

The Work of the President's Cabinet

DEPARTMENT OF COMMERCE

INQUIRY INTO SUPPLY OF DYESTUFFS

In response to the resolution of the senate, dated January 26, 1915, directing the secretary of commerce to make a thorough inquiry into the facts relating to the supply of dyestuffs for American textile and other industries, there was submitted on February 20 a summary of the results of the inquiry, and on March 3 the full report thereon.

The inquiry revealed that numerous American industries are closely dependent upon the use of dyestuffs. To the great textile branches they are almost as essential as their supplies of vegetable or animal fibers. The same importance exists in the case of the paint, varnish, and ink trades, the paper industry, the feather and leather trades, and a group of minor industries. Dependent upon the products of these industries are a host of other branches; in fact, nearly every phase of industrial activity into which color enters as a component factor, and this includes the great majority of our industries.

The old-time natural dye-stuffs, with the exception of logwood, have all disappeared from any extended use by the dyer, and also mineral colors, with some inconsiderable exceptions. Artificial dyestuffs, derived from coal-tar products, have displaced nearly all rivals, combining qualities of fastness, ease of application, brilliancy, variety of shades, etc., utterly unknown to the former generation of dyers.

The American consumption of artificial dyestuffs has attained an annual value of \$15,000,000 and grows steadily. It is supplied partly by a domestic production valued at about \$3,000,000. This apparent domestic production is based chiefly upon the use of foreign materials, half-made or nearly completed color compounds. But a small portion is made from American crude coal-tar compounds.

The great bulk of the artificial-dyestuff supply comes from Europe, with Germany supplying by far the largest share. Since August 1, 1914, in consequence of the outbreak of hostilities in Europe, this foreign supply has been interrupted and constantly threatened with nearly complete cessation. So far German makers have been able to supply a considerable proportion of the normal demands of their customers, but not entirely. Some important dyes are totally unobtainable. Prices have mounted from 25 to 50 per cent on such dyestuffs as can be delivered, and the imports may cease any day.

The multitude of users of dyestuffs in the United States have been crippled in various ways, forced to change designs or abandon certain products, or to revert to a temporary use of natural dyestuffs, with all the accessory readjustment and revolution in dyeing processes. The four American establishments making artificial dyestuffs have done their best to meet the emergency by enlarging the ordinary output. They have been crippled by the difficulties or impossibility of securing half-manufactured materials from abroad or crude materials at home. Some large consumers of dyestuffs have erected emergency plants and make the colors they absolutely need, at considerable cost, it is true.

In all this annoyance, loss, and uncertainty the question has become acute, why do we not have an American coal-tar chemical industry, capable of meeting the nation's demands, self-contained and independent of foreign control, utilizing our native raw material?

A careful analysis of the situation shows that not only is the American supply and the limited American production of coal-tar dyestuffs completely dominated by the German industry, but that this is the case throughout the world. In 1913 the total consumption of artificial dyestuffs in the world had attained a value of over \$92,000,000. Germany furnished 74 per cent of the entire amount and over one-half of the materials needed to make the remainder.

In the United States, the supply of coal tar is ample, sufficient to provide in abundance all of the crudes required for the manufacture of the dyestuffs consumed in the country. With adequate provision to save all the benzol and tar liberated in American coke ovens, enough of the 10 crude compounds could be secured to more than cover the world's consumption in making artificial dyestuffs. From these 10 crude compounds, which form the basis of the industry, are

produced nearly 300 more complex compounds, none of them dyes, which serve as the materials for the manufacture of about 920 dyestuffs now in current use.

Our manufacture of heavy chemicals is well developed, able to expand rapidly, and supply all needed chemicals for the production of intermediates and their transformation into finished dyes.

Investigation shows that the advance of the four American establishments devoted to the production of dyes, beyond certain limits, in the manufacture of either intermediates or finished dyes is persistently checked and prevented by the united action of German producers in underselling.

The present crisis has evoked deep interest on the part of all concerned, tar distillers, manufacturers of chemicals, manufacturers of dyestuffs, and many users of the same, and American economists in general, as to how the problem can be settled. Domestic makers assert their ability to make at once over 90 per cent of the dyes now consumed in the United States, which are now patent free, and state that the remaining tenth will soon be freed from patent restriction. But there seems to be a consensus that any rapid development and evolution of the dyestuff branch, on a scale commensurate with the nation's needs, present and prospective, can be assured only on the basis of an effective law preventing that action toward control of our markets by a foreign monopoly which is now prohibited to a domestic monopoly. Some of the largest manufacturers have personally informed the department that what is needed is not a tariff change, but laws placing a foreign monopoly on the same basis as an American one. American economists feel that the present crisis offers the most favorable moment to decide upon a policy with regard to this one important industry, whether it is to be firmly rooted in American soil or whether the dependence upon a foreign source is to continue indefinitely.

The full report is being printed as a department publication, and copies may be obtained from the superintendent of documents, government Printing Office, Washington, D. C., at a nominal price.

BUREAU OF FOREIGN AND DOMESTIC COMMERCE

INVESTIGATE STATEMENTS REGARDING EFFECTS OF NEW TARIFF LAW

On December 14, 1914, a letter was received by President Wilson from the Manufacturers' association of Montgomery county, Morristown, Pa., in which sweeping statements were made as to the condition of affairs alleged to exist in that county and ascribing same to the change made in the tariff law which went into effect on October 4, 1913.

In order to determine whether the conditions in the district were accurately represented, an experienced investigator of the bureau of foreign and domestic commerce was assigned to make inquiry into the facts. He was instructed to be thorough and impartial and to throw the fullest possible light upon the entire situation in all its phases. The inquiry has been completed and the report transmitted to the president.

Section 1 deals with the general situation and gives such details as throw full light upon the situation. A list of 25 manufacturers furnished by the secretary of the Manufacturers' association was visited and in addition, information was secured from 5 concerns whose names were not included therein. Of the 30 concerns visited, and concerning which information was secured, 12 were not members of the Manufacturers' association of Montgomery county.

Of the 30 concerns, 15 admit that their business could not be directly affected by the tariff; 12 state that foreign-made goods could come into direct competition with their products; 3 refused to give any information. Of the 12 firms which claim they could be hurt by foreign competition, 5 produce low-price seamless hosiery, 5 medium and low-price woolen cloth, (these concerns are carded wool manufacturers), 1 cottonade and cotton worsteds (a substitute for low-price woolen cloth), and 1 woolen and worsted carpet yarns and knitting yarns. The 3 concerns refusing information are furnaces and steel plants and are all under one management. Of

the factories reporting, only the textile industries complain of being directly affected by the tariff.

A table is presented which shows 4,629 persons on the payrolls of the different factories of Montgomery county from which information was secured, as compared with 5,390 one year or more ago, indicating a falling off of 761 persons. Three establishments manufacturing seamless hosiery retailing for 25 cents a pair, or two pairs for 25 cents, showed a reduction in the number of employees of 481 persons, or over two-thirds of the total reduction of 761 persons in the 27 factories supplying information. Five other concerns, showing a reduction of 237 in the number of employees, manufacture lines which are not directly affected by the tariff.

Several manufacturers stated that there are certain abuses and evils existing in the textile industry for years which affect the business as no tariff ever could. There is hardly a manufacturer in Montgomery county who has not suffered from abuses of this kind. The greatest of these evils are "cancellation" and "protection." The first puts it to the option of the buyer, whether he will take goods which he has ordered and contracted for in good faith. The second enables the buyer to get his goods at market price at the time of delivery in case the market has fallen off, when the period between the time the contract was made and date of delivery may extend over several months.

Statistics show that the imports of hosiery have steadily decreased from \$9,022,574 in 1908 to \$3,144,645 in 1914, and the imports during the last-named year exceed those of 1913 by only \$440,810, hardly large enough to cause any great falling off in the business in one locality. Also, of the \$3,144,645 worth of hosiery imported in 1914, \$1,964,005 was hosiery of expensive grades, which in no way competes with the product of the Montgomery county manufacturers, which is a low-priced article. According to Davidson's Textile Blue Book, 1914-1915, 94 new mills making hosiery went into operation in 1914, 42 of them being in Pennsylvania. The production of these new mills is far in excess of the total importation of hosiery; therefore, any seeming depression in the textile trade may be due to the fact that the output of these new mills has depressed the trade.

According to a large hosiery buyer who recently made a thorough investigation of the present condition in the trade, a great demand has sprung up in America within the past few years for "shiny" hosiery and American manufacturers have full control of the bulk of this class of merchandise, which consists of fiber silk hosiery, mercerized hosiery, silk-handle hosiery, and all silk hosiery. American manufacturers who have not changed their product to meet this demand are the ones who are running behind. The progressive manufacturers who are making merchandise of the character mentioned quote business as normal and in some cases ahead. This exactly covers the condition of several hosiery concerns of Montgomery county. It was learned from outside sources that these plants had continued to turn out a product which was popular some years ago.

The chief cause of complaint heard from the manufacturers of woolen cloths in Montgomery county is the high price of raw material and that is due entirely to supply and demand. The woolen manufacturers on account of the uncertain price of raw material are holding back their openings and prices are not as yet fixed for the coming heavy weight season. In the meantime all of the mills in Montgomery county of this description are putting in full time, two of them working on foreign orders and the others on their regular lines.

COST OF PRODUCTION IN THE POTTERY INDUSTRY

The full report of the inquiry into the pottery industry, being a report on the cost of production in the earthenware and china industries of the United States, England, Germany and Austria, has been completed by the bureau of foreign and domestic commerce under whose direction the inquiry was conducted. In its preparation the bureau had the co-operation of the clay products division of the bureau of standards.

The field work of the bureau of foreign and domestic commerce in the United States was completed and that in Austria, Germany, and England was continued until interrupted by the war. It is believed that the complete report is the most searching study of any American industry and the best comparison thereof with its

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