of exports of crude foodstuffs and raw material produced on farms, such as cotton, will materially injure agriculture, and that our present fiscal and foreign investment policies may have resulted in such reduction.

I may be permitted to observe that the statements above do not fully represent the statistical situation because the particular classes of exports included in the preamble only cover part of our agricultural exports, and furthermore, because any two-year period is insufficient to indicate trends in foreign trade.

The classes and therefore the percentages quoted cover only the class of "crude foodstuffs and food animals" and "other crude materials" and omit consideration of exports of agricultural origin included under the three groups "finished manufactures," "partly manufactured articles," and "manufactured foodstuffs." These omitted groups comprise about one-third of the exports of agricultural origin.

If we were to consider all exports of agricultural origin we would still find it true that there was a decrease in total agricultural exports in the fiscal year 1926 from the fiscal year 1925, but this decrease is easily accounted for by purely temporary causes. The first of these was the unusually small wheat and rye crop and therefore of available exports in 1926 as against the unusually large crop available for export in 1925, for the exports depend upon the crop. If both of these crops had been of the average of the four years 1923-1926, the exports for the 1925 fiscal year would have been \$185,000,000 less, and for the 1926 fiscal year \$106,000,000 more at the prices maintained in each of these years respectively. Furthermore, the

dollar figures on agricultural exports were considerably affected by the drop in the price of cotton, which caused a decrease in the fiscal year 1926 from that of the fiscal year 1925 of over \$100,000,000 on this item. The sum of these three decreases alone practically covers the decrease in exports of agricultural origin of the fiscal year 1926 as against the fiscal year 1925.

The second paragraph of the preamble of the resolution also involves the idea that there has been so great an increase in the import of raw materials as to alter basically the trade of the United States as shown by comparative statistics for the two fiscal years mentioned. A consideration of the imports of individual crude materials during these two fiscal years at once shows that the major change was due to the activities of the British rubber monopoly by which the price of rubber was more than doubled. The increased price of rubber alone accounts for three quarters of the increased value of the imports of this category. It is quite evident that these changes can not be attributed either to trade promotion or foreign investment policies.

If any other indication were needed as to the difficulty of determining basic trends in foreign trade by comparisons of any two years, it could be pointed out that if we were to adopt the calendar years 1925 and 1926 for comparison, instead of the fiscal years, we would completely alter the result. By shifting the period only six months the comparative values of export products of agricultural origin would still show a decrease in 1926 below 1925, but in examining the details it would be found that the whole difference is accounted for by the fall in the price of cotton alone.

As a matter of fact, owing to the great effect of changes in prices and crops from one year to another, the only true basis of comparison is by the use of a series of index numbers based upon some extended period. On this basis, taking the period 1910 to 1914, as 100, the volume of exports of agricultural origin in quantities, as distinguished from dollars, shows as follows:

Fiscal year—	Index number
1923-----	110
1924-----	107
1925-----	131
1926-----	115

In addition to the temporary factors described it must be borne in mind that there has been a gradual recovery in European agriculture since the war, parallel with a great expansion in exports of other agricultural countries. To have maintained in spite of these formidable obstacles a market for American agricultural products above pre-war levels has been a difficult task, only possible by energetic action of all agencies together with the liberal extension of credits in the form of private loans.

The investment of American surplus capital creates a demand abroad for all of our products, including those of agriculture and in newer and more backward countries the investment of capital and the participation of our engineers and business managers in reproductive enterprises gain for those countries better standards of living and increases consumption of all of our products.

The promotion of agricultural exports and the advancement of manufactured exports are not antagonistic but, on the contrary, are mutually in the interest of the farmer.

The increased production and export of manufactured commodities obviously gives increased employment to American workmen and greater stability and thus more even employment to all our production industries by diversification of markets and products gained through a wider range of distribution. We thus increase the domestic demand for agricultural products on the part of those steadily employed in these industries and we also give our agriculture the advantage of the market of the highly-paid American worker whose consumption of agricultural products is the highest in the world, instead of the competitive market of the low-living standards of foreign labor.

But of equal importance is the fact that our exports must in the long run provide the means whereby we as a nation can pay for imports of those materials which we as a nation can not ourselves produce. These latter are required in constantly increasing quantities with the growth of population and higher standards of living. Upon these highly essential imports is dependent not only much of our comfort but even the very existence of the major part of our industrial life, including agriculture itself, and, unless we bring them in increasing ratios, our whole progress must stop. As our country builds up its population we must naturally consume a larger and larger portion of our own agricultural commodities and of our raw materials of nonagricultural origin and we must pay for our increasing imports from abroad with a larger and larger ratio of manufactured exports. It is therefore vital to the farmer that we maintain our buying power for imports which we do not ourselves produce by increasing our manufactured exports. There is therefore a double benefit to the farmer in the promotion of our exports of manufactured goods.

Yours faithfully,

HERBERT HOOVER.

MEANS USED BY THE BUREAU OF FOREIGN AND DOMESTIC COMMERCE, DEPARTMENT OF COMMERCE, TO STIMULATE THE EXPORT OF AMERICAN PRODUCTS

[A memorandum submitted by the Director of the Bureau of Foreign and Domestic Commerce in connection with the Nye resolution passed by the United States Senate]

1. INTRODUCTION

There is presented, in the succeeding pages, a brief statement of the principal means and methods by which this bureau undertakes to increase the purchases, by foreign countries, of the manifold products of American farms, ranches, fisheries, mines, and factories; the data cover these points:

Trade-promotive effort as a whole:

- Summary of bureau's duties (as defined by law).
- Organization, at Washington and in the field.
- General nature of efforts and activities.

Specific endeavors in relation to agricultural products:

- Factors determining extent and effectiveness of work.
- Operations of foodstuffs division.
- International surveys conducted by bureau representatives.
- Published material.
- "Dollars-and-cents" results.

Service in connection with imports:

Attitude toward facilitating raw-material imports.

Participation in movements to—

Develop new sources of supply for essential products.

Prevent exploitation of American consumers.

2. GENERAL DATA CONCERNING BUREAU'S SERVICES ON ALL COMMODITIES

(a) In the language of the law creating the Bureau of Foreign and Domestic Commerce, it is the duty of this bureau to "promote and develop the foreign and domestic commerce of the United States." Included under the obligations with which it is charged by virtue of the various funds now being currently allotted to it by Congress are such duties as—

To report upon domestic as well as foreign problems relating to production, distribution, and marketing in so far as they relate to the important export industries of the United States.

To promote American trade with, specifically—

Europe.

Central and South America.

The Far East.

To operate and maintain district and cooperative offices within the United States.

To compile and publish statistics on foreign trade.

To prepare and circulate lists of available foreign agents for American firms.

(b) Carrying out the functions above outlined, there are three distinct phases of the bureau's organization:

First. The Washington staff.

Second. The foreign commerce service.

Third. The district and cooperative offices within the United States.

Leaving out of consideration the purely administrative activities, we have in the Washington office two classes of "service divisions," the "commodity" and the "technical."

The commodity divisions at Washington cover agricultural implements, automotive products, chemicals, electrical equipment, foodstuffs, industrial machinery, iron and steel (including hardware), leather, lumber, minerals, paper, rubber, shoes and manufactured leather, specialties, and textiles. Each division is in charge of experts, who maintain direct and vital contact between the bureau and producers interested in foreign commerce. They are constantly in touch with their respective trades, providing for each a highly specialized service which satisfies its own peculiar and characteristic needs. Essential data are quickly collected and disseminated. Each of these divisions has a comprehensive acquaintance with the technical phases of the industry, with its practices and problems, and with the executives who direct its operations. An important feature of the work of these commodity divisions is their cooperation with more than 60 committees of trade associations or other representatives of American industry.

There are nine other "service divisions" with a wide range of duties, including the commercial intelligence division, which main-

tains a file of nearly 250,000 reports on foreign merchants—prospective customers for American goods—and these are in great demand by the clients of the bureau because they give a complete picture of the business and importance of a foreign firm.

The division of commercial laws furnishes information concerning:

Commercial laws and procedure of foreign nations (including laws and rules relating to patents and trade-marks, industrial property, and unfair competition).

Taxation of American firms doing business abroad.

Formalities in connection with bankruptcy proceedings.

Powers of attorney.

Protesting of drafts.

Legal aspects of construction enterprises.

Agency agreements.

Standardization of bills of exchange, etc.

The division of foreign tariffs, as its name indicates, is charged with collecting and disseminating data regarding foreign tariffs and the related conditions of the movement of goods between countries.

The finance and investment division attends to all financial and economic questions that are international in scope and to matters connected with the flotation of foreign securities in the United States, the investment of American capital abroad, problems of exchange, and the general aspects of foreign-trade financing.

The division of statistics gathers and makes available statistical information with respect to United States imports and exports.

The division of statistical research handles the trade statistics of foreign countries—compiling also, among other activities, the Commerce Yearbook and the Statistical Abstract of the United States. In this division commercial data are translated from many foreign languages and maps are prepared.

The transportation division furnishes information on—

Freight rates, services, and facilities—enabling foreign shipments to be routed economically.

Packing for foreign markets.

Port charges, regulations, and facilities.

Telephone, telegraph, cable, radio, and postal communications.

Foreign markets for such commodities as railway equipment, materials, and supplies.

The domestic commerce division devotes itself to the endeavor to bring about more efficient marketing and more economical sales practices within the boundaries of the United States.

The division of regional information, with its three sections covering (1) Latin America, (2) the Far East, Australia, and New Zealand, and (3) Europe, Africa, the Near East, and Canada, supplies data concerning current economic, commercial, and financial conditions in each foreign country, as an aid in determining the availability of markets at particular times and for particular products. This division has information with regard to certain general conditions abroad that may affect agricultural production.

The Washington staff evaluates, sifts, collates, and prepares for distribution the great quantity of commercial information which is constantly flowing to Washington from the foreign representatives in the service of the Departments of Commerce and State. The bureau itself now maintains offices at Alexandria, Athens, Barcelona, Batavia,

Berlin, Bogota, Bombay, Brussels, Bucharest, Buenos Aires, Cairo, Calcutta, Constantinople, Copenhagen, Habana, The Hague, Hamburg, Helsingfors, Johannesburg, Lima, London, Madrid, Manila, Melbourne, Mexico City, Montevideo, Montreal, Ottawa, Panama City, Paris, Peking, Prague, Riga, Rio de Janeiro, Rome, San Juan, Santiago (Chile), Sao Paulo, Shanghai, Stockholm, Sydney, Tokio, Toronto, Vienna, and Warsaw.

Each of these foreign offices prepares periodic and special reports on trade topics; supplies information and advice in response to specific inquiries by letter; satisfies the requirements of those who call in person for trade data or for guidance; conducts such investigations as seem timely and appropriate under existing economic conditions; adjusts commercial disputes between foreign officials and firms on the one hand and American firms on the other; arbitrates difficulties where such service is requested; warns of any illegitimate phases of foreign competition or any possibly discriminatory proposals; and, in general, constantly facilitates such contacts and connections as will result in increased sales of American merchandise—whether fabricated goods, farm products, or other raw materials. One of the highly important functions of the bureau's foreign representatives is that of establishing actual connections between American exporters and capable, reliable agents or prospective purchasers abroad. Direct, concrete aid is afforded to American firms in connection with large contracts, governmental loans, and similar opportunities for profitable effort. The foreign offices are watchful and zealous in the protection of American trade-marks and copyrights. They are active in securing equitable treatment for American goods under local regulative measures. They give attention to constructive publicity in favor of American products, as well as to the refuting of injurious anti-American propaganda; this "developing of good will" is a valuable service.

To indicate in somewhat greater detail the "main line of activity" of the bureau's foreign offices, it may be mentioned that they facilitate American foreign commerce by studying and analyzing the potentialities of the particular markets; domestic and international competition; local methods of doing business; itineraries of salesmen; location of branches; distinctive habits and customs; trade catalogues and price lists; prices, import and export; credit terms; exchange; tariffs and customs dues; packing; routing of shipments; steamship services; and port conditions. They map out specific sales campaigns.

After the information thus gathered by the Foreign Commerce Service has been subjected to the discriminating appraisal of the experts at Washington and has been systematically correlated and organized by them, it is disseminated to the American business men who are in a position to use it. This is accomplished either (1) by service directly from the Washington office or (2) through the agency of the bureau's district and cooperative offices in cities throughout the United States.

District offices, or "service stations," of the bureau are maintained in Atlanta, Boston, Chicago, Des Moines, Detroit, Galveston, Houston, Louisville, Memphis, Minneapolis, New Orleans, New York, Philadelphia, Portland, St. Louis, San Francisco, and Seattle. There are "cooperative offices" in 35 other cities. These latter are established within local commercial bodies. While the expenses

are paid by the bodies themselves, the bureau furnishes free practically the same services provided for the district offices. These field offices in the United States bring a vast fund of information, together with all sorts of more immediate trade-promotive helps, directly to the business man, to the executive of a farmers' organization or the exporter of farm products. By merely telephoning the district office, or making a short visit there, or writing a letter to which he will receive a reply in a day or two, he can establish contact with the bureau organization which represents intensive, world-wide commercial effort over a long period of years.

The manner in which the Bureau of Foreign and Domestic Commerce functions, with commercial data flowing from the foreign field through Washington to the business world, the press, and the commercial schools in the United States is graphically shown in a chart entitled "How the Department of Commerce collects and distributes information on foreign trade."

A vast amount of information is made available through the medium of bureau publications, which now number many hundreds—all (except the most recent) of which are listed in a pamphlet entitled "Foreign Trade Bulletins." The principal publications are Commerce Reports, the department's weekly illustrated magazine; the Commerce Yearbook; Foreign Commerce and Navigation of the United States; the Monthly Summary of Foreign Commerce; the Statistical Abstract of the United States; the comprehensive foreign-trade monographs issued in the "Trade Promotion Series," and the shorter studies which appear as "Trade Information Bulletins."

(c) As illustrating the wide scope and practical value of the functions outlined in the foregoing paragraphs, it seems desirable to indicate, by means of statistics, something of the actual extent of the bureau's activities and the concrete results that they are producing.

At the present time the bureau organization (exclusive of the foreign posts and the cooperative offices) is rendering to American business more than 55,000 distinct services each week—or at the rate of more than 2,800,000 per year. Lists of possible foreign purchasers are being furnished at the rate of more than 620,000 lists per year. Information on foreign trade opportunities is being made available so rapidly that, for the year, the number of instances of such service is likely to approach 700,000. At the present time the outgoing communications from the bureau and its district offices average 46,782 weekly, while the weekly average of visitors and telephone calls (requesting information) is 3,650. Special informational circulars (mimeographed) were issued in the fiscal year ended June 30, 1926, to the number of 3,327,120. The total services of the bureau for the current fiscal year promise to reach a figure more than five times as great as that for the fiscal year 1922.

The known business accruing to American exporters as a result of the activities of the bureau's foreign offices during the fiscal year 1926 was more than \$33,000,000. Changing the basis of observation to the district offices in this country, we find that the number of firms served by these district offices during 1925-26 was 15,870. Of these, 851 firms reported actual business from the bureau's serv-

ices averaging \$8,608 per firm for that year—for an aggregate of \$7,319,323. A total of 22,000 firms were served by the bureau. If the same average benefit per firm may be considered as applying to the bureau clientele as a whole, the total would be \$189,376,000 worth of business obtained as a result of the services of a bureau whose annual appropriations scarcely exceed \$3,500,000.

A well-known American motor-car company, writing to our Chicago office, values at \$250,000 the amount of foreign business which it obtained in 1925-26 through services rendered by the bureau.

The known sales of American merchandise in Germany during the same year which came about as a direct result of the services of the bureau's Berlin office total slightly more than \$10,000,000.

Such typical examples might be multiplied indefinitely. All of these facts are set forth in much greater detail, in the Annual Report of the Director of the Bureau of Foreign and Domestic Commerce for the fiscal year 1925-26.

Characteristic instances of dollars-and-cents services in the food-stuffs field will be cited at the end of part 3 of this memorandum (which begins on the following page).

3. SERVICES OF THE BUREAU IN PROMOTING EXPORTATION OF FARM PRODUCTS

GENERAL FACTORS DETERMINING EXTENT AND EFFECTIVENESS OF PROMOTIVE EFFORTS

There are a number of general considerations that have an intimate bearing on the work of the Bureau of Foreign and Domestic Commerce in stimulating foreign markets for our agricultural products.

First. The export of raw materials, such as wheat, cotton, etc., depends largely on the size of the crop in this country and the price in relation to the world-price level. Manufactured products, on the other hand, tend to expand normally from year to year in consonance with world development and the progress of industry and invention. In the field of fabricated products one needs to bear in mind production can be controlled and regulated according to the market.

Second. Certain classes of goods that appear in our export statistics as "partly or wholly manufactured" really consist of articles elaborated from crude farm products. This is true of such things as bacon, lard, canned goods, cotton textiles, etc.

Third. A considerable part of the sales of our factory products may be considered as representing money made available for the purchase of foodstuffs, etc. A wider market for manufactures stabilizes industrial conditions, thus increasing the consumption of farm products.

Fourth. The sale of raw materials usually requires less intensive sales planning and distribution effort, because they are sold in large bulk and their characteristics are relatively simple and well known. Foreigners seek these products, which sell chiefly on a price basis rather than by reason of any other sales argument. In the case of manufactured products much more sales effort is needed to present the particular attributes, qualities, and merits of the goods and to create a consumptive demand. Thus it might be necessary for this

bureau to render a great many services in the field of manufactures (small "specialty" articles, for example) in order to bring about a money value of foreign sales equivalent to that which might be attained through one bureau service in the domain of agricultural products.

GENERAL FUNCTIONS AND OPERATIONS OF BUREAU IN PROMOTING SALE OF FARM PRODUCTS

The efforts of the Bureau of Foreign and Domestic Commerce to develop foreign markets for American agricultural products are concentrated mainly within the jurisdiction of two service units at Washington—the foodstuffs division and the textile division. The latter division handles raw cotton and wool. Hides come within the province of the hide and leather division.

The foodstuffs division is organized in a manner calculated to render a specialized service—in intimate contact with, and immediately responsive to the requirements of, the several sections of the highly diversified foodstuffs trade. To this end, the division itself is organized in sections, each of which confines its attention to a single group of products and is thus capable of an intensive cultivation of its own specific field. Thus one section concerns itself with grain, a second with meats, fats, and edible oils, a third with tobacco; one section is striving to augment our trade in fresh fruits, while still another handles dried and canned foods. Dairy products, including eggs, constitute the subject of study for another section. One section devotes itself to the consideration of trade in sugar, molasses, and confectionery. The production conditions and international commercial movements in the field of tropical products (tea, coffee, cocoa, and spices) are constantly under the observation of one of these divisional units. Thus the bureau is active at all times, and in the most direct channels, in the endeavor to stimulate foreign purchases of our farm products and to protect our interests with respect to articles that come to us from abroad. A special statistical section in the foodstuffs division provides up-to-date figures on the extent of foodstuffs shipments in international trade.

Both the foodstuffs division and the textile division (handling, as stated, raw cotton and wool) maintain close relations with the export trade in regard to all the commodities involved. Frequent conferences are held. Trade advisory committees are appointed—cooperating cordially and vigorously with this bureau. Thus the most practical plans for aiding the export trade in farm products are worked out.

One phase of the bureau's foodstuffs service which will be considered in detail further along in this memorandum consists in the dissemination of pertinent data by means of published bulletins or mimeographed circulars or statements. Much is accomplished also through correspondence and by personal interviews. It is worthy of note that in the fiscal year 1925-26 the bureau responded to requests for assistance and information on foreign trade in agricultural products in more than 200,000 instances. A tabulation of these services is presented below:

Commodity problems and services:	Number
Grain and grain products.....	27, 954
Canned and dried foods.....	14, 977
Fats, oils, and fatty materials.....	20, 189
Tea, coffee, cocoa, and spices.....	14, 977
Sugar and sugar products.....	17, 083
Meat and meat products.....	7, 765
Fresh fruits and nuts.....	14, 977
Dairy and poultry products.....	9, 318
Other food products.....	20, 189
Tobacco.....	10, 871
Raw cotton, wool, and other fibers.....	20, 252
Hides.....	13, 486
Technical problems on various farm products:	
Foreign tariffs and trade-marks.....	1, 502
Foreign commercial laws.....	1, 305
Lists of foreign buyers.....	5, 785
Freight rates and warehouses.....	1, 290
Exchange and credits.....	41
Foreign-trade statistics.....	2, 537
Miscellaneous.....	5, 442
Total.....	209, 940

How, it may be asked, does the Bureau of Foreign and Domestic Commerce obtain the necessary data to enable it to answer the farm-products inquiries that come to it? Some of it is compiled through research at Washington, but an incomparably greater quantity comes from the foreign field and from the 1,000 representatives of the Departments of State and Commerce who are stationed abroad.

Many of the reports from foreign countries are volunteered by the American representatives. Others are in reply to single inquiries or comprehensive questionnaires sent out from Washington. General questionnaires during the last few years have covered such subjects as "Marketing of pork products," "Flour," "Onions," "Utilization of dairy by-products," "Flavoring extracts and fruit juices," "Foreign food laws," "Maple products," "Rice situation," and "Source of molasses." The less comprehensive questions have taken up (among numerous others) such matters as "New Zealand markets for American dried and dehydrated foods" and "Markets for American dried vegetables in Korea, the Philippines, Siam, and the Straits Settlements."

In addition to this farm-products work by commercial attachés, trade commissioners, and consuls who also deal with a multiplicity of other matters, there is specialized activity by representatives who give virtually their entire effort to the products of the farms and ranches. These will be considered below.

INTERNATIONAL SURVEYS OF TRADE IN FARM PRODUCTS, BY UNITED STATES REPRESENTATIVES

The Bureau of Foreign and Domestic Commerce now has four farm products trade specialists in Europe. One of these covers the situation throughout all Europe in grain and grain products, his headquarters being in the bureau's London office. A second—from Hamburg, Germany—keeps closely in touch with European markets for meats, fats, and edible oils. A third, with his base of operations at Rome, Italy, has for his field of study the situation with respect to fruits and nuts in the countries of the Mediterranean Basin—the

source of so much competition that vitally affects our American producers. The fourth, whose "post" is at Brussels, investigates and reports on the tobacco trade of Europe. The "modus operandi" of these men may be most clearly shown by taking, as an example, the work of the bureau's special tobacco trade commissioner.

In the fiscal year 1925-26 this trade commissioner visited 18 European countries on behalf of the tobacco interests in America and submitted 289 reports covering the results of this survey. Calls were made upon the leading tobacco buyers, both governmental and private, in the countries visited. Through these contacts the trade commissioner was able to help a number of American tobacco dealers who had gone to Europe and requests for samples were forwarded to the bureau. Through the direct efforts of the bureau's representative a new brand of American cigarette and smoking tobacco was introduced into Europe. Valuable information was furnished several American tobacco firms concerning agents they had selected by mail, and in some instances new agents were recommended. Comprehensive and separate lists of tobacco brokers, dealers, and manufacturers were compiled to replace the bureau's old lists, which had become obsolete and confused. A number of reports containing constructive criticism expressed by European tobacco dealers with respect to American methods of packing and selling export tobacco effected desirable and substantial changes in the existing systems.

Comparable work is done by all the special "foodstuffs men" abroad. Their reports on the trends of consumption, production, and international trade furnish the basis for well-considered and effective action by American interests.

A trade commissioner whose special duty is to study the Brazilian coffee situation makes his headquarters at Rio de Janeiro. In Argentina the bureau has a representative who studies foodstuffs markets and production, with particular attention to Pacific coast products, while in Chile and Brazil there are other trade commissioners concerned mainly with similar efforts. At one of the posts in Australia there is a foodstuffs expert, with a background of two years' experience in studying the meat trade of Europe.

The bureau's appropriation bill for 1927-28 contains provisions for two more special tobacco trade commissioners (one for South America and one for the Far East) and three foodstuffs commissioners—one to cover Central America and Colombia (from Panama City), one to study China and Japan (from Shanghai), and the third to report on the situation in the East Indies (with headquarters at Batavia, Java).

The presence of such representatives abroad obviates, very largely, the necessity for special trips abroad by members of the Washington staff with the object of conducting special investigations. Several such trips have been made in the past, besides the work of a former commercial attaché who was for some years a special representative of the bureau in Europe, giving most of his attention to the food situation. Along with other activities, he interviewed foreign importers and merchants in the chief markets of Europe to determine the practices employed by them as compared with those in vogue before the Great War.

It seems appropriate to mention here the special survey of world trade in agricultural products that was carried out during 1923 and

1924. (Most of the important publications resulting from this survey will be mentioned in a later section of this memorandum.) One phase of this survey was a study of European economic conditions affecting the markets for agricultural products. Aspects of international competition were investigated and reported on. Reports on marketing practices were prepared, for the purpose of showing in outline the methods employed in the United States and in the exporting countries with which we compete in respect to the transportation, financing, and merchandising of shipments abroad, in the hope that careful consideration might be given to the advantages or disadvantages that lie with the United States and other countries. A typical study under this head was that on transportation in relation to the export trade in agricultural products; the principal topics treated here were the routing of export shipments, services and facilities, terminal facilities, inland water routes, conference agreements, and rates. A statistical study of the movement of agricultural products in world trade was designed primarily to establish a background of fact with regard to the export trade of the United States in the principal farm products. Through summaries of shipments by groups of commodities to North and South America, Europe, Asia, Africa, and Oceania, this presented a broad picture of our trade with the grand divisions—filled in by detailed tables showing our trade in particular commodities with each of the principal importing countries. Facts were presented by which pre-war and postwar trade might be compared and trends charted. Detailed statistics were given for foreign countries which are our customers or competitors. Among the commodities covered were wheat, meats, cotton, tobacco, wool, silk, and minor fibers.

PUBLISHED MATERIAL DESIGNED TO PROMOTE AGRICULTURAL EXPORTS

Printed monographs and bulletins.—It is manifestly impracticable to mention in this place all of the many publications of the Bureau of Foreign and Domestic Commerce that have to do with foreign markets for farm products. Only a certain number of illustrative examples will be cited (the titles of others appearing in "Foreign Trade Bulletins").

At the present time the bureau has in press a very thorough and comprehensive study on the international trade in dried fruits, with special reference to oversea markets for our own producers. The importance of such a work is evident from the fact that during the five-year period 1922–1926 our dried-fruit exports amounted to more than 300,000,000 pounds yearly, valued at \$27,000,000. This new monograph of more than 100 pages, replete with statistics and helpful charts, should assist most materially in enabling American producers to meet the increasing competition not only from the old-established dried-fruit producing areas of the Mediterranean Basin but also from the relatively new areas of the Southern Hemisphere. This publication will soon be placed in the hands of those persons best able to utilize its contents to advantage.

Opportunities for the sale of dairy products in countries to the south of us have been discussed in two recent bulletins entitled "Butter and Cheese Markets in the West Indies" and "Butter and Cheese Markets in South America."

Another important study, published in 1925, was "Marketing of American Meat Products in Export Trade," endeavoring to extend and render more effective our export effort in a field which represents a value of several hundred million dollars each year.

A comparable, and larger, work is that on "World Trade in Vegetable Oils and Animal Fats," with 229 pages and 9 illustrations.

"Markets for Canned Foods in the Western Hemisphere" are studied in a publication of several hundred pages.

To aid the producers of wheat, the bureau has published many bulletins, among them being "International Trade in Wheat and Wheat Flour," "Methods of Merchandising American Wheat in Export Trade," "International Competition in the Production of Wheat for Export," "Marketing Canadian Wheat," and "Seasonal Aspects of Wheat Exporting."

General studies of foreign markets for American foodstuffs as a whole have included "Chinese market," "Cuban market," "Mexican market."

Studies of an even wider scope have been carried out in bulletins such as those entitled "Distribution of Agricultural Exports from the United States," "Transportation in Relation to Export Trade in Agricultural Products," "Financing Agricultural Exports from United States," "Relation Between Value and Volume of Agricultural Exports."

Periodical mimeographed statements.—The statements of this character that are now being issued by the Bureau of Foreign and Domestic Commerce are listed below (the distribution, in certain cases, running as high as 1,200 or 1,400 copies):

- Grain and Grain Products. (Weekly.)
- World Dairy and Poultry News. (Biweekly.)
- Meats, Fats, Oils, and Livestock. (Weekly.)
- Canned and Dried Foods. (Weekly.)
- Tropical Products. (Weekly.)
- Fresh Fruits. (Biweekly.)
- Confectionery News. (Weekly.)
- Fishery News. (Weekly.)
- Tobacco Markets and Conditions Abroad. (Weekly.)
- World Weekly Wool Digest.
- World Cotton Market. (Weekly.)

Specimen copies of such statements will be found in Appendix G.

Special circulars.—To illustrate the nature of the service afforded through special circulars on foodstuffs (of which a great number have been issued), a few representative titles will be mentioned.

The bureau's grain section has covered, in its circulars, such topics as "Spanish market for American corn," "Market for wheat in Yugoslavia," and "Opportunity for the sale of American grain in France."

The meats and fats section has taken up, among other subjects, "German meat supplies and outlook for 1926," "Meat trade in Argentina, 1925," "Opportunity for the sale of horses in Europe," and "Opportunity for the sale of American lard."

The sugar and confectionery section has considered such questions (in its special circulars) as "Market for American sugar in French Morocco," "Norwegian trade opportunity for sugar," and "Peanut increases its importance in American trade."

Special circulars issued by the tobacco section have included "Market for American pipe tobacco in the Canary Islands," "Market

for Kentucky dark tobaccos," "American tobacco needed by the Tunisian monopoly, 1926."

Through such media as those mentioned in the immediately preceding pages, the Bureau of Foreign and Domestic Commerce is able to obtain unlimited distribution of current foodstuffs-trade information among the people who are vitally interested. The value of this service lies not only in calling attention to opportunities for export trade but also in advising of the possibilities of competition from foreign supplies in the domestic markets.

The various periodical statements listed above (which are grouped under the general designation "Foodstuffs round the world") are released to newspapers and trade papers, where they are frequently used in their entirety. There is also an increasing list of individuals, business concerns, and trade associations to whom the "releases" are sent.

In addition to these statements by the foodstuffs division, the bureau's division of statistics now issues weekly reports showing the exports of principal grains and flour; exports of pork products from principal ports; imports of raw wool into Boston, New York, and Philadelphia; and imports of wheat from Canada. Regular end special monthly statements cover not only these but also many other products of the farm.

"DOLLARS-AND-CENTS RESULTS" IN FOODSTUFFS SALES, THROUGH BUREAU'S EFFORTS

To what extent do the efforts of the Bureau of Foreign and Domestic Commerce in behalf of American agricultural producers and exporters yield actual results, capable of being definitely computed?

This question may be most effectively answered by the citation of a number of specific, typical examples. The first of these demonstrates the usefulness of the bureau's trade opportunity service. The foodstuffs division of the bureau has had in effect a system for following up the trade opportunities published in Commerce Reports, the bureau's weekly magazine. During a recent fiscal year there were published 1,030 foodstuffs opportunities from 65 foreign countries. Business secured by American firms as a result of these notices was reported to the amount of \$2,994,512—an average of \$2,907 per opportunity and of \$46,789 per firm of those securing this business. From any point of view it is believed that this may justly be considered a remarkable showing, especially in view of the fact that many firms will not take the trouble to report on business obtained. In one year, through this single unit, out of the 86 distinct service units of the bureau, American food-producing interests benefited to the extent of nearly \$3,000,000 worth of business that would not otherwise have been obtained.

To illustrate, in one concrete instance, how this trade opportunity service works, one may note the case of a dealer in Germany who reports to the bureau that through offers received from the United States as a result of the publication of a trade opportunity in Commerce Reports, he purchased the following American foodstuffs: Three hundred and fifty boxes of apricots, 25 boxes of apple rings, 375 boxes of peaches, 100 boxes of corned beef, and 400 boxes of California prunes.

A letter from a New York export and import corporation states that "upon receipt of this special circular (issued by the foodstuffs division) we wrote the foreign firm a very lengthy letter, and we are pleased to advise that we have just sold them 1,000 boxes of North American pure refined lard."

A merchant of Zurich, Switzerland, obtained the agency of an American wheat exporter through the medium of a trade opportunity published in Commerce Reports. A short time after taking on this agency he advised the Bureau of Foreign and Domestic Commerce that he had "sold a full cargo of wheat to the Swiss Government for the American exporter's account."

One large concern which the foodstuffs division helped in establishing its product in Cuba was (at last reports) taking in about \$700 a day, with the business rapidly increasing.

One firm in Seattle, Wash., obtained foreign business totaling \$60,038 as a result of following up four "leads" that were given by the bureau's foodstuffs division.

The foreign representatives of the bureau are always on the alert to promote the sale of agricultural products. A characteristic success in this field was the achievement of the office at Riga, Latvia, which induced two local dealers to handle American grain and lard valued at \$1,170,000.

Another example is the work of the trade commissioner at Vienna, Austria, in clearing the way for the sale of \$50,000 worth of American tobacco after five previous attempts by an American firm had failed.

Through the agency of the bureau, a Louisville tobacco firm obtained 40 per cent of the order for 2,500,000 pounds of tobacco placed by the Polish Government.

A New York City firm writes to the bureau as follows:

We take this occasion to praise the wonderful services rendered us by your department for the past year. About three or four months ago we wrote the amount of business we had been successful in obtaining through Commerce Reports. We have doubled this business within the past three months and have made very successful connections in Riga, Hamburg, and Ponta Delgada (Azores Islands). In the above-mentioned countries various firms have purchased grain and lard from us to the extent of \$200,000, and, from the authoritative and exhaustive information contained in your reports, we were able to consummate business with these concerns on practically our first sales letter. From the results of our previous transactions with these people, from all appearances the volume of business will increase steadily.

One New York exporter reports that he obtained foreign business in foodstuffs amounting to \$495,875 in consequence of the bureau's services, this figure having reference to a single year.

The bureau's office at Hamburg, Germany, secured a connection for an American exporter of horse meat which resulted in sales of \$250,000, with prospects of \$500,000 worth of business annually.

As a result of bureau activities, an alfalfa milling concern in Colorado opened up a foreign connection by securing an order valued at \$1,963. Texas flour was sold to the value of \$11,730. In Texas, too, a rice milling company was enabled, through bureau channels, to sell \$150,000 worth of rice abroad.

In the fiscal year ended June 30, 1926, the number of individual trade opportunities published was 5,380, of which more than 1,000 were concerned with openings for the disposal of surplus American foodstuffs.

Not only in the handling of such individual openings but also in its treatment of larger problems, the bureau has provided dollars-and-cents service for our agricultural producers. For example, in 1921 the rice growers of California had incurred large liabilities and had on hand a crop of 4,000,000 bags of paddy rice with no market available for it. An appeal was addressed to the Department of Commerce, and statistical and other information was rapidly collected. A careful analysis of the assembled information indicated the possibility of exporting this excess rice to Japan. As a result, the rice growers exported 78 per cent of the 1921 crop, or 148,000,000 pounds.

Similarly, in 1923, the California raisin growers produced such a large crop that it seemed impossible that it could be absorbed. In an effort to secure new foreign markets for this crop, the Department of Commerce immediately supplied certain preliminary figures for all raisin producing and consuming countries of the world. As a result of the availability of this information, the raisin growers' exports in 1923 included 30,000,000 pounds to Europe, 20,000,000 pounds to the Orient (virtually a virgin field), and 24,000,000 pounds to Canada.

4. SERVICES ON IMPORTATION OF RAW MATERIALS

GENERAL POLICY—CASES OF IMPORTATION OF NONCOMPETITIVE ARTICLES

As regards the importation of raw materials into the United States, the Bureau of Foreign and Domestic Commerce bases its general policy on a recognition of the fact that—while international trade is in its very essence reciprocal—it is scarcely the function of a government to encourage the bringing of competitive foreign goods within its boundaries. Foreign producers, as a rule, are quite ready, on their own initiative, to bring to the notice of Americans the salient features of such articles as they desire to sell to our people.

This attitude on the part of the Department of Commerce is not, however, inconsistent with its efforts (outlined in succeeding pages) to study the possible development of new sources of supply for raw materials essential to our agricultural or industrial well-being.

Nor does it preclude occasional aid to American interests which find themselves in need of foreign crude products or manufactured or partly manufactured goods that do not come into competition with American production. In such instances, great care is exercised to make sure that the import-trade assistance is confined to merchandise that is in no way competitive with American industry.

Service of this kind is comparatively unimportant and distinctly incidental in the scheme of operations of the Bureau of Foreign and Domestic Commerce, which is essentially an agency for the promotion of export trade. Such cases have been taken care of merely as particular conditions or specific requests from clients have seemed to justify.

SPECIAL INVESTIGATION OF RAW-MATERIAL SUPPLIES

In the field of raw-material importation, one of the principal objects of the bureau's work has been to prevent exploitation of American consumers by foreign monopolies. The Secretary of Commerce, on many occasions, has called attention to the grave dangers and injustices attendant upon the establishment and operation of such monopolistic control abroad. The publicity which the department has given to this situation has substantially affected international opinion on the subject and has brought about noteworthy amelioration of conditions. Contributing to this result has been the movement—furthered by the department—for conservation and more economical utilization of the materials involved. Of even more fundamental and far-reaching significance has been the effort looking toward permanent relief from such exactions through the development of other sources of supply, readily available for American needs. In this the Bureau of Foreign and Domestic Commerce has played a most important part by carrying out very extensive field investigations.

In March, 1923, Congress passed a bill "to enable the Department of Commerce to investigate and report upon the possibilities of developing the rubber-plantation industry in the Philippine Islands and Latin America; to investigate the conditions of production and marketing of other essential raw materials for American industries, including nitrates and sisal; and to investigate related problems in the development of foreign trade of the United States in agricultural and manufactured products." Under this act \$357,700 was made available for the Bureau of Foreign and Domestic Commerce, \$42,300 for the Bureau of Standards, and \$100,000 for the Department of Agriculture. Work was begun immediately after March 4, 1923.

A crude-rubber section was organized in the Bureau of Foreign and Domestic Commerce. Four parties of field investigators were sent out. One covered British Malaya, the Dutch East Indies, Ceylon, and British India—the so-called Middle East. Another made a very thorough study of the Amazon region in South America. A third directed its attention to the countries bordering on the Caribbean Sea, while the fourth studied the situation in the Philippine Islands. These field parties reported upon the possibility of establishing successfully a rubber-plantation industry in their respective territories, and the compilations of their findings—published by the bureau in four large monographs, with the addition of a monograph on Africa—have proved enlightening to American interests concerned with this vital economic subject.

The importance of an abundant and assured supply of nitrogen for agricultural and industrial purposes and as an item in our national defense made it logical to include nitrogen in the investigation of raw materials that are subject to foreign control. The main objects of the nitrogen survey undertaken by the bureau were to determine, so far as possible, the extent to which our increasing requirements will be supplied by corresponding increases in the production of fixed nitrogen in the coke and coal-gas industries; to study the Chilean nitrate industry from an engineering standpoint to determine what changes might be effected in it that would normally tend to lower the price;

and to inquire into the status of development of the air-nitrogen industry in the United States and abroad. A field investigation of primary importance in this survey was the one into the Chilean nitrate industry; its results were embodied in the bureau's Trade Information Bulletin No. 170, "The Cost of Chilean Nitrate." A study was made of the nitrogen situation in various European countries, the conclusions being presented in a 50-page bulletin. As a result of this survey, the bureau has issued also a comprehensive "General Review of the Nitrogen Situation in the United States" and a discussion of the "Air-Nitrogen Processes."

The bureau conducted a thorough study of the potash situation and published a booklet under the title "Potash: Significance of Foreign Control and Economic Need of Domestic Development."

Endeavoring to bring about better conditions with respect to the supply of sisal for American binder-twine requirements, the bureau dispatched to Mexico a special investigator who presented, in his report, a detailed account of the Mexican production of this highly important fiber and its distribution through the cooperative sales association of Yucatan.

It will be clearly apparent, from the brief foregoing statement, that the raw-material work of the Bureau of Foreign and Domestic Commerce has been very largely of a nature calculated to improve the position of agricultural interests in the United States. The bureau has concerned itself with the problem of supplies of fertilizer that will be adequate and reasonably priced; it has tried to enable the farmer to obtain his binder twine at minimum cost; and, in viewing the world situation with respect to products of the soil, it has concentrated its thought and energy on the possibility of enhancing the sales of American foodstuffs and food animals.

