

53D CONGRESS, }
2d Session. }

SENATE.

{ REPORT
{ No. 358.

BULLETIN No. 1.

COMMITTEE ON FINANCE, UNITED STATES SENATE.

OPINIONS

OF

COLLECTORS OF CUSTOMS

CONCERNING

AD VALOREM AND SPECIFIC RATES

OF

DUTY ON IMPORTS.

APRIL 25, 1894.—Reported by Mr. VORHEES, from the Committee on Finance,
and ordered to be printed.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1894.

AD VALOREM AND SPECIFIC RATES.

OPINIONS OF COLLECTORS OF CUSTOMS, ETC., IN REPLY TO CIRCULAR LETTER OF INQUIRY.

COMMITTEE ON FINANCE, U. S. SENATE,
January 10, 1894.

My DEAR SIR: In view of proposed tariff legislation the Committee on Finance is desirous of having a full and comprehensive report from you concerning the workings of the existing tariff laws in your district. It is, therefore, desired—

First, that you submit your views as to any modifications or changes which you or your responsible subordinates believe would insure a better administration of the customs laws.

Second, the views of yourself and your immediate subordinates as to whether ad valorem or specific rates of duty are most desirable, and why.

Very respectfully,

D. W. VOORHEES,
Chairman.

The COLLECTOR OF CUSTOMS

(1.)

CUSTOM-HOUSE, NOGALES, ARIZ.,
COLLECTOR'S OFFICE,
February 12, 1894.

Hon. D. W. VOORHEES,
U. S. Senate, Washington, D. C.:

DEAR SIR: In reply to your circular letter of January 10 requesting observations concerning the workings of the existing tariff laws I would state that experience and observation in this district have led us to believe that the revenue purposes of the tariff laws will be best accomplished by a reasonable ad valorem duty as low and as nearly uniform as possible. When the protection idea enters into the formation of a tariff schedule extremists are prone to push the theory to the point of prohibition, and this is done, to mask the enormity of the exaction, under

the guise of specific duties. The taxpayer, paying ad valorem duties, readily sees wherein and how much he is being taxed, but is often beggled by specific duties.

We have in this district a noticeable example of this in cattle. The present law imposes a duty of \$10 per head upon all imported cattle over one year of age from our neighboring Republic, Mexico. This rate may not seem excessive to one accustomed to the large, full-bred, or highly-graded stall-fed cattle which supply your Eastern markets, weighing when dressed from 1,000 to 1,500 pounds, but to one who knows that the small grass-fed steers of Mexico average about 400 pounds, and that a duty of \$10 per head, when cattle are worth no more than \$5 or \$6 per head on the range, amounts to an ad valorem duty of about 200 per cent, the rate seems unjustly high and an oppressive burden to the consumer. The result is that now there are practically no importations of cattle, whereas, when the rate was but 20 per cent ad valorem, a large part of the receipts of this office came from that source. When there is such an inducement to the evasion of customs laws, that these cattle should come across the line clandestinely and our Government be entirely defrauded of revenue from that source, is not surprising.

Again, there is a manifest injustice and hindrance to commerce in the duty on lead. Our neighboring State of Sonora is a large ore producer. There are many mines though few mills or reducing plants, and dependence is had upon works in the United States to bring these ores into marketable form. These ores are largely a combination of gold, silver, copper, and lead, the two latter only being dutiable, and the two former existing only in comparatively low percentage. With a specific duty on the baser metal of $1\frac{1}{2}$ cents per pound, a considerable percentage of it would render the ores practically worthless. One and a half cents per pound does not strike the average man as an excessive rate, but the ore-producer figures that it is an ad valorem duty of 75 per cent, and soon discovers that the remaining 25 per cent will not nearly pay the cost of mining, transportation, and working. His ores must run well in other metals, or the loss on the predominating one will more than counterbalance the hoped-for profits.

Innumerable other instances might be cited wherein the specific duty is but a cloak for prohibition of imports, but those mentioned are the most striking at this port.

Being located immediately on the international line, a narrow street only dividing Nogales in the United States from Nogales in Mexico, we hourly have opportunities to note the practical workings of the present law, and individual instances bring the facts more closely home. As a case in point, should one desire a suit of clothing he can procure it across the line, of excellent material, imported goods (for that twin Nogales of ours is in the Mexican free zone), and tailor-made, for \$20 or \$25. He puts it on and essays to come back to his home on the American side, when he is met by one of our inspectors who collects of him $49\frac{1}{2}$ cents per pound on the weight of his clothing and 60 per cent of its value, or an amount equal to the original cost.

Little things like these bring to one a realizing sense that the American citizen pays double for his food, double for his clothing, while the furnace fires are banked in scores of quartz mills and smelters throughout the great West and costly plants molder to destruction because our laws prohibit them material upon which to work. And still we search for the cause of hard times.

In regard to the number of importers in this district our principal imports at present are oranges and ores. The former are distributed

all over the country. The latter go mainly to the Union Ore Sampling Company, Denver; the Philadelphia Smelting Company, Pueblo; the Omaha and Grant works at Denver or the same at Omaha; the Rio Grande works at Socorro, N. Mex., or the El Paso works at El Paso, Tex.

These ideas are indorsed by all the force in our office. The collector having been called away, I write at his request. Hoping for the speedy success of tariff reform, I am,

Very respectfully,

H. M. WOODS,
Statistical Clerk.

(2.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of San Diego, Cal., February 10, 1894.

Hon. D. W. VOORHEES,
Chairman Committee on Finance,
U. S. Senate, Washington, D. C.:

SIR: I have the honor to acknowledge the receipt of your circular as chairman U. S. Senate Finance Committee requesting the views of myself and responsible and immediate subordinates.

First. As to any modifications or changes which would insure a better administration of the customs laws.

Second. As to whether ad valorem or specific rates of duty are most desirable, and why.

In reply to the first inquiry I would state that most of the friction experienced in this district in administering the customs laws occurs on the Mexican boundary line. It relates—

(1) To the transfer of American stock back and forth across the boundary line for purpose of pasturage, which has been done under the provisions for exporting and bringing back American products. The laws and regulations are defective in not providing for the complete identification of the stock—such marks and descriptions as will prevent substitution of stock of Mexican production for the American product exported.

(2) To Mexican stock which is permitted to stray across into the United States and, as estrays, can not be treated as imported stock. This is not only a favorite way of defrauding the United States of customs dues, but also of imposing upon American farmers along the boundary whose crops are eaten up and destroyed by stock which they are afraid to impound for fear of coming in conflict with the United States revenue laws. A change in the law that would make the presence of such stock on the American side prima facie evidence that it was smuggled and require the owner, on presenting proof that it had strayed over, to pay the expense of seizure and costs would have a very wholesome effect.

(3) To the rate of duty imposed on stock, which is the principal product of lower California, which is so high as to offer a premium for smuggling. A lower rate would, I think, yield greater revenue and offer less inducement to the smuggler.

In reply to second inquiry, I am of the opinion that specific rates are most desirable. Because (1) they are most uniform in their application; (2) they make fraudulent undervaluation impossible; (3) they are the most easily assessed and collected; (4) they are the most simple.

There may be cases where, on account of difference in value of the imported product, a higher rate should be imposed in order to be just, but in my opinion the specific rate should be made as widely applicable as possible.

Very respectfully,

JOHN R. BERRY,
Collector.

(3.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of New Haven, Conn., February 8, 1894.

Hon. D. W. VOORHEES,

Chairman Committee on Finance, U. S. Senate, Washington, D. C.:

SIR: In reply to your circular letter of the 10th January (recently received) requesting a report "concerning the workings of the existing tariff laws in your [my] district," I have to say—

First. As to modification or changes which might "insure a better administration of the customs laws," I should recommend that in place of the "declarations" required by section 5 of the act of June 10, 1890, oaths be required, as under the previous statutes. In the minds and consciences of many importers a "declaration" does not possess the force and solemnity of an oath. Men who would shrink from perjury by false swearing will not hesitate to make a false declaration, under the conviction that it is not perjury. I see no reason why men should be compelled to swear in complying with many of the provisions of the law, and yet only to "declare" as to the correctness and truth of their invoices. One importer said to me, after having made a false declaration, that he had not sworn to the correctness of his statement and invoice—implying thereby that he had not implicated himself.

I should also recommend that section 4 of the same act be amended so as to reduce the value of an invoice exempt from the requirement of a consular certificate from \$100 to \$50, as under the old law. A great many invoices come through valued at less than \$100 and over \$50—the door being thus open to fraudulent undervaluations, without inspection by the U. S. consul and the check of his consular certificate.

Second. "As to whether ad valorem or specific rates of duty are most desirable, and why?"

In reply to this I would say that, so far as importations at the comparatively small and unimportant ports of entry are concerned, in my opinion, specific rates of duty are preferable, for the simple reason that in the smaller towns and cities it is difficult in many cases to determine the values of imported goods. In the large cities expert appraisers and merchants familiar with the market prices in foreign places are to be found who may detect undervaluations. Not so, however, in the smaller and interior places, where the custom-house official appraiser is seldom familiar even with the kinds and qualities of imported goods, much less with foreign market values. There is thus ample opportunity for undervaluation to pass undetected, especially in invoices to established houses whose reputations have been subjected to no suspicion, but which may passively accept undervaluations with the condoning thought that "it is done everywhere and we must submit to it or cease business." I know of no other or stronger reason why, in these places of lesser importance, specific duties are preferable to ad valorem.

Very respectfully,

J. RICE WINCHELL,
Collector.

(4.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of Wilmington, Del., February 2, 1894.

Hon. D. W. VOORHEES,
Chairman Finance Committee:

MY DEAR SIR: * * *

In reply to your letter No. 9, of January 10, I would venture to modestly suggest, in answer to your first inquiry, that the matter of drawbacks paid to manufacturers of imported goods who manufacture for export should be very carefully guarded.

Ad valorem duty is much easier to collect, because duty can be estimated and collected upon the sworn invoice, but specific rates are, in my judgment, safer, as there is no temptation to undervaluation.

Very respectfully,

GEO. L. TOWNSEND,
Collector of Customs.

(5.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of Jacksonville, Fla., February 6, 1894.

Hon. D. W. VOORHEES,
Chairman Finance Committee, U. S. Senate, Washington, D. C.:

SIR: Replying to your circular (No. 9), asking for a full and comprehensive report from this office concerning the workings of the existing tariff laws in this district, etc., I would respectfully state that the principal importations at this port consist of Havana leaf tobacco and potatoes from Nova Scotia. The tariff law, as interpreted by the decisions and instructions of the honorable Treasury Department as regards importations, seems to work no hardship to importers at this port.

Respectfully, etc.,

JOSEPH E. LEE,
Collector.

(6.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of Tampa, Fla., February 5, 1894.

Hon. D. W. VOORHEES,
Chairman Finance Committee, U. S. Senate, Washington, D. C.:

SIR: Referring to your circular of 10th instant, I have the honor to reply:

First. I have not considered the matter at all with a view to offer a suggestion, and none occurs to me at this writing.

Second. Our experience here clearly indicates the specific rate of duty as preferable. Why? I can only say that it is not always practicable to have an expert appraiser at every port capable of detecting a false valuation, but there are none who are unable to read the figures on a scale or beam.

As to securing the Government from imposition or swindling, I imagine the chances are about equal, if there is a disposition to be dishonest.

Respectfully,

E. R. GUNBY,
Collector.

(7.)

CUSTOM-HOUSE, INDIANAPOLIS, IND.,
Surveyor's Office, February 12, 1893.

Hon. D. W. VOORHEES,

Chairman Committee on Finance, U. S. Senate, Washington, D. C.:

MY DEAR SIR: In reply to your circular letter of January 10, 1894, I have to state that in my opinion but little if any changes are desirable in the existing laws regulating the administration of the customs service at interior ports.

As to tariff schedules I give it as the opinion of myself and chief deputy that as a general thing ad valorem duties are preferable to specific, and that in the preparation of schedules compound rates of duties should be entirely omitted.

Very respectfully,

GEO. G. TANNER,
Surveyor of Customs.

(8.)

CUSTOM-HOUSE, GALENA, ILL.,
Surveyor's Office, January 12, 1894.

Hon. D. W. VOORHEES,

Chairman Finance Committee U. S. Senate, Washington, D. C.:

SIR: In reply to yours of the 12th ultimo, I have the honor to report as to circular 9 as follows:

I have obtained the ideas of our leading manufacturers and business men, and especially of such as are true and patriotic Democrats, and found them unanimous in favor of the Wilson bill.

Second. They also believe strongly in the ad valorem rates of duty, because they consider the same the fairest and most honest one.

Very respectfully,

CHARLES H. MILLER,
Surveyor of Customs.

(9.)

CUSTOM-HOUSE, BRASHEAR, LA.,
Collector's Office, Morgan City, La., February 7, 1894.

Hon. D. W. VOORHEES,

Chairman Finance Committee, U. S. Senate:

SIR: Your circular No. 9 is at hand. The importation of merchandise at this point is very limited, and the importers reside in New Orleans.

It is my opinion that an ad valorem duty is most desirable. It places the amount of duty directly on the valuation of imports, and does away with the compounding of specific and ad valorem, which gives the customs officers greater work, besides creating appeal upon appeal as to classification of articles, etc. I also believe it would increase the customs revenues.

Very respectfully, etc.,

JAS. R. JOLLEY,
Collector.

(10.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of New Orleans, February 12, 1894.

Hon. D. W. VOORHEES,

Chairman Committee on Finance, U. S. Senate, Washington, D. C.:

MY DEAR SIR: In reply to your letter of January 10, which was received only a few days ago, and after consultation with Deputy Collector Crawford and Appraiser Alba, the latter of whom has not yet completed his written recommendations, I beg leave to submit the following:

First. As to any modifications or changes calculated to insure a better administration of the customs laws. Provision should be made that vessels stopping at ports of the United States en route to and with cargo for foreign ports (which is allowed to remain on board under sections 2776, 2777, and 3005, Revised Statutes) shall pay the compensation of the inspectors of customs required to remain in charge of the vessels for the safety of the revenue.

Merchandise in bond transported on steam vessels under sections 3000, 3001, Revised Statutes, and the act of June 10, 1880, amended by the act of February 23, 1887, should be corded and sealed and the vessels relieved from the requirement of having their hatches locked or otherwise secured with Government fastenings, as access to the hold is necessary for the safe navigation of the vessel.

Provision should be made that railroad cars containing merchandise in bond be secured by registering locks of the same mechanism as the Beasley lock in use by the Post-Office Department.

Provision should be made that goods transported in bond by common carriers may be delivered to the customs officers at any time within five days after arrival at port of destination, the object being to afford time for notice to consignees to make entry before taking possession of the goods and subjecting them to charges for storage, etc.

Ports of entry not directly on the seacoast should have customs officers stationed where vessels from foreign ports may be boarded and manifests certified, crew mustered, and such openings sealed as may not be absolutely necessary for navigating the vessel, the object being to prevent illicit landing of merchandise while proceeding inland.

In order to secure uniformity of official blanks used at the different ports all forms should be supplied by the Treasury Department, for which a fee might be charged.

Penalties for violation of the navigation laws are too severe in their character and should be modified. Local inspectors of steam vessels should be required to report offenses to the chief officers of customs only, leaving the latter officers to refer cases for institution of legal proceedings when necessary. Under the present statutes vessels are subjected to libel and court fees for merely technical or trifling unintentional violations of the navigation laws.

Sections 4145, 4158, 4169, 4170, 4196, Revised Statutes, should be modified so as to permit registers to be issued to all vessels in excess of five tons, and to continue in force as registers and enrollments now do, annual license to be abolished, and owners of vessels in the coasting trade to be required to report under oath once a year to the chief officer of customs the condition of their craft, repairs made during the year—this for correction of tonnage statistics.

Section 5, act of June 10, 1890, should be modified so as to require oaths to entries only where the merchandise covered thereby is subject to an ad valorem duty.

Bonds executed in connection with exportation or merchandise under section 2979, Revised Statutes, without benefit of drawback, and not exceeding \$500 in amount should be canceled upon filing bill of lading and certificate of collector of customs at port of export that the merchandise has been cleared for a foreign port.

The penalties for undervaluation by the importer, under the present law, are exceedingly harsh. These penalties become due if the valuation of the appraiser exceeds the valuation of the importer more than 10 per cent, and a penal duty of 2 per cent is exacted for each 1 per cent of undervaluation beyond that.

An example of great harshness is cited by Assistant Secretary Hamlin, where "the appraised value was \$12.50, the corrected duties \$3.13, while the penal duty was \$2,100."

The bill now before your committee proposes that this be changed by subjecting any one making knowingly any false statements in his declaration concerning the importation to both fine and imprisonment at the discretion of the court, and penalties are only incurred by any one knowingly making a false statement. The punishment may be severe, but it would be incurred only by the dishonest importer.

Second. In reply to your question as to whether ad valorem or specific rates of duty are most desirable:

Both methods have their special advantages, and with the present large number of ports of entry neither could be exclusively adopted without disadvantage to the Government.

In a general way specific duties should be applied to the heavier and simpler articles of import—ad valorem to those of more complicated manufacture and structure and greater cost.

There would be great difficulty in applying specific duties alone to textile fabrics, owing to the large and varied character of the importations, but it is the simpler form of duty where it can be conveniently assessed. There are about 70 ports to which merchandise may be transported in bond without appraisement under the act of June 10, 1880.

One of these is reported as having had only 13 entries of merchandise during the past fiscal year, and others from 40 to 100 entries only. It seems obvious that the customs officers at such ports, on account of the little business transacted in direct importations, are without the experience which is requisite for appraisement of diversified importations subject to ad valorem duties.

It requires less technical knowledge to weigh, to measure, or to gauge than to appraise, and unless the appraisal of imported merchandise be confined to the large ports, a sweeping change in the direction of ad valorem duties might invite large consignments under fraudulent invoices to inland ports by dishonest importers, to be passed upon by officers incapable of protecting the Government interests by reason of their inexperience,

I remain, very respectfully, yours,

THEO. S. WILKINSON,
Collector.

(11.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of New Orleans, February 12, 1894.

Hon. D. W. VOORHEES,

Chairman Committee on Finance, U. S. Senate, Washington, D. C.:

MY DEAR SIR: Since completing my letter to you of this date, in answer to your inquiries, I have received a communication from Appraiser Charles F. Alba inclosing recommendations of his examiners.

The appraiser calls special attention "to the difficulty in determining the country of origin of cental bags, and would suggest that some mark or brand be required on all domestic bags being exported from this country in order to distinguish them from foreign manufactures on their return." I especially invite your attention to this subject and urge that some action be taken on it, as it is very difficult to distinguish whether the bags, of which large numbers come to this port, are liable to duty or not.

The examiners of the appraiser's department state that it would greatly facilitate customs officers in making proper classification of cental bags if those manufactured in the United States and then used for shipment of grain to foreign ports were branded in such a manner as to be easily identified on return to this country.

The examiners concur in the opinion that specific duties generally are more desirable than ad valorem duties, stating that the possibilities of fraud are much greater and the detection thereof much more difficult where the ad valorem system prevails.

In letter written to you this day I have given reasons why each system has its special advantage, and why neither could be exclusively adopted without disadvantage to the Government.

I remain, very respectfully, yours,

THEO. S. WILKINSON,
Collector.

(12.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of Baltimore, February 8, 1894.

Hon. DANIEL W. VOORHEES,

Committee on Finance, U. S. Senate:

SIR: I have complied with your request and answered your circular letter of January 10, in relation to a better administration of the customs laws and rates of duty. According to customs existing between customs officers and the Treasury Department, that all communications of this character shall pass through the Secretary of the Treasury, I have forwarded to him to be sent to you the answer in question and accompanying letters.

Very respectfully, yours,

W. M. MARINE,
Collector.

(13.)

CUSTOM-HOUSE, BALTIMORE, MD.,
Collector's Office, February 8, 1894.

Hon. DANIEL W. VOORHEES,
Chairman Committee on Finance, U. S. Senate :

SIR. I have the honor to acknowledge the receipt of your circular letter No. 9, dated January 10, 1894, and received by me at a recent date, in which it is stated, "that in view of proposed tariff legislation the Committee on Finance is desirous of having a full and comprehensive report from 'me,' concerning the working of the existing tariff laws in this district," and stating that you desire to have an answer to two questions which are submitted.

First. "As to any modifications or changes," which "would insure a better administration of the customs laws."

Second. "The views of myself and immediate subordinates as to whether ad valorem or specific rates of duty are most desirable, and why?"

In answer to the first query, it may be stated that the act of June 10, 1890, has proven the wisdom of its passage. It has reduced greatly the danger of undervaluations, facilitated business, provided a uniform system, and its operation has been generally satisfactory.

In one respect it needs amendments. It has at times occurred during my administration, that Portland cement has reached this port in a damaged condition, the importers availing themselves of the provisions of section 23 of the act of June 10, 1890, which permits the importer to turn over such damaged goods to the Government within ten days after entry, provided the portion so abandoned shall amount to 10 per cent or over of the total value or quantity of the invoice. Neither in the act of June 10, nor in the new act is there any provision requiring worthless goods or merchandise under 10 per cent when abandoned to be removed at the charge of the importer, consignee, or ship agent. Such a provision in my judgment ought to be inserted. H. R. 4864, Report 234, a bill to reduce taxation, etc., in the first paragraph provides rates of duty to be levied and collected upon importations on and after the 1st of June, 1894; and section 41 provides the assessed rates on withdrawals. No provision has been made for the rates to be assessed upon goods imported prior to the date the act may take effect, which remain under "general order" in warehouse; nor for goods on shipboard on the day the act takes effect. An amendment is necessary providing for the goods remaining in warehouse or shipboard under general order, and providing that on and after the day when the act shall go into effect all goods, wares, and merchandise previously imported, for which no entry has been made, shall be subject to no other duty upon the entry thereof than if the same were imported respectively after that day.

In answer to the second interrogatory I answer that while it may be undoubtedly true that ad valorem are the fairest rates that can be charged, yet they seem to be open to the greatest objection, involving undervaluations and loss of revenue. Specific rates are simple and far more easily collected. They afford less chance for fraud, where susceptible of measurement, weight, and gauge. Values are more readily ascertained, and rates less difficult of application.

As showing the operations of this office under the respective tariff acts of 1883 and 1890, and their subsequent amendments, I inclose statistics for the past ten years.

I also inclose communications received by me on the subject of your questions from Special Deputy Collector Henry Lingenfelder, Deputy Collector George M. McComas, Local Appraiser James H. Butler, Chief Liquidating Clerk William S. Potter, and Chief Warehouse Clerk T. Sewall Plummer.

Respectfully, yours,

W. M. MARINE,
Collector.

Statement of importations under the provisions of the tariff act March 3, 1883, taking effect July 1, 1883, together with exportations from July 1, 1883, to October 6, 1890.

Year.	Import free.	Import dutiable.	Duties on imports.	Exports.
July 1 to December 31, 1883.....	\$2, 197, 663	\$3, 284, 541	\$1, 180, 863. 55	\$24, 365, 395
1884.....	6, 889, 402	5, 299, 781	2, 045, 568. 77	43, 464, 875
1885.....	6, 582, 866	4, 630, 191	1, 937, 491. 57	34, 743, 746
1886.....	5, 107, 044	6, 678, 069	2, 888, 647. 25	46, 806, 581
1887.....	5, 518, 374	7, 537, 506	3, 134, 535. 26	49, 811, 603
1888.....	4, 940, 201	7, 158, 426	2, 762, 009. 37	45, 099, 334
1889.....	7, 144, 093	8, 205, 141	2, 955, 606. 16	62, 077, 610
To October 6, 1890.....	4, 520, 418	6, 613, 986	2, 351, 377. 10	55, 440, 383

Statement of importations under the provisions of the tariff act of October 1, 1890, taking effect October 6, 1890, together with exportations from October 6, 1890, to December 31, 1893.

Year.	Import free.	Import dutiable.	Duties on imports.	Exports.
From October 6, 1890.....	\$1, 819, 833	\$2, 385, 075	\$722, 833. 71	\$16, 679, 700
1891.....	8, 758, 918	9, 511, 088	3, 154, 885. 83	79, 475, 175
1892.....	6, 436, 969	7, 702, 327	3, 918, 297. 82	91, 917, 422
1893.....	7, 754, 749	7, 257, 090	3, 930, 613. 93	74, 701, 951

CUSTOM-HOUSE, PORT OF BALTIMORE.

W. M. MARINE,
Collector.

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of Baltimore, February 5, 1894.

Hon. Wm. M. MARINE,
Collector:

SIR: Respectfully referring to your recent verbal instruction, which requires my views as to the advisability of making any modifications or changes which will insure a better administration of the customs laws as they now exist, and whether an ad valorem or specific rate of duty is most desirable, I have the honor to report that the demands of my daily official duties upon my time would preclude such an examination in detail of the subject as to me seems requisite for an intelligent discussion of the subjects.

Whatever differences of opinion there may be concerning the wisdom of the legislation of June 10, 1890 (customs administrative act), the experience that my official position in the service has afforded has led me to believe that the practical workings of the said act have gone a long way to insure that condition which is most desired both by the Government and the honest importer; that it is a more uniform, speedy, and equitable system of collecting the revenues than was previously enjoyed. And the adoption by the present Congress of the modifications and changes which are proposed by the "Wilson bill" will, in my opinion, insure a law so simplified and free from ambiguity that uniformity of assessment will be guaranteed, and the perpetration of frauds by the dishonest importers rendered exceedingly difficult—the two great objects to be attained in the matter of imposing and collecting the tariff tax.

Regarding the question as to whether ad valorem or specific rates of duty are most desirable, I consider the subject should be viewed from two separate and distinct standpoints: That of the simplification of application; that of fairness to the importer and consumer.

Specific duty is one that is assessed upon the piece, pound, yard, or gallon; that is, upon the weight, measure, or gauge of the merchandise as found at the time of entry. Therefore, having regard solely to the orderly and accurate transaction of business in the imposition of duties upon imported merchandise, the advantage of specific rates is generally conceded to be that they are more easily collected, require less technical knowledge, fewer questions arise, and differences are readily calculated and easily and speedily adjusted.

Ad valorem duties are assessed upon the value of the merchandise in the principal markets of the country from whence imported at the date of exportation from said country, and, in my opinion, are the most equitable, bearing with perfect fairness upon all goods of a similar kind and grade. On commodities of varied values the specific rate of duty can not be applied with any degree of equity or fairness, for the reason that he who buys a lower grade of any such commodity, whether from necessity or force of circumstances, and pays a specific rate is compelled to pay a much larger per cent on his purchase than he who buys the higher grade. For example, he who imports a gallon of wine costing 50 cents per gallon and pays a duty of 50 cents per gallon thereon, pays a duty of 100 per cent, while he who pays \$5 per gallon for his high grade of wine pays a duty of but 10 per cent. And the same may be said of a great many classes of imported merchandise.

The only objection to the system of ad valorem duties is the danger of undervaluation, which, in my judgment, has been reduced by the present administrative act to a minimum. During the past three years I know of but few cases of advances made to the invoice or entered value when penal duty would attach under the provisions of section 7 of the administrative act; and they were all cases of criminal carelessness on the part of the importers and not criminal intent.

Respectfully, yours,

WM. S. POTTER,
Liquidating Clerk.

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of Baltimore, February 5, 1894.

HON. WILLIAM M. MARINE,
Collector of Customs, Baltimore, Md.:

SIR: Referring to your verbal request for my views as to any modifications or changes which I believe would insure a better administration of the customs laws, and whether ad valorem or specific rates of duty are most desirable, I have the honor to state that, in my opinion, with necessary and proper modifications and changes a better administration of the customs laws might be obtained.

As to whether ad valorem or specific rates of duty are desirable, I have the honor to state that in my opinion the latter is far more preferable, because the tax on duty is levied upon the merchandise either by measurement, weight, or gauge, and is promptly ascertained independently of and without reference to its value, and because there is no temptation to the dishonest importer to deceive or practice a fraud upon the Government by undervaluation.

Respectfully, yours,

H. LINGENFELDER,
Special Deputy Collector.

CUSTOM-HOUSE, BALTIMORE, MD.,
Collector's Office, February 5, 1894.

WM. M. MARINE, Esq.,
Collector of Customs, Baltimore, Md.:

SIR: Referring to H. R. No. 4864, Report No. 234, December 19, 1893, a bill to reduce taxation, etc., I have to respectfully call your attention to the fact that, while the first paragraph of said bill provides for the rates of duty to be levied and collected upon importations, on and after 1st of June, 1894, and section 41 provides for the rates to be assessed on withdrawals from warehouse, yet no provision has been made for the rates to be assessed upon goods which may be imported (prior to the date the act may take effect) and which may remain in warehouse under "general order," nor for any goods which may remain on shipboard on the day the act may go into effect.

Therefore I would suggest that an additional paragraph be added to section 41,

which would provide for the goods remaining in "general order," or may remain on board of vessel, as follows:

"That on and after the day when this act shall go into effect, all goods, wares, and merchandise previously imported, for which no entry has been made, shall be subjected to no other duty upon the entry thereof than if the same were imported respectively after that day."

Respectfully,

T. SEWALL PLUMMER,
Warehouse Clerk.

PORT OF BALTIMORE, MD.,
Appraiser's Office, February 3, 1894.

Hon. WILLIAM M. MARINE,
Collector of Customs, Port of Baltimore, Md.:

SIR: In answer to the questions propounded by Hon. D. W. Voorhees, U. S. Senator, in reference to customs matters, I have the honor to reply:

That in regard to the first question I have no suggestions to make as to any change or modification that would conduce to a better administration of the customs laws. The present system appears to work well and fairly, both to the Government on the one hand and the importers on the other.

Undervaluation of goods and fraud in invoices appear to have reached a minimum, while by the monthly reports now made to the Board of U. S. General Appraisers, and the samples of merchandise submitted therewith, as well as by the method of appeal on classification to the same honorable body, the rates of duty on imported merchandise throughout the whole country are rendered absolutely certain, positive, and uniform.

To the other question of the honorable Senator, as to which is the better rate of duty, ad valorem or specific, I would respectfully state that while a duty based upon the value of an article is unquestionably the fairest tax that can be imposed, an experience of sixteen years in the appraiser's department of this port leads me to pronounce decidedly in favor of specific duties whenever they can be applied.

A duty which is based on measurement, weight, or gauge, is a tax easily ascertained. It is a duty upon an article without reference to its value, and therefore there can be no reason for any undervaluation or deception.

In the past, with an ad valorem duty on certain merchandise, it was remarkable how the price of goods of the same quality fluctuated, but when under a new tariff, the same merchandise paid a specific tax the foreign value of the goods always remained at about the same figure.

Guided, therefore, by my experience in the matter, I am constrained to favor specific rates of duty whenever they can be applied upon articles that can be weighed, measured, or gauged.

Very respectfully,

JAMES H. BUTLER,
U. S. Appraiser.

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of Baltimore, February 3, 1894.

Hon. WM. M. MARINE,
Collector of Customs:

With reference to the questions submitted to you by Senator Voorhees, without a copy of said letter, I would respectfully state from memory of its purport and intention:

First. That the administrative act and the tariff act of 1890 have, in my judgment, been a great improvement on all previous legislation for the collection of revenue from imports in securing a more uniform system of collecting the revenue in the different ports of the country.

Second. But there are some changes which, I think, would be of great advantage to customs officers and the importers, for instance, by the amendment of section 5 of the administrative act, by providing for the declarations to be made by the owners when absent from the port or district where entry is made by allowing them to be made before any person authorized by law to administer oaths and having a seal, and who can certify that the person is personally known to them.

Third. Should not section 19 of the same act be so amended as to determine more accurately what constitutes the "principal markets of the country from whence exported" and what constitutes "all other charges and expenses incident to placing the merchandise in condition, packed ready for shipment," how and when inland

transportation enters in as an element of dutiable charges, or if ever the determination of such frequently embarrasses officers of the customs, and also the most conscientious importers, and is likely to involve them in heavy charges and expenses. Who can harmonize decisions Nos. 10152, 10470, 10237, 13184, 13889.

Fourth. Section 23 of the same act should be so amended that when goods are abandoned and reported by the appraisers to be of no mercantile value they should be removed at the expense of the importer from the custody of the collector, and deposited in such place as the local laws may require.

Fifth. I am decidedly of the opinion that the levying and collection of duties by count, weight, measure, or gauge is much more certain, just, economical, and satisfactory to all parties concerned, whenever the same can be done, than that of the ad valorem system, as it dispenses with all those uncertainties in connection with the ascertainment of the wholesale prices in the principal markets of the country from whence imported. What constitutes a principal market? Is it a factory, mine, or a place of any number of factories or mines? How far can such be located from the place where invoices are certified or the place where put on board of vessel? And how and when does inland transportation accrue? And if perishable or textile fabrics, who can tell the proper price when such goods sometimes change from 50 to 75 per cent in a day? Would it be fair or just to the eastern cities for France or Germany to collect an ad valorem duty on grain, meat, or any other agricultural product from Chicago or Milwaukee, both of which are principal markets for the sale of such articles? But the prices would be very different for the same articles shipped from here, Philadelphia, or New York, yet the duty per bushel or per pound would be perfectly equitable and just to all concerned.

Again, Clarksburg and Piedmont, W. Va., Lonaconing and Frostburg, Md., are principal markets for the sale of coal. Would it be equitable for them to invoice their coal at 50 or 60 cents per ton, which is the price there, packed ready for shipment, and yet the merchant at Baltimore would be compelled to invoice his at \$2.50 or \$3 per ton, and if the duties are ad valorem 25 per cent, one would be admitted at 12 or 15 cents, the other at 62½ or 75 cents per ton. But if the duty was specific it would be just and equitable to all. And specific duties are more readily and cheaply ascertained and can be more readily and cheaply guarded against fraud and corruption than when collected upon an ad valorem basis, unless some more uniform, comprehensive, and economical system could be devised than at present exists.

Yours, respectfully,

GEORGE M. MCCOMAS.

(14.)

CUSTOM-HOUSE, GLOUCESTER, MASS.,
Collector's Office, February 13, 1894.

Hon. DANIEL W. VOORHEES,

Chairman Committee on Finance, Washington, D. C.:

DEAR SIR: In answer to your circular letter of the 10th ultimo (No. 9) regarding the workings of existing tariff laws in this district, I would say that, in my opinion, a specific duty on salt and fish, the two principal articles of importation at this port, is preferable to an ad valorem duty. The Government now collects a specific rate of duty upon the actual quantity of an importation, irrespective of fluctuations or values in foreign markets, and the method works satisfactorily to all interests.

According to the report of the Bureau of Statistics for the year ending June 30, 1892, Gloucester ranked third on the list in regard to the quantity of foreign salt imported into the country, being exceeded only by New York and Boston. As nearly all the importations here are for use in our fisheries, the receipts of the Government here will not be affected by the placing of the article upon the free list. The tendency of such a change will be to increase the supply of salt in our seaports, because it will tend to render it more desirable for purposes of ballasting vessels bound to the United States.

I would respectfully call your attention to paragraph 481 in the free list, which, as amended in the House, reads: "Fish, frozen or packed in ice fresh." As this paragraph obviously clashes with some of the fish

schedules, I would suggest, in order to put it in unison with the intent of the act, as indicated by the other fish paragraphs, that its phraseology be changed to read as follows: "Fresh-water fish, frozen or packed in ice, and fish, fresh, not otherwise provided for in this act."

Respectfully, yours,

WILLIAM A. PEW,
Collector.

(15.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of New Bedford, Mass., February 8, 1894.

Hon. D. W. VOORHEES,
Chairman Finance Committee U. S. Senate, Washington, D. C.:

SIR: Replying to your circular of January 10, 1894, I have the honor to state that the amount of duties collected at this port on direct importations is inconsiderable, being principally on lumber from the British Provinces, subject to a specific rate of duty, and is so small in comparison with such ports as Boston, New York, Philadelphia, etc., as to preclude an opinion affecting the country at large as to modifications or changes in the tariff laws, except to suggest that the specific rates of duty seem to be the most desirable where practicable, as it does away with questions of fictitious or fraudulent invoice values and obtaining more nearly the exact duty without a delay on the part of the importer in custom-house liquidations.

Respectfully, yours,

JAMES TAYLOR,
Collector.

(16.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of Castine, Me., February 7, 1894.

Hon. D. W. VOORHEES,
Chairman of Committee on Finance, Washington, D. C..

SIR: In reply to circular letters Nos. 8 and 9, the imports into this district are limited to salt, lumber, and wood, or round logs, with occasionally a cargo of slack coal or culm. There are no regular importers, and as all the articles imported have been subject to a specific duty, unless free, any opinion as to the desirability of ad valorem duties or specific duties would be of little weight coming from this office.

Very respectfully,

GEO. M. WARREN,
Collector.

(17.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of Ellsworth, Me., February 10, 1894.

Hon. D. W. VOORHEES,
Washington, D. C.:

SIR: In answer to letter dated January 10, 1894 (No. 9), I would say I know of no change that would insure a better administration of the

custom laws. In answer to question second and in reply would state that specific rates of duty are most desirable. An ad valorem duty gives an importer too much chance to defraud the Government by invoicing the goods much below the value of them.

Respectfully,

JOHN D. HOPKINS,
Collector.

(18.)

OFFICE OF COLLECTOR OF CUSTOMS,
Port of Eastport, Me., February 9, 1894.

Hon. D. W. VOORHEES,
Chairman Committee on Finance, Washington, D. C.:

SIR: I have the honor to acknowledge receipt on the 4th instant of your circular letter, dated January 10, and to submit the following reply:

First. My experience has not been sufficient to warrant any recommendations of general application which would insure a better administration of the customs laws, and I presume anything applying to this district alone is not called for.

Second. As to whether ad valorem or specific rates of duty are most desirable, and why, I can only say that while I think the importers whom I know would regard ad valorem rates as most desirable. I have found it much easier to collect specific rates, and there is much less trouble about undervaluations, etc. In districts like this, remote from the large centers, it is difficult to arrive immediately at some valuations which require expert knowledge, but of course the amount imported into such districts is not large enough to demand much consideration. In such cases, however, the specific rate saves much trouble and time and cost of inspection.

Undoubtedly there is force in the objection that specific rates impose the same duty on different qualities of the same merchandise, and I have observed this in the case of hay and other articles, but, on the other hand, ad valorem rates work injustice through the different valuations of the same class of goods at various ports. The only difference I see as to this is that the importer can keep himself equal with his rivals under specific rates by buying only the best quality admissible at given rates, while he can not protect himself against undervaluations or difference of valuations at different ports.

Such experience as I have had leads me to prefer specific rates as involving less time and expense of inspection appraisal and also avoiding the very frequent efforts at undervaluation, and, within the limits of my own observation, I think the honest importer suffers less from inequalities under the specific than under the ad valorem rates.

Respectfully, yours,

GEO. A. CURRAN,
Collector.

(19.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of Wiscasset, Me., February 10, 1894.

Hon. D. W. VOORHEES,
Chairman, etc., Washington, D. C.:

My DEAR SIR: I have the honor to acknowledge the receipt, at a very recent date, of your circular letter No. 9, of January 10, 1894 (which I think must have been miscarried or otherwise accidentally delayed in transmission), and to say in reply:

First. So far as the material interests of the people of this collection district are concerned I believe the existing tariff laws are satisfactory and not in any sense burdensome. It is true that the major part of the direct importations into this district are of nondutiable goods, such as salt, used in the curing of fish; phosphate rock (from the West Indies) and gypsum (plaster of Paris), both used in the manufacture of commercial fertilizers; unmanufactured lumber, wood, etc.; living lobsters, to be impounded and grown to a salable size for market. We have also occasional importations of coal and agricultural products from the British provinces, but I think that with respect to these, as well as to all general merchandise purchased and used by our people, the existing laws are beneficial, upon the whole, to the great mass of the people.

Second. We think that it is impracticable to make the schedules of customs duties wholly specific or wholly ad valorem. Articles of substantially uniform value (as agricultural products, coal, lumber, etc.) can be better dealt with by specific duties, while articles of vastly varying values, like works of art, etc., should be subject to ad valorem duties.

In making the foregoing answers I express the opinions of myself and the several deputy collectors in the district, who are all men of more than ordinary intelligence and of considerable experience, and am,

Very truly, yours,

GEO. B. SAWYER,
Collector.

(20.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of Detroit, Mich., February 20, 1894.

Hon. D. W. VOORHEES,
*Chairman Committee on Finance,
 U. S. Senate, Washington D. C.:*

SIR: I beg to acknowledge the receipt of your circular letter, No. 9, dated January 10, 1894, and in reply thereto would submit the following suggestions concerning the working of the existing tariff laws at this port:

(1) That the giving of bonds for examination of tea which is already in the hands of customs officers is onerous for the importers and unnecessary.

(2) Bonds for production of triplicate invoices should not be given by the importer, as it is no fault of his that the consul fails to send it.

(3) The old penal duty of 20 per cent was, in my estimation, better

than the present 2 per cent for every 1 per cent of increase, as in the majority of cases persons interested would pay the 20 per cent and take the goods, whereas now the goods are left on the hands of the Government and at a public sale frequently do not bring as much to the Government as under the old regulation.

Abandonment of goods by importers, under section 23, so as to have a damage allowance, is very often a serious hardship to the importer, as it may necessitate the loss of the sale of the balance of his goods, owing to the delay in getting another shipment, or cause him the loss of the damaged portion. In my estimation a damage allowance by the appraiser would be better, as the appraiser, if competent to judge as to the value of the goods, is certainly competent to make a correct damage allowance.

(5) It is unadvisable to have the same goods dutiable under certain conditions and free under other conditions, such as cedar posts, which are free if for fence posts, and identically the same goods dutiable if for paying posts. This is apt to lead to evasion and false declarations, and makes it very hard for the collector to be sure that he is correct in his classification.

The fish paragraphs—293 and 571—are instances of the same kind, and lead to a great many vexed questions.

The present mode of assessing duty on horses is also apt to cause importers to quibble as to value, as the difference of \$1 in value makes a difference of \$15 in duty. For example, if an exporter in Canada has a horse which is valued at \$150 he enters it at \$149, which value could not be questioned, and pays a specific duty of \$30, whereas the law says that horses valued at \$150 and over shall pay a duty of 30 per centum ad valorem.

Referring to the matter of specific *versus* ad valorem duties much may be said for and against both systems.

My idea is that it is impossible to have a wholly specific tariff; but, where practicable, the specific system has much to recommend it. For instance, it is possible to arrive exactly at the amount of duty to be collected, as weight or quantities can be estimated exactly, and questions of classification, causing delay by protests and sometimes expensive suits, do not arise.

More especially is this so at ports where there is but one appraiser, who must judge of the values of all classes of merchandise instead of, as at large ports, where the work is divided into classes, giving an opportunity of employing men skilled in their particular line.

In some cases, of course, the person who could not afford to buy the best material would be paying a heavier rate of duty than the one who could pay for the best of all classes of goods.

Again, in other cases, specific duty would be apt to stimulate the importation of a finer class of goods, as most people would strive to pay a little more for the fine goods, as the duty would be the same on inferior as it would be on superior goods.

Respectfully, yours,

JNO. B. MALONY,
Collector

(21.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of Shieldsboro, Miss., February 9, 1894.

Senator D. W. VOORHEES,

Chairman Finance Committee, U. S. Senate, Washington, D. C.:

SIR: Replying to your circular letters, Nos. 8 and 9, of the 10th ultimo requesting a full and comprehensive report concerning the workings of the existing tariff laws in this district, and to distribute the interrogatories prepared by your honorable committee to importers, I have the honor to state that there are no importations in this district, with the exception of a few entries of excessive sea stores about once or twice a year. The principal business of this district is the exportation of lumber. There are no importers in this district.

Hoping the above will prove satisfactory,

I am, most respectfully, yours,

A. U. DAHLGREN,
Collector of Customs.

(22.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of St. Paul, Minn., February 10, 1894.

Hon. D. W. VOORHEES,

Chairman Finance Committee, U. S. Senate, Washington, D. C.:

SIR: I have the honor to acknowledge the receipt of your circular letter dated the 10th ultimo, requesting my views as to any changes in existing law which, in my opinion, would insure a better administration, and as to whether ad valorem or specific rates of duty are the most desirable.

In reply to the first inquiry I would respectfully suggest the following modifications and changes in the administrative act of June 10, 1890, which I believe to be just and proper:

Section 7 of said act, which fixes the penalties for undervaluations on the entry of imported merchandise, does not discriminate between the intent to commit a fraud and the honest and unintentional mistake or error. The penalties are severe, perhaps not too much so, but it seems to me that some discretion should be vested in the Secretary of the Treasury or collectors of customs, so that in meritorious cases, where there existed no intent to defraud, and the undervaluation, so called, was clearly the result of error or mistake, a remission of the penalties imposed might be had.

Section 19, in defining the dutiable value of imported merchandise, includes the value of all "cartons, cases, crates, boxes, sacks, and coverings of any kind, and all other costs, charges, and expenses incident to placing the merchandise in condition, packed ready for shipment to the United States." This provision, in my opinion, should be repealed, and section 7, act of March 3, 1883, or some similar provision, substituted. Those importers who deal honestly with the Government should not be subjected to punishment for the occasional delinquencies of the other class, who are, after all, in the great minority and too inconsequential to warrant a provision so manifestly unjust and oppressive in its operation, and, with proper efficiency on the part of the administrators of the law, of little utility in preventing fraud.

Section 22 abolishes all fees exacted upon the entry of imported

goods and the passing thereof through the customs, and also upon all entries of domestic goods for export. In my opinion this should be extended to include the fee exacted for receiving manifests of railway cars and other vehicles laden in contiguous foreign territory. The exaction of this fee is wholly unjustifiable and should be abolished. (See No. 35, Custom-house Fees, Dept. Cat. No. 401.)

Section 23, relating to damage allowance, should be repealed and section 2927 of the Revised Statutes, which it superseded, reenacted. I fail to see any justifiable reason why an importer should be compelled to pay duties on 9 per cent of an invoice of goods which may be rendered worthless or unsalable through circumstances over which he can have no control and never enter into consumption.

I would say generally of this act that many of its provisions are wise and judicious, but it seems to me to impose hardships and burdens, especially in the instances noted, beyond the requirements necessary to afford adequate protection to the revenue.

As to your second inquiry, whether ad valorem or specific rates of duty are the most desirable, am of the opinion that ad valorem rates, notwithstanding occasional undervaluations, are the fairest, most equitable, and most desirable. Purely specific rates are fixed and arbitrary, resulting in onerous and unreasonable exactions, in many instances amounting frequently to prohibition. Any specific rate that would be reasonable and just on the coarser and cheaper grades of woolen manufactures, for instance, would be absurdly low on the finer and more expensive grades, and *vice versa*; and it is difficult to see how a system of specific rates could be arranged that would be equitable and indiscriminate on such varied manufactures, at least, as are covered by the woolen, cotton, and linen schedules. On the other hand ad valorem rates adjust themselves to trade conditions and the rise and fall in the prices of foreign commodities. Specific rates, with few exceptions, are only defensible on the ground that they protect the Government against frauds upon the revenue through undervaluations. But with competent and efficient appraising officers, and with the safeguards and heavy penalties provided in the act of June 10, 1890, maintained, frauds on this account will be reduced to a minimum. Reasonable and moderate rates of duty would also have a tendency to discourage attempts at fraud by this means as they do smuggling.

Respectfully, yours,

JOHN C. GERAGHTY,
Collector.

(23.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of Duluth, Minn., February 7, 1894.

HON. D. W. VOORHEES,
Chairman Finance Committee, U. S. Senate, Washington, D. C.:

SIR: I have the honor of acknowledging the receipt of your circular letter of the 10th ultimo, No. 9, in which you desire—

First. The submittance of my views, or those of my subordinates, as to any modifications or changes which in my opinion would insure a better administration of the customs laws.

Second. The views of myself and immediate subordinates as to whether ad valorem or specific rates of duty are most desirable, and why.

Relative to the first proposition, I would respectfully beg to represent that there is one change in the customs, or perhaps more correctly, in the navigation laws, which, it would seem would be beneficial as affecting the commerce on the Great Lakes. This change is not calculated to increase or decrease the revenue, but only to enable officers of customs to make their records of the commercial transactions of their various localities more exact.

As the matter now stands the masters of vessels in the coastwise trade may suit their own convenience almost entirely as to reporting or clearing their cargoes. For instance, a vessel laden with coal from the lower lakes to Duluth may be cleared to Superior in another customs district, and, if such vessel happens to have a few pounds of freight for that place, will discharge her cargo at Duluth and then proceed a few miles further and report it as discharged at Superior. Then, again, a vessel may clear light from Superior to Buffalo and take on cargo at Duluth or any town on the line of lakes without reporting such facts at any custom-house between Superior and Buffalo. Again, should this vessel take on iron ore, say at Two Harbors, consigned to Cleveland or Erie or any intermediate point between that town and Buffalo, the master may unlade that cargo at such intermediate port not only without reporting the transaction at the custom-house there, but will actually report the cargo as unladen at Buffalo or the place where he delivers up his manifest. This he is enabled to do because by the navigation laws now in force on the lakes vessels are not obliged to report their transactions at intermediate ports at all; that is to say, between the port of clearance and the port of final entry.

In this way cargoes are shipped from this port and others all along the lakes of which there are no official records filed, and at the end of the voyage the port of destination often receives a credit entirely fictitious for commodities which have been landed elsewhere.

As an example of the way this arrangement now works permit me to quote the transactions of this district in iron ore for 1893, choosing this item more particularly because the exact amount of iron ore shipped is known to a nicety:

Amount iron ore shipped.....	net tons..	1,503,667
Same reported shipped at custom-house.....	do.....	1,058,203

That is, a difference of 445,464

net tons, or 42 per cent more of iron-ore shipments than we have any official record of at this custom-house.

This misuse of a privilege under the navigation laws seems to have grown from privileges granted coastwise traders early in the history of this country, when vessels were comparatively small and the cargoes mixed and unimportant, so as to save such from the trouble and expense incidental to reporting at custom-houses for every few pounds of freight scattered along the coast line. For this class of vessels the present privilege might be retained, at any rate, in the time of peace, but for heavy carriers, with bulk cargoes consigned to one port mainly, it would seem as though some record ought to be made both at ports of lading and unlading, and particularly in case of war.

With the exception of the above I can think of no change that would secure a better administration of the customs laws.

The second proposition, "as to whether ad valorem or specific rates of duty are most desirable," I beg to state that in every instance known to me where specific rates are possible they are preferable to ad valorem rates. "Why?" Because the specific system diminishes the possi-

bility of defrauding the revenue by undervaluation. For instance: Horses, under the tariff of 1886, were taxed 20 per cent on their value, and so were invariably undervalued, so that a horse that would readily sell at \$150 or \$200 would be covered by certified invoice that same had been bought for, say, \$60, for I think that was a common price. Of course, the privilege of reappraisal was then, as now, vested in the collector, but it was seldom used.

Under the present tariff all horses valued at \$150 or less are subject to a specific duty of \$30, hence there is no object in the undervaluation of horses under the above price, yet the rate of duty intended is the same. So with fruits or cereals or other commodities. In fact, I know of nothing which can be counted, measured, or weighed, where the quality is not too variable, but what is subject to a more uniform tax under the specific than under the ad valorem rules of duty, hence more just in its application to all.

Very respectfully, yours,

C. F. JOHNSON,
Collector of Customs.

ANNUAL STATEMENT OF COMMERCIAL TRANSACTIONS IN THE CUSTOMS DISTRICT OF DULUTH, 1893.

OFFICIAL STATISTICS.

I.—Arrivals, clearances, and tonnage.

Month.	Foreign.		Ton- nage.	Coastwise.		Ton- nage.	Total tonnage.
	Arrived.	Cleared.		Arrived.	Cleared.		
May	15	22	26, 739	179	174	416, 059	442, 798
June	47	38	56, 795	267	290	657, 379	714, 174
July	42	32	54, 597	257	263	594, 745	649, 342
August	23	21	30, 527	208	223	504, 680	535, 207
September	19	15	22, 767	218	221	525, 164	547, 931
October	19	15	26, 180	187	194	517, 841	544, 021
November	14	22	28, 017	136	127	365, 007	393, 024
December	1	2	765	10	3	7, 133	7, 898
Total	180	167	246, 387	1, 462	1, 496	3, 588, 008	3, 834, 395

Total arrivals and clearances, 3,305; average tonnage, 1,160.

II.—Comparative statement of arrivals and clearances, tonnage and average tonnage.

Year.	Arrivals and clearances.	Tonnage.	Average tonnage.	Yearly average.	
				Increase.	Decrease.
1885	1, 803	1, 372, 233	761	.....	.....
1886	2, 180	1, 694, 831	778	17	.....
1887	2, 475	2, 021, 781	812	34	.....
1888	2, 200	1, 943, 236	887	75	.....
1889	2, 525	2, 452, 123	972	85	.....
1890	2, 534	2, 740, 354	1, 060	118	.....
1891	2, 895	3, 268, 031	1, 125	35	.....
1892	3, 482	3, 810, 652	1, 095	.....	30
1893	3, 305	3, 834, 395	1, 160	65	.....

III.—Imports and exports, 1893.

Foreign imports and duties.					Domestic exports.
Month.	Imports.	Duties.	Tonnage duty.	Total duties.	Value.
January.....	\$1,079	\$200.00	.....	\$200.00	.....
February.....	5,184	2,970.46	.....	2,970.46	.....
March.....	359	214.40	.....	214.40	.....
April.....	892	.....	.....	.....	.....
May.....	9,176	1,104.32	\$35.70	1,137.02	\$336,183
June.....	18,796	1,562.17	23.10	1,585.27	413,585
July.....	17,196	726.13	27.03	753.16	226,483
August.....	21,091	1,590.72	40.56	1,631.28	155,486
September.....	12,496	682.05	16.23	698.28	148,083
October.....	25,947	2,188.94	15.27	2,204.21	131,423
November.....	16,275	2,460.94	.....	2,460.94	8,456
December.....	2,306	796.21	.....	796.21	.....
Total.....	130,797	14,496.34	154.89	14,651.23	1,419,699

IV.—Comparative statement of imports and exports.

Year.	Value of imports.	Duties.	Tonnage duty.	Total duties.	Value of exports.
1888.....	\$86,901	\$2,909.00	\$23.40	\$2,930.40	\$1,207,858
1889.....	21,852	2,931.00	49.80	2,980.80	1,405,447
1890.....	48,027	5,255.86	13.20	5,269.06	1,521,751
1891.....	156,446	4,764.97	86.40	4,851.37	2,079,173
1892.....	117,759	16,706.23	127.84	16,834.12	1,837,936
1893.....	130,797	14,496.34	154.89	14,651.23	1,419,699

V.—Warehouse transactions.

Year.	Commodities bonded.		Withdrawn for consumption.		Remaining in bond.	
	Value.	Duties.	Value.	Duties.	Value.	Duties.
1889.....	\$170.00	\$60.22	\$170.00	\$60.22	.....	.....
1890.....	806.00	759.85	604.60	568.05	\$201.40	\$191.80
1891.....	433.00	822.35	443.40	636.65	191.00	377.50
1892.....	1,109.00	2,804.30	664.16	1,518.47	635.84	1,662.33
1893.....	9,531.55	9,844.03	2,123.24	2,323.98	8,047.15	9,182.33

VI.—Imported and exported in bond.

Year.	Value.	Duties.
1889.....	\$52.00	\$23.40
1890.....	70,823.35	19,247.35
1891.....	58,156.00	10,126.81
1892.....	5,469.00	3,092.05
1893.....	543.00	90.00

VII.—Foreign transit trade, 1893.

Month.	Westward value.	Eastward value.
May.....	\$77,465	\$111,000
June.....	181,514	135,775
July.....	97,111	129,585
August.....	49,732	480
September.....	80,709	1,800
October.....	110,569	211,562
November.....	87,813	357,138
December.....	.....	.....
Total.....	684,913	947,340

VIII.—Foreign transit trade for six years.

Year.	Westward.	Eastward.
1888.....	\$245,094.00	.....
1889.....	705,495.00	\$87,632.00
1890.....	820,164.66	381,850.00
1891.....	714,199.00	626,827.82
1892.....	599,607.00	792,403.50
1893.....	684,913.00	947,340.00

IX.—Duluth tonnage.

Year.	Number of vessels.	Tonnage.
1890.....	32	834
1891.....	35	821
1892.....	40	1,699
1893.....	53	1,912.74

X.—Expense of collecting the revenue from customs.

Year.	Receipts.	Expenses.	Cost of collecting \$L.
1888.....	\$4,557.00	\$4,821.00	\$1.05
1889.....	5,085.00	5,450.00	1.07
1890.....	5,752.97	5,717.46	.99
1891.....	4,850.74	5,491.74	1.15
1892.....	16,834.12	6,820.55	.40
1893.....	14,651.23	6,931.50	.47

XI.—Opening and closing of Duluth harbor for fourteen years.

Year.	Opened.	Closed.	Remarks.
1880.....	May 1	Dec. 17	
1881.....	May 8	Dec. 16	
1882.....	May 15	Dec. 30	
1883.....	May 9	Dec. 29	
1884.....	May 1	Jan. 1	1885.
1885.....	Apr. 27	Jan. 10	1886.
1886.....	May 7	Dec. 30	
1887.....	May 4	Dec. 29	
1888.....	Apr. 21	Jan. 17	1889.
1889.....	Apr. 11	Jan. 12	1890.
1890.....	Apr. 2	Feb. 2	1891.
1891.....	Apr. 30	Feb. 13	1892.
1892.....	Apr. 20	Dec. 26	
1893.....	May 9	.....

XII.—Tonnage admeasurements.

Year.	No. of vessels built.	Gross tonnage.	Net tonnage.
1892.....	7	295.31	201.96
1893.....	3	310.22	203.14

XIII.—Receipts by lake, 1893.

Month.	Coal.	Salt.	Cement.	Sugar.	Manu- factured iron.	Lime and building stone.	Staves.	Package mdse. All other.	Total all kinds.
	<i>Tons.</i>	<i>Bbbs.</i>	<i>Bbbs.</i>	<i>Bbbs.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>M.</i>	<i>Tons.</i>	<i>Tons.</i>
May....	143,648	6,429	11,210	.....	.....	4,210	.....	31,182	183,264
June....	178,827	11,500	3,590	3,650	1,900	2,960	121,260	58,770	373,909
July....	246,324	9,319	3,000	4,885	600	6,019	400,000	30,858	287,545
Aug....	172,228	9,156	2,750	4,230	3,280	1,407	1,022,820	29,041	208,723
Sept....	138,543	6,400	2,175	19,146	.....	1,140	423,000	24,032	207,995
Oct....	118,031	9,701	.....	10,150	.....	3,009	.....	17,800	143,930
Nov....	127,170	26,400	.....	.....	.....	1,378	.....	26,665	158,478
Dec....	.....	3,700	.....	3,500	.....	.....	574,000	4,300	6,100
Total..	1,124,771	82,605	22,725	45,561	5,780	20,123	2,541,080	222,648	1,569,944

XIV.—Shipments by lake, 1893.

Month.	Wheat.	Corn, oats, barley, and rye.	Flax-seed.	Flour.	Mill stuff.	Lumber.	Iron ore.	All other merchandise.	Total all kinds.
	<i>Bushels.</i>	<i>Bushels.</i>	<i>Bushels.</i>	<i>Barrels.</i>	<i>Tons.</i>	<i>M feet.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>
April									
May	2,343,263	15,700	128,560	287,667	572	7,290,100	53,256	17,562	220,766
June	3,225,962	12,700	.....	447,403	1,154	16,263,850	180,413	6,840	327,344
July	1,048,743	3,862	.....	424,705	3,862	6,741,122	165,498	5,336	272,178
August	723,328	.....	.....	401,975	873	14,485,000	161,730	11,556	254,191
September	1,434,000	10,000	.....	435,200	2,055	14,260,000	183,036	5,138	300,779
October	1,569,823	50,000	.....	411,865	1,872	8,012,000	198,455	4,057	301,974
November	1,023,275	.....	.....	672,700	1,095	4,355,000	115,815	3,710	220,244
Total	11,359,394	92,262	128,560	3,081,515	11,483	71,347,072	1,058,203	54,199	1,897,476

XV.—Receipts and shipments by lake, 1893, from unofficial sources.

Commodities.	Receipts.	Shipments.	In tons.
Wheat .....	.....bush.....	19,726,261	597,766
Corn .....	.....do.....	15,000	375
Oats .....	.....do.....	193,328	3,220
Barley .....	.....do.....	64,307	1,608
Rye .....	.....do.....	24,300	405
Flax seed .....	.....do.....	258,414	7,389
Flour .....	.....barrels and sacks.....	4,568,208	*456,821
Mill stuff .....	.....tons.....	37,804	37,804
Coal .....	.....do.....	1,172,970	1,172,970
Iron ore .....	.....do.....	{ 1,010,540 } { †493,127 }	{ 1,503,667 }
Copper .....	.....do.....	4,400	15,704
Manufactured iron .....	.....do.....	4,400	4,400
Salt .....	.....bbls.....	8,800	1,760
Cement .....	.....do.....	34,692	6,938
Building stone .....	.....tons.....	19,400	19,400
Limestone .....	.....do.....	18,000	18,000
Cedar .....	.....cords.....	3,700	5,550
Lumber .....	.....feet.....	92,360,000	138,540
Shingles .....	.....do.....	13,530,000	1,691
Fish .....	.....tons.....	1,185	1,185
Sand and gravel .....	.....do.....	78,000	78,000
Staves .....	.....do.....	53,720,000	53,720
Laths .....	.....do.....	15,686,000	1,961
Sugar .....	.....bbls.....	52,860	10,351
Miscellaneous merchandise.....	.....tons.....	147,317	169,604
Total .....	.....	.....	4,308,829

Timber afloat, 640,500,000 feet.

* The secretary of the board of trade estimates that at least 25 per cent of the flour reported above, or 114,000 tons, was really mill stuff.¹⁾

† Two Harbors.

‡ Duluth.

The above tables should constitute complete statistics of the customs district of Duluth, as far as lake carriage is concerned, as they are official abstracts from the custom-house books. For reasons which I have explained fully in previous Annuals, however, this is far from being the case. The same conditions exist now as before, viz, that vessels need only report their arrivals and clearances; the reporting of their cargoes still remains subject to the convenience, or caprice, of the masters. Superior still continues to have the advantage under this arrangement, and to adjust the discrepancy against Duluth at least 15 per cent of her commercial transactions should be deducted and added to those of Duluth. In this connection it is to be remarked, however, that there is now a greater disposition on the part of the two cities at the head of the lake to pull together for the common good of both, and that being the case it does not so much matter which side gets the advantage in big figures. The fact is that both places suffer in their official showing from the laxness of the navigation laws to an extent that would hardly be credited were it not for figures which can not be disputed. The discrepancy between the official figures of tons moved to and from Duluth Harbor, and the actual figures from unofficial sources can be discovered by comparing the totals of Tables XIII and XIV, which aggregate 3,467,420 tons, with the sum total of Table XV, viz, 4,308,829 tons; the difference being 841,409 tons, or 25 per cent more than our official figures are able to show.

But enormous as this difference is, it is probably not enough to show the actual discrepancy. A practical demonstration of this is furnished by the iron ore output

at Two Harbors and Duluth, an example about which there can be no possible controversy, for the actual shipments are known to a pound:

	Tons.
Output of iron ore from Two Harbors, unofficial.....	1, 010, 540
Output of iron ore from Duluth, unofficial	493, 127
	<hr/>
Total from unofficial returns	1, 503, 667
Total from reports at custom-house.....	1, 058, 203
	<hr/>
Tons shipped more than custom-house reports.....	445, 464

Hence if the transactions in iron could be taken as a criterion, it would be necessary to add 42 per cent to all our transactions in order to arrive at correct returns. By this it will be seen that the amount of 25 per cent arrived at above to be added to the official record of tons moved can not possibly be an overestimation of the facts.

(24.)

OFFICE OF THE SURVEYOR OF CUSTOMS,
Port of St. Joseph, Mo., February 6, 1894.

Hon. D. W. VOORHEES,
Chairman Committee on Finance, Washington, D. C.:

SIR: Replying to your letter of January 10, 1894, I have the honor to submit the following:

* * * * *

In many instances the duty ought to be specific, as it prevents undervaluations. Tin plate, dress goods, cottons, etc. Specific and ad valorem duties both are subject to objections.

Respectfully,

JAMES LIMBIRD,
Surveyor of Customs.

(25.)

CUSTOM-HOUSE, ST. LOUIS, MO.,
Surveyor's Office, February 17, 1894.

Hon. D. W. VOORHEES,
Chairman Senate Finance Committee, Washington, D. C.:

SIR: Replying to your communication of the 10th ultimo I have the honor to say, in answer to your first question, that my experience in the customs service is too limited to enable me to make any suggestions that would throw light on the questions you ask. This being an interior port I find no difficulty in enforcing the present law as applied to the customs service. There is one point, however, to which I desire to call special attention. It is this: The consuls abroad in making up and certifying an invoice of goods should be required to give the market value of the goods at the place of the purchase and not what the party purchasing may have paid for them. In this way each importer would be required to pay a uniform rate of duty. This is the requirement of the present law, but I am satisfied it is not always done, and this invasion results in injustice to small importers. As an illustration of the manner in which this is done I state the following instance: A and B, importers, purchase at the same place and from the same foreign manufacturer a bill of the same class of goods, but A purchases \$50,000 worth while B purchases only \$5,000 worth; A gets a discount of 2 per cent on his purchase, because it is a large one; B gets no such favor, because his purchase is small. Both bills are invoiced at what is paid for the goods, and hence A pays a duty of 2 per cent less valuation than B.

I am satisfied that transactions of this kind are uniformly or very largely made, and it occurs to me that this might be corrected by requiring the consul to be more vigilant and careful in ascertaining and putting in the invoice the actual market value of the goods at the place of purchase. While I have no absolute knowledge that this is done, nor can I point to any specific case in which I could say that this probably occurred, yet I am satisfied that the thing does occur, and that it operates unjustly to the smaller importer, and tends to drive him out of the market.

The appraiser is required to appraise the goods at their market value at the place of purchase, but he has no means of ascertaining what that market value is, save and except from the invoice, and hence you will see the necessity of great care and circumspection upon the part of the consul certifying the invoice.

If this is done, then to my mind your second question, "whether ad valorem or specific rates of duty are the most desirable," should be answered that ad valorem rates of duty are the most desirable.

If the purpose be to raise revenue and not protection, and the suggestions that I have made with reference to the consul invoice be observed, this, in my judgment, would operate equitably upon all; all would pay taxes on the value of what they purchase.

Very respectfully,

R. DALTON,
Surveyor of Customs.

(26.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of Fort Benton, Mont., February 9, 1894.

Hon. D. W. VOORHEES,

Chairman Committee on Finance, U. S. Senate, Washington, D. C.:

DEAR SIR: Your circular letter dated January 10 only reached this office yesterday, having first gone to Missouri and from there forwarded.

Regarding the workings of the existing tariff laws in my district, I have the honor to state that the only importations from foreign countries are coal and silver-lead ores. A duty of 75 cents per ton on the former article and 1½ cents per pound on lead contained in the latter.

So far as the district is concerned it makes no difference whether an ad valorem or specific rate of duty is levied. However, the latter, in my judgment, would be preferable, as the amount of duty is more easily determined than where valuations must be determined.

The principal importers in this district are the Great Falls and Canada Railway Company, who are large importers of coal from Lethbridge, Northwest Territory, Canada.

Very respectfully,

DAVID G. BROWNE,
Collector.

(27.)

OFFICE OF THE SURVEYOR OF CUSTOMS,
Port of Omaha, Nebr., February 5, 1894.

Hon. D. W. VOORHEES,

Chairman Finance Committee, U. S. Senate:

SIR: Replying to the two questions propounded in your circular letter of the 10th ultimo just received, I desire to say:

First. (1)—Inasmuch as most interior ports are not possessed of lin-

guists, it would aid officials if invoices were compelled to be in English. (2) That customs collectors at ports where subtreasuries do not exist be authorized to deposit customs receipts with a U. S. depository for transmission to the Treasurer, instead of sending it by express to the nearest subtreasury. The official at most interior ports could then relieve himself daily of receipts, instead of holding at his personal risk until a sum sufficient to remit accumulates. Moreover the annoyance of attempting to detect light-weight coins with meager facilities would be avoided. I recently received \$11,000 in duties on one importation in double eagles. After the closest scrutiny I had \$580 returned to me as light weight, and suffered personal loss of \$5.60. Internal revenue collectors are permitted to deposit with local depositories, and if the same privilege were extended to customs collectors the convenience would be appreciated. (3) The reduction by about one-half of customs ports would be a very wise move toward economy.

Second. (1)—I hold to specific duties, whenever practicable, because I believe the Government loses less through fraud, and would be saved much costly litigation. There could also be a saving in cost of expert service in valuation. (2) It is practically impossible, at many interior ports, to pass intelligently upon values where a great variety of merchandise is handled. It is, therefore, possible for importations to be undervalued without detection, whereas specific duties invite computation which can not fail of being accurate.

Experience of several years has led me to believe that duties on goods withdrawn from warehouse should be collected on weights at first withdrawal, and not upon final withdrawal after one, or possibly two or three rewarehousings, in different ports. Tobacco, for instance, shrinks materially by frequent reshipments, and as all goods are warehoused as a convenience to importers, duties should be paid on what the importer receives. There is an allowance made for shrinkage in weight, but no allowance for shrinkage in quantity (liquors), and as specific duty is assessed on both tobacco and liquor, they should be treated alike.

Respectfully,

W. H. ALEXANDER,
Surveyor, Omaha, Nebr.

(28.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of Pembina, N. Dak., February 21, 1894.

Hon. D. W. VOORHEES,

Chairman Finance Committee U. S. Senate, Washington, D. C.:

SIR: I have the honor to state, in reply to your circular letter of the 10th ultimo, just received, requesting the views of this office—

First. As to any desirable changes or modifications in existing laws which would insure a better administration of custom laws, that in the experience of this office the existing customs administrative acts have been found to meet satisfactorily all contingencies arising in this district in the administration of customs laws.

Second. As to whether ad valorem or specific rates of duty are most desirable, and why?

I have the honor to state that the experience of this office has been that in the interest of the prevention of fraud upon the revenue, specific rates of duty, in all cases where such rates are practicable, are decidedly the most desirable.

The most fruitful source of frauds upon the revenue from customs would seem to be a persistent system of undervaluation by means of fraudulent invoices. It is true that all foreign invoices of importations, valued at \$100 or more, must be accompanied by consular certificates, ostensibly certifying to the foreign market value of the goods; but this requirement is, in a great many cases, rendered valueless by collusion between the foreign vender and the American vendee, whereby one set of invoices (undervalued) is furnished to the U. S. consul for customs purposes and another correct set furnished the importer. All importations are critically inspected and examined at the first port of arrival in the United States, and quantities easily and correctly ascertained by customs officers, so that specific rates of duties could be levied and all opportunities for fraud prevented. These views are fully concurred in by my responsible subordinates.

I am, very respectfully, your obedient servant,

N. E. NELSON,
Collector of Customs.

(29.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of Edenton, N. C., February 5, 1894.

Hon. D. W. VOORHEES,

Chairman Finance Committee, U. S. Senate:

SIR: Your letter of January 10 has been received, and in reply would submit the following report:

First. I have no suggestions to make in relation to changes which would insure a better administration of the custom laws.

Second. Myself and subordinates are convinced that ad valorem duties are most desirable. And why? Because they are fairer under all circumstances and require no payment of duty except for value received.

I would remind your honor that we have not an importer in this district. All the goods designed for this district by foreign importation find their way to Norfolk, Va., where they are bonded for, and if they come in this district at all, as occasionally bonded salt does, it comes under bond from Norfolk, Va.

Yours, respectfully,

K. R. PENDLETON,
Collector of Customs.

(30.)

CUSTOM-HOUSE, NEWBERN, N. C.,
Collector's Office, February 6, 1894.

Hon. D. W. VOORHEES,

Washington, D. C.:

SIR: In reply to your circular letter, No. 9, interrogations concerning working of the existing "tariff laws," I would respectfully state, first, that I believe they should be changed, and that the Wilson bill as formed by the House of Representatives, including the internal-revenue and income tax, meets with general approval of this community; second, I believe that both ad valorem and specific duties are necessary, but where it is possible the ad valorem duty should be applied.

Respectfully,

S. H. LANE,
Collector of Customs.

(31.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of Suspension Bridge, N. Y., February 13, 1894.

Hon. D. W. VOORHEES,

Chairman Finance Committee, U. S. Senate, Washington, D. C.:

SIR: I have the honor to acknowledge the receipt of your circular letter 10th ultimo, asking me to submit my views—

First. As to any changes or modifications which I or my responsible subordinates believe would insure a better administration of the customs laws. I have no views upon this question that I desire to submit except that the present laws seem to work satisfactorily.

Second. As to my views, and my immediate subordinates, as to whether ad valorem or specific rates of duty are most desirable and why?

I am entirely clear in my own mind, after considerable experience, that specific duties on nearly all the merchandise imported at this port and other ports along the Canadian frontier are most desirable, for the reason that they obviate the opportunities for fraud and undervaluation, and render more economical the collection of the revenue. It is not difficult to ascertain the number of bushels of beans, peas, barley, potatoes, apples, etc., or the tons of bran or hay, pounds of butter or cheese, number of lambs, sheep, horses, or cattle, but very difficult to ascertain the actual market value of these products in the principal markets of Canada, and will be so as long as human nature remains as it is.

My experience has taught me that many importers will invoice below actual value to escape paying the proper duties; that different shippers will give different values, and different appraisers or collectors will come to different conclusions as to values, so that rates are not the same at the different ports on this frontier. The expense of collecting ad valorem duties is greater than that of collecting specific duties, because it becomes necessary to keep special officers in Canada to ascertain actual values. For the above and other reasons, I believe that generally specific duties are desirable

Very respectfully,

JAMES LOW,
Collector.

(32.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of Oswego, N. Y., February 9, 1894.

Hon. D. W. VOORHEES,

*Chairman Finance Committee,
 U. S. Senate, Washington, D. C.:*

SIR: I have the honor to acknowledge the receipt of your communication dated January 10, 1894 (No. 9), relating to the working of the present tariff, etc.

First. The present tariff has been very destructive to the commerce of the port of Oswego. Formerly, when the duty on barley was 10 cents per bushel, nearly one-half of the barley imported into the United States was received at the port of Oswego, N. Y.

For several years more than 4,000,000 of bushels were annually received here, paying a duty of \$400,000. In 1893 only 1,780,710 bushels were imported into the United States, paying a duty of 30 cents per bushel; total duty on barley collected in the United States in 1893, \$534,243. (*See Exhibit A.*)

See also Exhibit A and Exhibit B, inclosed, for the damage done to bonded warehouses, to malting interests, to laboring men, decrease in the price of barley, decrease in importation, decrease in revenue, loss of millions of dollars invested in bonded warehouses, elevators, and buildings erected for the manufacture of malt. (*See Exhibit A.*)

Second. It is believed that ad valorem duties should be levied instead of specific. They are more just to the poor consumer. If the poor man pays 25 per cent ad valorem duty on 5 yards of imported cloth, worth \$2 per yard, used in making a suit of clothes for himself, the dutiable increased cost to him is \$2.50. If the rich man uses 5 yards of cloth worth \$5 per yard the increased dutiable cost to him is \$6.25. This is as it should be. The consumer should pay in proportion to the value he consumes.

Yours, very truly,

W. J. BULGER,
Collector.

EXHIBIT A.

DUTY ON BARLEY—LOW DUTY INCREASES IMPORTATION AND REVENUE.—PRICE OF BARLEY—LOW AND HIGH DUTY.

REASONS WHY THE DUTY ON BARLEY SHOULD BE REDUCED TO 10 CENTS PER BUSHEL.

The duty on barley for many years before the passage of the McKinley act was 10 cents per bushel. By the passage of that act it was increased to 30 cents per bushel. If the imposition of such additional duty does not increase the revenue or protect the farmer or laborer in the industry of raising barley it would seem that no necessity existed for the imposition of the increased duty by the McKinley act. Indeed, if, in addition to the fact that the revenue derived from the importation of barley at 30 cents a bushel is less than it was at 10 cents, and that the price of domestic barley is less than it was before the duty was increased (we are able to show that the imposition of the present duty amounts almost to a prohibition of the importation of barley), the facts thus presented would of themselves solve the problem without further elucidation or argument, and convince our lawmakers that it has become a public necessity to return to the old standard of duty on this commodity.

And in considering this question this conclusion must be reached aside from the fact that the prohibition of the importation of barley resulting from the excessive duty has substantially destroyed the exclusive industry of converting Canada barley into malt in all of the frontier cities of the lakes which flourished under the old rate of duty.

While we do not invoke the aid of Congress to especially protect this business industry, we do protest against that class of legislation which destroys it and brings neither revenue to the Government nor protection to the farmer or laborer. It is a well-known fact that the importation of barley from Canada before the increase of duty, and its conversion into malt at Oswego, Buffalo, Albany, and New York, aided materially in sustaining great transportation interests by lake and canal, increased the demand for labor in malting and shipping the malt, and invited the investment of large sums of money in the plant necessary for that purpose in the cities along the lake frontier.

All these interests have been affected by raising the duty on barley, and some of them well-nigh destroyed, and no equivalent benefit, or any benefit whatever, has resulted to the Government in duties or to the farmers in prices, as is apparent by the schedule of importations and duties collected and prices paid for ten years past. I invite your careful attention to the following schedule, taken from the Bureau of Statistics at Washington, showing the amount of barley imported from the Dominion of Canada (and the amount shipped in bond through and exported

from this country which paid no duty) during the years from 1884 to 1893, inclusive, and the amount of duty paid to the Government both under the high and low tariff, to wit:

Year ending June 30—	Imported.	Exported.	Amount pay- ing duty.	Rate of duty.	Amount of duty paid.
	<i>Bushels.</i>	<i>Bushels.</i>	<i>Bushels.</i>	<i>Cents.</i>	
1884	8,596,122	.....	8,596,122	10	\$859,612.20
1885	9,986,494	6,598	9,979,896	10	997,989.60
1886	10,197,115	14,414	10,182,701	10	1,018,270.10
1887	10,449,061	41,616	10,407,445	10	1,040,744.50
1888	10,445,551	4,500	10,441,051	10	1,044,105.10
1889	11,365,881	.....	11,365,881	10	1,136,588.10
1890	11,327,046	9,793	11,317,253	10	1,131,725.30
1891	5,076,461	300,741	4,775,720	10-30	*500,000.00
1892	3,144,918	504,301	2,640,617	30	792,185.10
1893	1,969,761	88,901	1,780,810	30	534,243.00

* About.

Chicago barley market.

Year.	Range of prices for No. 2 barley for—		
	September.	October.	November.
	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>
1890	75 to 77½	72 to 80	76 to 80
1891	60 to 64	60 to 61	59 to 60
1892	63 to 66	58 to 64	58 to 60
1893	56 to 58	.....	.....

These facts are convincing. The barley imported from July 1, 1883, to July 1, 1890, with duty at 10 cents per bushel, paid an average of over \$1,000,000 per year to the United States. For the year ending July 1, 1893, there was imported, under the high tariff, only 1,969,761 bushels (88,951 bushels were exported), leaving 1,780,810 bushels which paid duty at 30 cents, realizing only \$534,243, as against an average of over \$1,000,000 at the lower rate of duty. This ratio, as you will observe by examination of the schedule, holds good through all the years of high and low tariff down to 1893, as does also the prices, the higher prices prevailing during the years of the 10-cent duty, and the lower during the years of the 30-cent duty.

Then, if there are less imports and less duties received, and the price of barley is lower under a high tariff than a low one, what protection does it afford to the farmer or laborer, and what interest to the General Government or the public does it conserve? None whatever. It is simply a tax which practically prohibits the importation of all barley.

Then it must be concluded that a high rate of duty on barley inflicts injury upon a considerable number of our people; that there is no equivalent benefit or, in fact, any benefit, to others; that the promised benefit to the farmer is a snare and a delusion, as the results of the experiment clearly establish; and that the decrease in the revenues to the Government is great under the high tariff. The farmer and laborer and maltster all suffer directly by the high rate of duty, and besides are compelled to contribute their share to make up the deficiency in the revenue, resulting directly from the increased tariff, which was designed, as the advocates of the measure contended, to protect the farmer.

The practical test of the measure has been applied; the results are shown; the farmer is not benefited—his prices are no higher; demand for labor is decreased; the revenues of the country are decreased; and the great industry of converting Canada barley into malt almost annihilated. These results are not prophesied or anticipated—they are accomplished realities.

The maltsters at Buffalo and Oswego, and other lake ports, are known in the market as manufacturers of Canada malt—or malt made from Canada barley—and they have no lines of trade established for any other kind of malt.

The malting interests, therefore, for the reasons stated, urge a reduction of the duty on barley to the old standard of 10 cents per bushel, which will, as we have abundantly shown, increase the revenue and enrich the country, preserve and foster the present malting interests and cause the establishment of new industries of the same character, increase the demand for labor and the rate of wages, protect alike the farmer and the consumer, and at the same time increase the revenue of the Government and enrich the country by decreasing the rate of duty and increasing the importation.

Upon this experience for ten years, sustained by facts and figures from the records of the Government, we have these disastrous results as to barley importation because of the McKinley bill:

- (1) A decrease of importation.
- (2) A decrease of revenue under an increased duty.
- (3) A decrease in the price of home barley.
- (4) A decrease of the demand for labor because of the diminished importations, and hence a tendency to increase the price of wages.
- (5) An abandonment at the port of Oswego of all the bonded warehouses save one (there were five) for the storage of imported dutiable barley.

EXHIBIT B.

BARLEY AND MALT DUTY SHOULD NOT BE THE SAME.—DUTY ON BARLEY SHOULD BE LOWER THAN ON MALT.

REASONS WHY THE DUTY ON BARLEY AND MALT SHOULD NOT BE THE SAME.

By the act in force prior to the passage of the McKinley bill (since 1883) the duty on barley was fixed at 10 cents and on malt at 20 cents per bushel. Under the McKinley bill the duty on barley was increased to 30 cents per bushel and on malt to 45 cents per bushel. It will be observed that under the tariff laws since 1883 there has been a wide difference in the amount of specific duty on barley and malt, the rate on malt being nearly or quite double that on barley at all times. This discrimination is necessary for the following reasons:

(1) To protect the laborer in the industry of converting barley into malt and to prevent a decrease in wages.

(2) To protect the vast malting interests upon the Northern frontier.

(3) To secure a greater revenue to the Government by a lower duty on barley than malt. This result is proved by the statistics showing the amount of barley imported and revenue received therefrom before the passage of the McKinley bill. Since then there has been very little importation of either; from 1886 to 1890 53,785,654 bushels of barley were imported, yielding a revenue of \$5,378,565. The importation of malt was substantially nothing, and during that period all the great business interests of importing barley from Canada and manufacturing malt on our Northern frontier were flourishing, affording labor to thousands of our people; and unless there be a difference in the duty on barley and malt of at least 15 per cent our vast industry of malting Canada barley will be transferred to Canada and that branch of industry here destroyed, without any increase of revenue or any other equivalent benefit, or any benefit whatever to others.

Again, this discrimination is in line with the theory of the present act—a reduction of the duty upon the raw material and an imposition of duty upon the manufactured article.

We must remember, before proceeding to discuss the question, that a bushel of barley is 48 pounds and a bushel of malt is 34 pounds, the increase in bushels by the process of malting being about 15 per cent because of the decrease in pounds, but an actual decrease in fact of about 10 pounds to a bushel of barley by the process of converting it into malt.

Under the proposed tariff bill, as given out by the press, the duty on the raw material (barley) and the manufactured article (malt) are fixed at the same rate, to wit, 20 per cent ad valorem.

Under this rating the duty on the manufactured article (malt) will be lower than on barley, the raw material, thus giving a premium to the maltster in Canada. We may assume that the chief importation of barley and malt in the future will, as it has in the past, come from Canada. As Toronto is the largest barley market in Canada, and controls the prices of the Dominion, let us illustrate the practical working of the present bill by locating a malt house in that city competing with the American maltster. The price of barley there at the malt house door averages about 55 cents a bushel. This barley is converted into malt at Toronto.

Say 100 bushels (of 48 pounds) cost in malt house.....	\$55.00
This 100 bushels of barley will produce 115 bushels of malt (of 34 pounds), making the malt cost.....	47.08
Add cost of manufacturing or malting.....	5.00
Freight to Suspension Bridge.....	2.00
<hr/>	
Total cost of malt at the frontier.....	54.80
Add profit, 5 cents per bushel.....	5.00
<hr/>	
Making a total of.....	59.80
Making practically, say, 60 cents per bushel, at which price malt may be entered for duty, which, at 20 per cent ad valorem, will be 12 cents per bushel.	

Now let us consider the case of the American maltster who has to buy Canadian barley and manufacture it into malt in the United States.

Cost of barley in warehouse as before	\$55.00
Storage and shipping	5.00
Lake freight and insurance	3.00
Elevating and insurance at port of entry on our frontier.....	2.50
Total.....	65.50
Duty, 20 per cent.....	13.20
Total.....	78.70

Which results in a duty of $13\frac{1}{2}$ cents per bushel on the valuation aforesaid. And this duty the American maltster is compelled to pay on the raw material before it goes into his malt house, while the Canadian maltster is not obliged to pay any duty till he sells his malt. And the interest for this period alone is at least $1\frac{1}{2}$ cents per bushel. This is a discrimination against the American maltster of at least 1 to $1\frac{1}{2}$ cents a bushel in duty, and the same sum for the interest thereon, making a discrimination against the American maltster who manufactures Canadian barley into malt of nearly 3 cents a bushel, or about 6 per cent on these two items, ignoring for the time the question of freight.

These figures bring the barley and malt to our frontier, and the question of freight in sending the malt to market has been ignored. But that question should be considered.

When the Canadian maltster sells any malt it goes to the malt markets of the United States, the principal market being New York City and vicinity; therefore his malt goes through on a through rate of freight, whereas the American maltster is obliged to pay two local freights—first, on the barley to his malt house on the frontier, and, secondly, on the malt manufactured from his malt house to the market. That difference between local and through freights is frequently as high as 5 cents a bushel.

So it will be seen that the foregoing statement does not produce the most favorable result to the American maltster upon the facts as they actually exist. We have here placed the competing Canadian malt house in Toronto, the largest barley market in Canada, rather than the interior country towns where barley is cheaper. We have also assumed the American maltster to have his malt house upon our frontier ports rather than in the interior, where his Canadian barley would necessarily cost him more when it reached its destination; hence the importance of considering the question of freight in arriving at a correct conclusion.

The American maltster using Canadian barley does not ask for high protective duties. He simply asks to be put on a fair and just footing with his Canadian competitors. If the duty on the raw material (barley) is to be 20 per cent ad valorem it would seem fair that a duty of 35 per cent should be placed on malt, or by reducing barley to 5 per cent and leaving malt as it is; otherwise the necessary result will be a gradual decline in the importation of Canada barley, and a corresponding increase of the importation of Canadian barley malt, resulting in a decrease of revenue and an annihilation of the great malting interests of the Northern frontier.

Under the McKinley bill, notwithstanding the high rate of duty—30 cents a bushel—the revenue has decreased to one-half the amount realized under the prior low rate, and its effect has been to reduce importation from over 11,000,000 bushels to less than 2,000,000 bushels per annum; and because of the higher rate of duty on malt under both acts its importation has been substantially nothing. More barley was imported at the port of Oswego alone before the McKinley act went into effect than there has been in the whole country since, and under the wise discrimination of the duty on barley and malt there has been substantially no malt imported.

(33.)

OFFICE OF COLLECTOR OF CUSTOMS,
Port of Rochester, N. Y., February 5, 1894.

Hon. D. W. VOORHEES,
U. S. Senate, Washington, D. C.:

SIR: Referring to your circular letter No. 9 of the 10th ultimo, I would respectfully state—

First. That I have no modifications or changes to submit as to the administration of the customs laws. The laws now in force are, in my

judgment, good and sufficient for all customs business transacted in this district.

Second. In my opinion specific rates of duty give less opportunity for fraud upon the revenues than ad valorem rates. This is, I believe, the opinion of most of the Treasury officials.

Respectfully, yours,

HENRY HEBING,
Collector.

(34.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of Ogdensburg, N. Y., February 7, 1894.

Hon. D. W. VOORHEES,
Chairman Senate Finance Committee, Washington, D. C.:

SIR: Replying to your circular as to duties, etc., I hand you herewith a letter from Deputy Collector Frank Johnson, whose services in this office date from 1867, and has therefore had personal experience with specific and ad valorem duties.

Not having had such experience, I restrain from expressing an opinion.

Respectfully,

W. R. REMINGTON,
Collector.

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of Ogdensburg, N. Y., February 7, 1894.

Hon. W. R. REMINGTON,
Collector, etc.:

SIR: Replying to your request of a recent date for an expression of opinion by me as to certain inquiries in relation to the "workings of present tariff laws," and "such changes as would insure a better administration of the customs laws," made by Hon. D. W. Voorhees, chairman Senate Finance Committee, I would say:

First. That all importations should be entered and appraised at first port of entry, i. e., that is, at port of arrival in the United States, and no importations be permitted to pass from one port to another under consular seal.

Second. That all persons in the consular service of the United States be compelled to ascertain market values of all merchandise, so that when they authenticated an invoice from their consular districts that the collector of customs, where the merchandise was destined, would be certain of its entered value as the consul, under such circumstances as the value on the invoice presented to him being below that of the market, would notify the collector.

Third. That an entry fee be charged on all importations into the United States.

Fourth. That collectors of customs should be given authority to employ, whenever in their opinion the interests of the service required, special detectives unknown in the vicinity where they would be stationed.

Fifth. That specific duties are most desirable in every case where it is possible to levy them, for the reason (1) that it always can be ascertained to a certainty how much there is of an importation, whether the duty be so much per yard, pound, bushel, ton, or other unit of quantity making no difference, the amount being in each instance easily calculated; (2) that it is almost an impossibility for an appraiser to know how much another person paid for any article which he wanted—for instance, the market value of an article might be a certain amount and a person take a liking to it, and, in order to get it, pay much more than the market value and yet enter it for that, the appraiser being powerless to detect the fraud; (3) in a case where the whole product of a mill is purchased (viz, of lumber, for instance) at a certain price, when it comes to be shipped to the United States it is graded and qualities changed so much that it is almost an impossibility for the fraud to be detected; (4) fluctuations in the

market value are always occurring, and a value correct one week may be entirely wrong the next, and the appraisers not be able to ascertain the true one. With duties all specific they may go up or down and the Government get all its due.

Such are some of the reasons which have come under my observations during a service at this port since April 1, 1867, why duties should be specific, etc.

Respectfully, yours,

FRANK JOHNSON,
Deputy Collector.

(35.)

CUSTOM-HOUSE, GREENPORT, N. Y.,
Surveyor's Office, February 8, 1894.

Hon. D. W. VOORHEES,
Washington, D. C.:

SIR: Your communication received; in reply would say we have no importers in this town, and for a better administration of the custom laws the collector of this district should be at Greenport instead of Sag Harbor. There is fully ten times the work performed at this office (which is only a surveyor's office) than there is at Sag Harbor. The shipping, in general, would be better benefited. If you think such a plan could be carried out I could secure the names of all the masters and owners of vessels hailing from this port, representing over 10,000 tons of vessel property gross. Any effort on your part would be greatly appreciated by all. Should you wish at any time for me to attend to any business relating to Government matters I should most willingly and cheerfully attend to same.

Respectfully, yours,

JOHN A. BASSAREAR,
Surveyor of Customs.

(36.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of New York, February 28, 1894.

Hon. D. W. VOORHEES,
Chairman Finance Committee, U. S. Senate, Washington, D. C.:

DEAR SIR: I have to acknowledge the receipt of your circular letter of January 10, 1894, in which you ask for a report from me (1), as to what modifications or changes I or my responsible subordinates believe would insure a better administration of the custom laws; and (2), the views of myself and my immediate subordinates as to whether ad valorem or specific rates of duty are most desirable, and why?

Replying thereto I have to submit, in answer to your first inquiry, the annexed letters of Special Deputy Collector Couch and Acting Deputy Collector Quackenbush.

In answer to your second inquiry I have to say that, in my own opinion, ad valorem duties are more desirable than specific rates of duty as a general rule. There are, of course, instances in which the specific rates would, in my opinion, be more desirable, but these are exceptional.

I can add nothing by way of argument in favor of this position to that which has already been fully and ably expressed by the honorable Secretary of the Treasury in his recent annual report.

Very respectfully, yours,

JAMES T. KILBRETH,
Collector.

MEMORANDUM.

Whereas, the administrative act, so called, of 1890 deals practically only with the methods of ascertaining the dutiable value of imported merchandise liable to duty, and

Whereas, the actual administration of the customs service, embracing the entering of vessels from foreign ports, their unloading, and the distribution of their cargoes, is based almost exclusively on the act of 1799, which act itself was a modified copy of the customs laws of Great Britain, then existing, and was adapted necessarily to the conditions of commerce carried on by means of vessels propelled solely by sails, and the burden of such vessels, compared with the steamers that are now engaged in foreign commerce, was as about one to ten.

It would seem desirable that a commission should be appointed either by the Secretary of the Treasury, with a view of recommendation to Congress, or by the authority of Congress itself, to take into consideration so much of the act of 1799, and the various partial amendments thereto, with a view of reporting a comprehensive system for the administration of the customs service based upon the advancement in the facilities of transportation and existing condition of commerce.

It is respectfully suggested that such a commission should embrace representatives of the shipping interests, of the importing interests, and persons familiar with the practical workings of the customs service as it now exists.

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of New York, February 26, 1894.

HON. JAMES T. KILBRETH,
Collector of Customs, New York, N. Y.:

SIR: Referring to request of the Hon. D. W. Voorhees, chairman of the Finance Committee of the United States Senate, for your views as to any modification or changes which you believe would insure a better administration of the customs laws, I hereby make the following suggestions:

Section 26 of the Wilson bill, now before the Senate, is mainly a reproduction of section 4 of the act of June 10, 1890, and in my opinion is not sufficiently definite and clear in that portion which provides for importations of merchandise on memorandum invoices when the value is \$100 or less. In these cases the importers claim that the law as it stands does not, in terms, require consular invoices, and consequently they invariably fail to produce them; and the collector, acting under Department instructions (SS. 10293), has no discretion unless it appears that a shipment has been broken up to evade compliance with the law.

There is a class of merchandise, consisting of toys, cheap glassware, and crockery-ware, manufactured in and about Nuremberg that rarely, if ever, costs \$100 per package, and some of the consuls claim that by reason of change of styles and new productions it is often very difficult to keep the run of the cost of production.

If it were compulsory that invoices of this character must be presented at the consulate for verification, undervaluations, if there were any, could more easily be detected. The largest importers of these commodities have agents at the port of shipment, and yet it frequently happens that they present with their entries by one vessel from one to ten of these small invoices, each of the value less than \$100, consigned on the face of the papers by small manufacturers to one consignee. In view of the fact that the proposed new law contemplates many changes from specific to ad valorem duties—notably, fruits and other commodities from Mediterranean ports, upon which the actual purchase price or dutiable value becomes an important factor—and as many of the consignments of this class of merchandise are shipped, on invoices of value less than \$100, in the name of the small growers who actually produce them, a more careful provision should be made to ascertain the exact cost of production.

The present law seems to be wholly inadequate to meet the increasing volume of this class of importations. If the law could be so amended as to compel the shipper or his agent to consolidate these several small invoices at the port of shipment into one general invoice, the U. S. consuls would have an opportunity of obtaining valuable information, in regard to cost of production, not otherwise obtainable.

The percentage of cost on each of these small invoices when thus consolidated would be small, and when consolidation was for any reason impractical and the value less than \$100, there ought to be a reasonable reduction in the consular fees, so as not to exceed 50 cents on each invoice.

The main features of section 5 of the act of June 10, 1890, are reproduced in section 27 of the Wilson bill, and includes the provision authorizing declarations and oaths required for customs purposes to be taken "before a notary public or other officer, duly authorized by law to administer oaths and take acknowledgments, who

may be designated by the Secretary of the Treasury to receive such declarations and to certify to the identity of the persons making them."

This provision was an innovation for the first time on an established custom under the law in force since the passage of the first act providing for the collection of revenue. When its adoption was proposed it was considered by some of those whose position gave them an opportunity of judging that it might prove a hazardous experiment. Experience since its adoption has demonstrated the correctness of this position, and I do not think that this provision should be reenacted in the new law.

A large proportion of the customs notaries designated at this port to administer oaths and acknowledge declarations are custom-house brokers and merchants' clerks and brokers' clerks. All are more or less under the control of those who employ them, and this condition furnishes opportunities for collusion which the collector's office can not prevent, because when the notary's certificate is in proper form, signed and sealed, when presented for action it is not subject to challenge.

There is generally a keen rivalry among customs brokers, and it is common report that in soliciting business from the patrons of their rivals some brokers claim to have facilities for transacting custom-house business not possessed by others.

The certificates of all customs notaries in good standing are treated exactly alike in this office; therefore these statements are either untrue or the favors promised are arranged in the broker's office. In a recent criminal prosecution by the Government in this district for perjury on an entry where undervaluation was discovered, the defendant came into court and maintained that the declaration in the entry purporting to have been acknowledged by him was in fact not acknowledged at all, but was simply signed in blank.

The notary whose name and seal were affixed to the certificate, and who, up to that time, was in good standing, came into court and admitted that the defendant's statement was true; hence the case was thrown out of court and the defendant discharged. If this case is to govern in future prosecutions for violations of the revenue law the chances of success by the Government would be exceedingly problematical.

Respectfully, yours,

J. QUACKENBUSH,
Chief Entry Clerk.

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of New York, February 26, 1894.

HON. JAMES T. KILBRETH,
Collector:

SIR: In compliance with your request, I submit certain views which I have already presented in conversation relating to the administrative features of the so-called Wilson bill.

I quote from bill H. R. 4864 as presented in the Senate of the United States February 2, 1894, as follows:

"SEC. 41. That when duties are based upon the weight of merchandise deposited in any public or private bonded warehouse said duties shall be levied and collected upon the weight of such merchandise at the time of its withdrawal—and any merchandise deposited in bond in any public or private bonded warehouse may be withdrawn for consumption within three years from the date of original importation on payment of the duties and charges to which it may be subject by law at the time of such withdrawal."

I have inserted a dash in the above quotation to mark its separation into two parts. These parts are taken, respectively, from the second proviso of section 50 of the act of October 1, 1890, and from section 20 of the act of June 10, 1890.

I invite attention first to the second part with respect to which it has been suggested that it will have the effect of placing goods previously imported, which may have been deposited in bond, under the provisions of the proposed act for purposes of duty. On the contrary, I submit that the entire scope and effect of this portion of the section is to fix and determine the time within which goods may be withdrawn from bonded warehouse for consumption, and has nothing whatever to do in determining the rate or amount of duty which shall be collected at the time of such withdrawal. In support of this view I call attention briefly to the history of this part of the section.

The act of July 14, 1862, section 21, provides:

"* * * That all goods which now are or may be deposited in public store or bonded warehouse after this act takes effect and goes into operation, must be with-

drawn therefrom, or the duties thereon paid within one year from the date of original importation, but may be withdrawn by the owner for exportation to foreign countries * * * at any time before the expiration of three years from the date of original importation;"

Under the operation of this provision bonded warehouses became overcrowded with goods which could not be withdrawn for consumption owing to the fact that they had been imported over one year.

On March 14, 1866, (U. S. Stat. at L., vol. 14, chapter 17), Congress passed an act to extend the time for the withdrawal of goods for consumption from public store and bonded warehouse, and for other purposes; which act provided that:

"* * * any goods, wares, or merchandise deposited in bond in any public or private bonded warehouse on and after the 1st day of May, aforesaid, and all goods, wares, or merchandise remaining in warehouse under bond on said 1st day of May, may be withdrawn for consumption within one year from the date of original importation on payment of the duties and charges to which they may be subject by law at the time of such withdrawal; and after the expiration of one year from the date of original importation, and until the expiration of three years from said date, any goods, wares, or merchandise, in bond as aforesaid, may be withdrawn for consumption on payment of the duties assessed on the original entry and charges, and an additional duty of 10 per centum of the amount of such duties and charges."

This portion of the act was embodied in section 2970 of the Revised Statutes, and was the law governing the time and condition of withdrawal from bonded warehouse for purposes of consumption up to the time when the act of June 10, 1890, took effect. Section 20 of that act was held to be, in effect, simply a repeal of the provision charging an additional duty of 10 per cent on goods withdrawn from bonded warehouse for consumption after the expiration of one year from date of importation.

Section 1 of the proposed act provides:

"That on and after the first day of June, 1894, unless otherwise specially provided for in this act, there shall be levied, collected, and paid upon all articles imported from foreign countries and mentioned in the schedules herein contained, the rates of duty which are, by the schedules and paragraphs, respectively prescribed."

It will be observed that this section makes provision for goods imported on and after the day when it shall take effect, but takes no cognizance of goods previously imported and which had become subject to duty under the laws in force at the time of such importation. If, therefore, it is desired to bring any portion of such previous importations under the provisions of the proposed act, I submit that a section should be inserted corresponding in terms to the first part of section 50 of the act of October 1, 1890, viz:

SEC. —. "That on and after the day when this act shall go into effect all goods, wares, and merchandise previously imported, for which no entry has been made, and all goods, wares, and merchandise previously entered without payment of duty and under bond for warehousing, transportation, or any other purpose, for which no permit of delivery to the importer or his agent has been issued, shall be subjected to no other duty upon the entry or the withdrawal thereof than if the same were imported respectively after that day."

The practical effect of this proposed section would be to carry all goods previously imported and remaining in the custody of the collector but not entered or withdrawn for consumption under the operation of the proposed act, while it would leave all goods previously entered or withdrawn for consumption but temporarily remaining in the custody of the collector, under the provisions of the act in force at the time of such entry or withdrawal.

I have now to invite attention to the first part of section 41, as above quoted. This feature was first introduced into the law as a special proviso to section 50 of the act of October 1, 1890. At the time when that act went into effect it was held in this office that this proviso, as well as the remainder of said section 50, was in the nature of temporary legislation, and related solely and exclusively to such goods as had been previously imported and were brought under the operation of that act by virtue of the said section 50.

It was afterwards determined by competent authority that this particular proviso was in the nature of general legislation, and applied not only to goods that had been deposited under the previous act, but also to all future importations of goods which might be entered for warehousing and actually deposited within a bonded warehouse. Under this latter construction I regard this feature as objectionable, for the following reasons:

First. It is not in harmony with the general provisions of the warehousing laws and of the laws providing for the entry, inspection, and appraisal of imported merchandise in respect to all other descriptions of merchandise.

Thus the law provides for two forms of import entry only, viz, one for consumption and one for warehousing, and the proceedings with reference to the inspection, appraisement, and estimate of duty upon the importation are the same in respect to both forms of entry; also, the proceedings for review of the collector's action under protest, as provided in section 14 of the administrative act.

The practical effect of this provision with reference to weighable goods is to create an allowance or a deduction from liquidated duty at the time of withdrawal, determined by the reweighing of the goods at that time; and it allows this reduction, notwithstanding the provision of section 2983, Revised Statutes, which is as follows:

"In no case shall there be any abatement of the duties or allowance made for any injury, damage, deterioration, loss, or leakage, sustained by any merchandise while deposited in private or public bonded warehouse."

I can see no just reason why weighable goods should be excepted from that provision of the law, while gaugeable goods are still retained under its restrictions.

Furthermore, the reweighing, incident to this provision, is necessarily costly, because of the number of parts into which any given importation is apt to be broken up upon withdrawal, thus requiring a reweighing and taring, in many instances, of a single package out of importations of several hundred. In the case of tobacco, for example, it would be within limits to say that the cost to the Government of reweighing is many fold greater than the original cost of weighing upon importation.

Another difficulty arises from the practice of sampling goods in warehouse, which makes it necessary to keep a petty account with each and every package of weighable goods deposited therein. I think, in the interest of good administration and for the safety of the revenue, this feature of the proposed law should be eliminated. The Government should not be required to enter into a petty, retail business in the matter of collecting its duties which are levied upon wholesale quantities.

I also call attention to the closing paragraph of section 36, lines 20, 21, and 22 on page 131 of the bill submitted to the Senate, which is in these words:

"The person or his attorney making the protest in this act provided for shall have the right to amend said protest at any time prior to ten days before hearing upon said protest."

The practical effect of this provision would be to open the door wide for speculative protests, and at the same time to leave the collector uninformed as to the nature of the amendment allowed thereby. If any amendment is to be allowed, it should be made before the protest is sent by the collector to the Board of General Appraisers, in order that he may be advised of the nature of such change and be prepared either to modify his own action by reason of such change, or to furnish the reasons for maintaining his action.

The Government is especially weak at the present time in these matters of protest, because it has no power to compel witnesses to appear before the board, and is thus deprived, in many instances, of important testimony bearing up the Government's side of questions that are brought before that board, and to add this to the present weakness would leave the Government still further weakened in the view of cases that have been carefully passed upon by the collector. It is submitted that if ten days is not deemed sufficient time within which the importer can make known his objections and his claims with reference to any entry, that time should be extended rather than an indefinite subsequent time given for changing a formal protest. At all events, the nature and scope of the protest should be definitely determined before the papers leave the collector, in order that he may act intelligently in the premises.

Yours, respectfully,

J. J. COUCH,
Special Deputy Collector.

(37.)

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, D. C., March 7, 1894.

Hon. D. W. VOORHEES,
Chairman Finance Committee, U. S. Senate:

SIR: I have the honor to inclose herewith two letters, dated the 26th ultimo, addressed to the collector of customs at New York by the special deputy collector and the chief entry clerk, respectively, at that

port, and an accompanying memorandum, which were received at the Department on the 5th instant, and which are in response to the circular of your committee, dated the 10th of January, 1894, asking for reports:

First. As to what modifications or changes would insure a better administration of the customs laws; and

Second. As to whether ad valorem or specific rates of duty are most desirable, etc.

Respectfully, yours,

W. E. CURTIS,
Acting Secretary.

(38.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of Toledo, Ohio, February 5, 1894.

Hon. D. W. VOORHEES,

Chairman Finance Committee, U. S. Senate, Washington, D. C.:

SIR: Replying to your printed communications of the 10th ultimo, (received on the 3d instant), numbered 8 and 9, I have the honor to reply as follows:

First. The regulations providing for the administration of the customs laws, together with decisions of the Treasury Department and Board of U. S. General Appraisers, supplied collectors from time to time, are so comprehensive as to leave small opportunity for a misconstruction of the laws. Located as we are here, in close proximity to the Canadian border, and with an extended water front, there are facilities lacking at this point to properly provide against smuggling. This has hitherto been due to lack of appropriations. The matter, however, has been brought to the attention of the Secretary of the Treasury, who will doubtless do what in his judgment is practicable for the betterment of the service.

Second. The importations through this office have been limited as to variety, but in such lines as have been brought to our attention there are arguments to offer in favor of both ad valorem and specific rates of duty. Our chief importations are tin (specific), crockery (ad valorem), and bicycle fittings (both specific and ad valorem). We believe there is force in the argument that an ad valorem duty offers opportunities for undervaluation, and hence of defrauding the Government, that under a specific rate of duty does not obtain, at least to the same extent. But under the latter the responsibility rests with the customs officers to determine that the grade or quality of the imported article is the same as that provided in the invoice, and this of course provides a positive loophole.

We will very gladly distribute the series of interrogations to importers, suggested in your circular letter No. 8, if sent us. Twenty will serve the purpose here, and we will see that they are properly placed.

Respectfully,

D. R. AUSTIN,
Collector of Customs.

(39.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of Sandusky, Ohio, February 3, 1894.

Hon. D. W. VOORHEES,

Chairman Finance Committee U. S. Senate, Washington, D. C.:

In compliance with your desire, as expressed in circular letter No. 9, I beg leave to reply—

First. I know of no serious objection to the workings of the existing tariff laws in this district, and can suggest no modifications or changes.

Second. I am most decidedly in favor of specific duties, as I believe that the adoption of an ad valorem system would be an incentive to dishonest foreign producers and dealers, at the instance of importers who are equally dishonest, to undervalue their commodities in invoices in order to evade the payment of duties in full. The adoption of ad valorem duties, would, in my opinion, inaugurate a system of speculation by importers, upon the judgment of appraisers, and open the way to frauds innumerable by which the revenue would suffer great losses. Specific duties, wisely adjusted, so as not to be burdensome, are, in my opinion, far preferable to ad valorem duties, as they offer no incentive to dishonesty, and the Government runs no risk of loss of revenue by undervaluation or errors of judgment on the part of appraisers who are not absolutely experts in determining the values of the vastly differing commodities upon which it is their duty to fix valuations as to duty.

Very respectfully,

T. PITT COOKE,
Collector.

(40.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of Philadelphia, February 14, 1894.

Hon. D. W. VOORHEES,

*Chairman Committee on Finance, U. S. Senate,
 Washington, D. C.*

SIR: Referring to your circular letter No. 9, of January 10, 1894, on the subject of proposed tariff legislation, desiring an expression of the views of this office as to any modifications or changes which would insure a better administration of the customs laws and whether ad valorem or specific duties are more desirable, I have the honor to invite your attention to the following provisions of bill H. R. 4864, which, in my opinion, need modification, viz:

Paragraph 407, "bolting cloths, especially for milling purposes, but not suitable for the manufacture of wearing apparel." All such special provisions, based on the intended use of merchandise, lead to perjury and fraud and should be avoided. All so-called "bolting cloths" should be provided for without regard to ultimate use. A criminal indictment is now pending in the U. S. circuit court, New York, against an importer of bolting cloths, who made fraudulent entry, alleging that they were for milling purposes when they were not.

Section 23; there is much abuse of the privileges given by this section in the assignment of bills of lading by importers, either for con-

venience or for the purpose of avoiding responsibility, to custom-house brokers, clerks, or other irresponsible parties who make entries in their own names. The right of assigning bills of lading should be confined to shippers, bankers, or forwarding agents, or persons acting as such, or in case of bona fide transfer or sale for value.

Section 29; the penalty provision in this section is entirely inadequate to prevent undervaluation. This has been made apparent in many cases. Besides it will be unfair in its operations. Such additional duty, being in the nature of a penalty for undervaluation, should be at a fixed rate, and should not vary with the character of the goods, as the offense is the same whether the goods are subject to a high or low rate of duty. As the section now stands the goods which pay a low rate of duty can be undervalued with much greater impunity than those subject to higher rates. As a matter of fact a sliding scale of punishment is provided for the same offense.

Section 36; the last paragraph of this section gives importers the right to amend protest. The objection to this is that it denies the Government sufficient time to make response to the amendment. The collector acts on the original protest; the proposed provision defeats action on the part of the collector so far as the amendment to protest is concerned. Any amendment to the original protest should proceed through the collector to the Board of U. S. General Appraisers. This provision, if allowed to stand, will lead brokers to file frivolous preliminary protests with all entries they make at the custom-house in order that they may afterward take advantage of questions not raised at the time of importation, but raised and settled afterward. This office respectfully recommends the elimination of the provision in question.

On the question as to whether ad valorem or specific rates of duty are most desirable, I beg to state that ad valorem duties appeal at once to the common-sense view of exacting duties and collecting revenue, appearing so just and impartial as to require but little examination to gain the approval of most men. The duties follow the rise or fall of values so closely and sympathetically as to appear to leave nothing more to be desired on the score of equality and justice.

This view, however, loses its practical feature in the face of tests which develop fraud and undervaluation, dishonest methods of concealing the quality of materials used in manufactures, the employment of bribes in some instances to corrupt public officers, to which may be added, what is perhaps the greatest objection of all to ad valorem rates, the tendency to place the control of the most valuable imports in the hands of foreign manufacturers having agents in this country to whom they consign the products of their factories at cost of production, or perhaps less—a method which has been carried to such an extent as to force a large number of merchants in our chief commercial cities out of the importing business, compelling them to buy their goods from such agents who are enabled by the ad valorem system to sell the goods, duty paid here, at lower prices than an importer could buy them at the foreign point of manufacture.

It is, therefore, apparent that the ad valorem rate in such instances, while appearing to be most just and equitable, is practically the one best adapted to injure the revenue. On some articles it would be difficult to discover any method of dispensing with the ad valorem rate, since by no other means could a proper duty, proportionate to the value, be collected upon works of art, such as sculpture, paintings, and the like.

The objections most conspicuous against the adoption of specific rates is the difficulty of applying them to woven fabrics and costly manufactures of metal or other materials, while on the other hand the advantage of such rates is apparent that when levied on weight, measure, or gauge the test of correctness is absolutely within the control of the collector, who could without difficulty and without contention secure the legal duties.

Very respectfully,

THOS. N. COOPER,
Collector

(41.)

OFFICE OF COLLECTOR OF CUSTOMS,
Port of Bristol, R. I., February 3, 1894.

Hon. D. W. VOORHEES,

Chairman Finance Committee U. S. Senate, Washington, D. C.:

DEAR SIR: Your circular letters, dated January 10, 1894, and numbered 8 and 9, are received, stating that your committee have prepared a series of interrogatories for submission to importers, and also that in view of proposed tariff legislation your committee is desirous of having a full report from this district concerning the working of existing tariff laws.

Respectfully, yours,

CHARLES HENNING,
Special Deputy Collector.

(42.)

CUSTOM-HOUSE, NEWPORT, R. I.,
Collector's Office, February 13, 1894.

Hon. D. W. VOORHEES,

Chairman Finance Committee U. S. Senate, Washington, D. C.:

DEAR SIR: I have the honor to reply to your circular letter, dated January 10, and in relation to the new tariff act as passed the House, I beg to say that the same seems to be perfectly satisfactory to us. It is in view of the fact of this district having very few direct importations that I am unable to suggest any modifications in the new act whereby a better administration of the customs laws would be observed.

I am, yours, respectfully,

STEPHEN P. SLOCUM,
Collector of Customs.

(43.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Port of Georgetown, S. C., February 5, 1894.

Hon. D. W. VOORHEES,

Chairman Finance Committee, U. S. Senate, Washington, D. C.:

SIR: In reply to your favor of the 10th of January, I have the honor to state that there are no importers located in the port of Georgetown, S. C., and little or no foreign goods imported here. I can suggest no

modification or changes in regard to the customs laws, or whether ad valorem or specific rates of duty are most desirable. Specific duties are considered to be less open to frauds than ad valorem duties.

Very respectfully,

R. O. BUSH,
Collector.

(44.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Corpus Christi, Tex., February 27, 1894.

Hon. D. W. VOORHEES,
Chairman, Washington, D. C.:

MY DEAR SIR: In reply to your recent request for suggestions regarding the workings of the existing tariff laws in this district, from myself and my immediate subordinates, I beg to hand you herewith letters from my chief deputies, Messrs. Thomas B. Southgate and F. E. Thompson, in reply to inquiries addressed to them.

I have been in charge of the office but a short time, and have endeavored during that period to familiarize myself with the practical working of the tariff laws on this frontier. I find little or no difficulty in securing the efficient administration of the customs laws under the present regulations, and can not suggest any modification or changes that would secure greater protection to the Government or render them less onerous to the citizen. The business system under which the work of the customs service is carried on seems to me to be well-nigh perfect.

I believe with Deputy Collector Southgate that a revenue tariff bill should provide for a tariff on sugar. This could be made so light as to impose no appreciable burden upon the consumer, and at the same time produce a very large amount of revenue to the Government. I know of no article of general consumption from which so large an amount of revenue could be raised the collection of which would be less felt by those who paid it.

The suggestion in the letter of Deputy Collector F. E. Thompson regarding the duty on what is now classed as "decorated earthenware," largely imported into this country from Mexico, seems to me a good one. This earthenware is of the cheapest grade, is sold at a very low price, and is very extensively used on this frontier. The decoration used is produced very cheaply by a process of firing, which adds little or nothing to its cost or its selling price. It should not be taxed higher than plain earthenware of the same class.

The free importation of such ores as are imported from Mexico, lead and silver, will lead to the establishment of smelters in this country; will cause the investment of thousands of dollars in the United States and give employment to our labor. In return for this, I am satisfied that it will open to us markets in Mexico in which we now have no footing. I, therefore, favor the placing of these ores on the free list.

The brief experience that I have had in this office inclines me to the belief that ad valorem rates of duty are more desirable than specific rates. The great objection to specific rates is that they are inequitable. All articles in the same class are not of the same quality

and value. The importer purchases in the foreign market to meet the demands of all classes of consumers at home.

At the custom-house the whole class of goods, under a specific duty, stands on the same footing and must pay the same duty, although different articles in the same class differ greatly in value and in selling price. It seems to me that those who desire to purchase, or who from necessity must purchase, the articles of cheaper grade should not have its cost increased to them by being required to pay the same tax demanded of the purchaser of the costlier and more valuable article.

The chief objection urged against ad valorem rates of duty is that the Government may be defrauded by false invoices and goods be undervalued. As consular invoices are required and valuations must be passed upon at the port of entry, I see no force in this objection. If those engaged in our consular service are honest and intelligent, and I have found them so, and the customs officers who must revise and pass upon invoices are vigilant and conscientious, I see no reason to fear that the Government will fail to collect the revenue properly due it.

I submit the above suggestions for whatever they may be worth, and regret that the short time I have occupied the office has made it impossible for me to offer you something of greater value on the subject.

Yours respectfully,

FRANK B. EARNEST,
Collector.

OFFICE OF THE COLLECTOR OF CUSTOMS,
Laredo, Tex., February 10, 1894.

HON. FRANK B. EARNEST,
Collector of Customs, Corpus Christi, Tex.:

DEAR SIR: Referring to yours of the 5th instant inclosing circular letters from the Hon. D. W. Voorhees, chairman of the Committee on Finance, U. S. Senate, relative to giving our views as to modifications or changes of the custom laws, etc., I have the honor to state:

First. As to ad valorem and specific rates of duty, it seems that specific rates are desirable in many cases, because of the inclination to undervalue commodities and opportunities of importers to take advantage of the lack of the necessary information of customs officers.

On animals, however, ad valorem duties would seem to be preferred; as on this class of property the correct values are more easily ascertained than on merchandise and other articles of commerce, especially on the Mexican border. I am of the opinion, if the rate on animals should be as low as 20 per cent ad valorem, the income to the Government would be much larger than at present, and besides would be more equitable to the importer. The present law practically prevents the importation, to any reasonable extent, of animals, and especially of horse stock here on the border. This is due to the low price of animals, and the high specific duty that has to be paid; for ordinarily the duty on a single horse would pay for two or three, either in this country or in Mexico.

Second. I am of the opinion that the rate of duty on what is commonly known as Mexican earthenware should be same on the decorated as on the plain, for the following reasons, viz: Because the process of decoration, as I am informed, is simple and comparatively inexpensive (being produced by burning) and does not enhance the value of the ware. This ware is used extensively in Texas along the frontier by the poorer classes, and, I might add, is among the lowest grade and cheapest quality known. The so-called decoration or ornamentation has placed this ware dutiable at 60 per cent, when the plain of the same grade and quality and worth as much in the market, is dutiable at 25 per cent. (*See Tariff laws, 1890.*)

Third. I believe that, in view of the fact that the new tariff act promises to be on the basis mostly of ad valorem duties, the provisions of section 7 of the customs administration act of June 10, 1890, which, in my opinion, is onerous in its provisions and its penalty not easily understood by the average importer, should be amended. I would suggest, therefore, that said section, as regards the assessment of the penalty, be as follows:

"And if the appraised value of any article of imported merchandise shall exceed by more than 25 per cent the value declared in the entry there shall be levied, collected, and paid, in addition to the duties imposed by law on such merchandise, a further sum equal to 50 per cent of the amount of duties that are found to be due on the value of the merchandise as declared in the entry."

I have consulted with Mr. T. R. Worsham, deputy collector and inspector, and Mr. W. H. Mowry, clerk and inspector at this port, and the above are their views.

I shall take pleasure to submit the interrogatories mentioned to the importers of this district.

In Laredo I think there are about 20 importers.

Respectfully, yours,

F. E. THOMPSON,
Deputy Collector.

OFFICE OF THE COLLECTOR OF CUSTOMS,
Corpus Christi, Tex., February 17, 1894.

Hon. FRANK B. EARNEST,
Collector of Customs, Corpus Christi, Tex.:

DEAR SIR: In reply to the queries in the circular letter of the Finance Committee of the Senate of the United States, dated January 10, 1894, which you have requested me to answer, I have the honor to state:

First. I believe that the present method of administering the customs' laws are based on the soundest business principles, and from my limited experience I can suggest no material improvement in their administration. Were such a thing possible a Government telegraph line and a railroad along the entire Mexican border would, without doubt, aid very materially in the detection and prevention of smuggling.

Second. I believe that if any duties are imposed they should be in all cases ad valorem duties; a specific tax on anything of uncertain and fluctuating value can not be an equitable one. Our present specific taxes or duties on horses, cattle, sheep, and hogs certainly prove the injustice of such a duty in those instances. A horse worth from \$5 to \$150 is taxed \$30, which means absolute prohibition against the importation of Mexican horses, as their average home value will not exceed \$10 and their value in the United States not more than \$15 to \$20. An ad valorem duty of 25 per cent on all live animals would, I believe, stimulate trade along the border and prove a large source of revenue to the Government.

I do not think undervaluation would prove a serious drawback to ad valorem duties, as the values of almost all articles of commerce are easily ascertainable, except perhaps in the case of different grades of silks, dress goods, wines, and liquors, and in those cases, if a specific duty were fairly and equitably levied, it would require as much knowledge of prices and qualities on the part of customs officers as if the duty were ad valorem. I believe a duty of, say, 10 per cent ad valorem on sugar would prove a very large source of revenue, and would equalize the tax on the people, as a whole, better than a duty on any other article universally used. An average family will not use over 1 pound of sugar per diem, and the addition of 10 per cent, or about one-half cent per pound to its cost, would add less than \$2 per year to its living expenses. I shall take pleasure in seeing that any interrogatories sent by the Finance Committee are placed in the hands of the importers. There are probably between 25 and 30 importers in the district.

Respectfully, yours,

THOS. B. SOUTHGATE,
Special Deputy Collector.

(45.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
El Paso, Tex., February 19, 1894.

Hon. D. W. VOORHEES,
Chairman Finance Committee, U. S. Senate, Washington, D. C.:

SIR: Committee on Finance Circular No. 9, of January 10, 1894, requesting collectors of customs to express their views on proposed tariff legislation, has just at this late date reached this office, and for

your information beg leave to submit the following data and recommendations:

By reference to schedule of imports for years 1889, 1890, 1891, and 1892, we find that there were imported through this port from Mexico commodities as follows:

	1889.	1890.	1891.	1892.
<i>Ores (values).</i>				
Gold bearing (free of duty).....	\$26,904	\$31,148	\$38,811	\$52,621
Silver bearing (free of duty).....	4,685,872	4,411,432	4,488,415	5,209,466
Lead (dutiable).....	4,369	9,845	814,249	1,179,328
Copper ore (dutiable).....	7,405	19,540	7,886	8,397
<i>Cattle and horses.</i>				
Cattle (duty free):				
Number.....	3,160	2,858	1,601	None.
Value.....	\$20,077	\$19,425	\$11,277	.....
Cattle (dutiable):				
Number.....	10,194	14,904	1,453	13
Value.....	\$65,974	\$82,886	\$8,330	\$84
Horses (duty free):				
Number.....	733	1,596	886	None.
Value.....	\$5,465	\$13,625	\$6,854	.....
Horses (dutiable):				
Number.....	1,823	1,734	281	3
Value.....	\$21,461	\$20,020	\$3,043	\$90

The most important item we have to contend with is the so-called silver-lead-ore subject. In 1889 there was imported silver lead bearing ores to the value of \$4,685,872; in 1890, \$4,411,432; in 1891, \$4,488,415, and in 1892, \$5,209,466. These ores were free of duty, and during the same years lead, which was dutiable, was imported in following amounts: In 1889, \$4,369; in 1890, \$9,845; in 1891, \$814,249, and in 1892, \$1,179,328.

In 1891 and 1892 a duty of $1\frac{1}{2}$ cents per pound was collected on the lead contained in any so-called silver-lead ores, while up to the period when the McKinley bill went into effect the lead contents in ores were free of duty, if the silver value in the ore exceeded that of the lead. It will be observed that notwithstanding a duty of $1\frac{1}{2}$ cents per pound on the lead contents of an ore was exacted, and the relative market values of silver and lead bullion being considerably less in 1891 and 1892 than in 1889 and 1890, the importations of ores has steadily increased, clearly demonstrating that the duty of $1\frac{1}{2}$ cents per pound on the lead was not prohibitive.

In view of the proposed modifications of the tariff this office would suggest that a specific duty of $\frac{1}{2}$ cent per pound on the lead in any and all ores be maintained.

An ad valorem duty of 15 per cent, as proposed in the Wilson bill, provided the lead value in the ore exceeds that of the silver, is calculated to give considerable trouble by virtue of miners or importers mixing different grades of ores in order to keep the value of the silver above that of the lead. This would create constant wrangling between the customs officers and importers, whereas a specific duty would be safer and better.

In this connection it would be well to call your attention to an apparent tendency on the part of the Mexican Government to levy an export duty on all so-called silver-lead ores, if placed on the free list, as proposed by the Wilson bill; therefore, the proviso, paragraph 164 of the Wilson bill, should have inserted after the words, "exported

to the United States from such country, then the duty upon lead contained in 'any ores,' lead in pigs and bars, etc.," so as to bring the so-called silver-lead ores, in case an export duty is levied by Mexico, back to the same position they now occupy. The proviso in said bill only provides for the manufactured product of the ore, and should include the ores also.

The next important commodities entered at this port are cattle, horses and sheep. By reference to schedule of imports for years 1889-'90, 1891-'92, we find that there were imported through this port a considerable larger number of head the first two years than the last.

Treating upon the importation of cattle, it will be seen that during the years 1889 and 1890 cattle to the value of \$148,860 (being 25,098 head), upon which a duty of 20 per cent was paid to the Government, as against \$8,414 (being 1,466 head), for the years 1891 and 1892 upon which a duty was collected at the rate of \$2 and \$10 per head.

As the average value of stock cattle in Mexico is about \$10 per head, Mexican silver, it will be seen that the existing duty of \$10 per head is prohibitory.

In 1889 and 1890 there were imported 3,559 head of horses, valued at \$41,461 upon which a duty of 20 per cent was collected, as against 284 head, valued at \$3,133, during 1891 and 1892, when the duty was \$30 per head, likewise prohibitory.

It will be seen that an advalorem duty of 20 per cent is productive of more revenue to the Government, whereas a prohibitory duty of \$10 and \$30 per head yields little or no returns to the Government, and judging from the market values of cattle and horses during the past two years, the ranchmen or stock-raisers have been but little benefited by the protective tariff.

We would suggest a "specific duty" of \$2 per head on cattle and \$3 per head on horses, inasmuch as the average price of cattle, as above stated, is \$10 and of horses \$15 per head. This will afford ample protection to our stock-raisers, and keep importers from defrauding the Government by means of under valuation of any live stock imported.

On sheep, unimproved, from Mexico we recommend a duty of 25 cents per head, and on crossed or improved breeds, \$1.

The high tariff rates imposed by the McKinley bill were conducive to smuggling and deprived the Government of its lawful revenue.

In recommending the one-half cent lead duty, it has been demonstrated that the ore shipments are yearly increasing, despite the prevailing tariff, and we think the Government should enjoy a small revenue at least.

Respectfully yours,

CHARLES DAVIS,
Collector.

(46.)

CUSTOM-HOUSE, PETERSBURG, VA.,
Collector's Office, February 6, 1894.

Hon. D. W. VOORHEES,
U. S. Senate:

SIR: Your circular reached me a few days ago.

Since the tariff legislation has been under discussion my attention has been particularly drawn to the question of specific and ad valorem

rates, and as you invite expression of opinion and reasons therefor, I have no hesitation in saying that ad valorem taxation seems to me far preferable to specific rates; and why?

Take for example: One of our wealthiest citizens might desire to buy a grand piano at a cost of \$3,000 from one of the great manufacturing establishments of Germany. He has the right, unquestionably, to indulge his preference, and, being amply able to pay his way, why not require him to pay a duty according to the value of the instrument? Should the duty be 20 per cent on value, the Government would realize the sum of \$600. Then suppose a less favored citizen, wishing to be fashionable should also decide to import a piano the cost of which might be \$600. At 20 per cent ad valorem he would pay \$120 duty. Then suppose the tax to be a fixed rate of \$100 per instrument; the Government would only realize \$200 for both, and the man with small means would be required to pay as high a rate of duty as his wealthy neighbor. This example would, it seems to me, be applicable in a majority of instances. Our Secretary of the Treasury grandly met the requirements of the situation when he decided to issue bonds.

Nothing in my opinion will lessen the necessity for further action in that direction so promptly and sufficiently as agreement upon some equitable tax schedule, which I trust may be agreed upon and published to the world. I say world, for the reason that every civilized country under the sun is directly or indirectly interested as well as ourselves. For one, I have every confidence in your wisdom and patriotism and am ready cheerfully to accept the conclusion of your able committee.

Very respectfully, yours,

T. J. JARRATT,
Collector of Customs, Port of Petersburg, Va.

(47.)

CUSTOM-HOUSE, TAPPAHANNOCK, VA.,
Collector's Office, February 3, 1894.

SIR: Replying to your communication of the 10th ultimo, in which you request the views of myself and subordinates as to the working and modifications or changes of the existing tariff, and as to the desirableness of ad valorem or specific rate of duties, I have the honor to state that the trade of this district has, for several years, been confined to the coasting trade, and no foreign goods or merchandise have been entered during this period, and we have not had the practical experience to justify an expression of views on the subjects you request.

Very respectfully,

HENRY W. DAINGERFIELD,
Collector of Customs.

Hon. D. W. VOORHEES,
Chairman Finance Committee, U. S. Senate, Washington, D. C.

(48.)

CUSTOM-HOUSE, FERNANDINA, FLA.,
Collector's Office, February 5, 1894.

COMMITTEE ON FINANCE,
U. S. Senate.

GENTLEMEN: In reply to circular No. 9, from your committee, would advise that importations are so slight here that tariff rates cut but little or no figure in our business, unless, indeed, with a less or no tariff at all there might be importations of some articles of which we have none now. Whether the importation of articles now supplied by domestic manufacture and home workmen would be an advantage or disadvantage I will not undertake to say. My personal opinion as to rates is that specific rates of duty are the most desirable—based largely on the facilities for false valuation allowed by an ad valorem system.

Respectfully,

JAMES A. PINE,
Collector of Customs.

(49.)

CUSTOM-HOUSE, FERNANDINA, FLA.,
Collector's Office, February 5, 1894.

COMMITTEE OF FINANCE,
U. S. Senate.

GENTLEMEN: In reply to circulars Nos. 8 and 9, from your committee, would reply that practically there are no importers in this district. The amount imported for the past three years has been so trifling in amount as to practically amount to nothing. Our shipping business here is largely confined to exportation to foreign countries of phosphate and lumber, with a large domestic trade in shipping pitch pine lumber north, and an extensive coastwise trade inwards of merchandise and railroad iron and coal.

Of course, our foreign trade, though large, being exports and not imports, is not affected by rates of duty, as there is none on exports.

Respectfully,

JAMES A. PINE,
Collector of Customs.

(50.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Cape Vincent, N. Y., February 5, 1894.

Hon. D. W. VOORHEES,
U. S. Senate, Washington, D. C.:

SIR: In reply to your circular letter of the 10th ultimo, asking my views relative to workings of existing tariff laws, etc., I would state that the present laws seem to be particularly well adapted to the prevention of frauds on the revenue, especially what is known as the "Customs administrative act." I believe awards should be made to officers, especially subordinates, for the detection of frauds upon the revenue. The present rate of duty on animals has had a tendency to

lessen the importations into this district, and consequently the revenue derived therefrom.

I am positive in the opinion that specific rates of duty are far preferable, where practicable; and this opinion is concurred in by my special deputy, who has had over 25 years' experience in the customs service.

In this district duties, specific, can and have been collected at a less expense than ad valorem. Many cases of undervaluation have been detected, while undoubtedly many have escaped detection, with a consequent loss of revenue. It often becomes necessary to send officers to Canada to ascertain in regard to values, which expense is avoided where specific rates prevail.

Very respectfully,

G. H. SMITH,
Collector.

(51.)

CUSTOM-HOUSE, CAIRO, ILL.,
Surveyor's Office, February 5, 1894.

Hon. D. W. VOORHEES,
Chairman Finance Committee, U. S. Senate, Washington, D. C.:

DEAR SIR: Referring to circular letter No. 8, from your committee, dated January 10, 1894 (received on the 3d instant), requiring information as to the number of importers in this district and their views as to the rates of customs duty, etc., I would respectfully say that no goods are imported here direct. Cairo is merely a port of delivery, and the duties of the surveyor of customs is almost exclusively in connection with the steamboat interests under the marine laws. The cumbersome regulations governing the passage of foreign goods through ports of entry to ports of delivery doubtless deter many merchants from importing from abroad, and they are forced to buy from those who make that business a speciality.

I have the honor to be, very respectfully,

JOHN F. RECTOR,
Surveyor of Customs.

(52.)

CUSTOM-HOUSE CAIRO, ILL.,
Surveyor's Office, February 5, 1894.

Hon. D. W. VOORHEES,
Chairman Committee on Finance, U. S. Senate, Washington, D. C.:

DEAR SIR: I have the honor to acknowledge the reception, on the 3d instant, of circular letter No. 9, from the Committee on Finance, U. S. Senate, concerning proposed tariff legislation and the working of the existing tariff laws in this district, and which says:

It is therefore desired—

First, That you submit your views as to any modification or changes which you or your responsible subordinates believe would insure a better administration of the customs laws.

Second, the views of yourself and your immediate subordinates as to whether ad valorem or specific rates of duty are more desirable, and why.

Replying to the first, I would very respectfully say that I can not see how the administration of the existing customs laws, as a whole, could be improved; but if a modification could be made in the regulations governing the importation of dutiable goods consigned to ports of delivery, so that they could be forwarded from ports of entry, after they have been appraised and the duty fixed, by some simpler method than the present cumbersome system of warehouse, bond, and transportation certificates, it would result, I think, in more goods being imported direct by local merchants.

As regards the second query, I beg to say that, in my opinion, if a duty is to be imposed on foreign goods for revenue only, a specific duty is by far the more desirable. It would be more easily assessed, easier of comprehension by the average importer, and therefore more favorable to commerce. It would, I think, be less exposed to misrepresentation, undervaluation, and frauds. A specific duty would be more satisfactory to the general consumer. If he knew that the importer was assessed a certain fixed sum upon every square yard of goods according to its quality, on every ton of coal, pound of iron, or dozen of kid gloves, he could estimate the profits more clearly and would submit to the retail price exacted with a feeling of confidence that he was not being overcharged. Upon the contrary, an ad valorem duty would, I think, not only give an almost unlimited opportunity for undervaluation and fraud, but prove a positive temptation to importers to defraud the revenues of the Government by having a private understanding with the shipper as to the actual price to be paid for the goods, and then invoicing them at a lower rate. An ad valorem duty would bear unequally upon the importers themselves. Goods of the same character and of the same actual value might arrive in the same vessel yet with such different valuations placed upon them by the invoices which would accompany them, that one man could be assessed \$100 duty; another \$75, or even \$50, on the same quantity. And those goods could be sold to the consumer at the same retail price, the consumer remaining in total ignorance as to how much or how little of what he paid went into the revenues of the Government, or to swell the profits of the importer. Such a result could easily ensue from the unequal valuations as shown by the invoices. But none the less illogical and unfair would be the importation of the same class of goods by different vessels and at different times various valuations could, and perhaps would, be fixed.

The markets of foreign countries would fluctuate so that the importer who made an honest valuation of his goods could never more than approximately tell what duty he would be expected to pay next year or even next month. Nor could the customs officer do more than guess what the revenue would be from an estimated quantity of goods to be imported. An ad valorem duty would render it possible for importers to illegally control dutiable values and thus control the amount of duty paid on the merchandise, even if their invoices show the actual price paid for it. I would, therefore, respectfully say that, in my opinion, the rate of duty should be made specific instead of ad valorem so far as the nature of the merchandise will admit.

I have the honor to be, very respectfully,

JOHN F. RECTOR,
Surveyor of Customs.

(53.)

OFFICE OF THE COLLECTOR OF CUSTOMS,
Nantucket, Mass., February 5, 1894.

Hon. D. W. VOORHEES:

Chairman Finance Committee, Washington, D. C.:

SIR: In answer to circular No. 8, I would respectfully state that the working of the present tariff, in my humble opinion, is felt here, as throughout the land, to be onerous, and should be amended by the Wilson law or act as soon as possible, that all sorts of industries which affect the laboring classes or producers may be benefited. (2) No known changes in customs laws need apply specially to this district at present. (3) I have no subordinates except in case of wrecks or wrecked property. (4) Specific duties here are well enough, though I am a believer in most cases of ad valorem duties.

Very respectfully,

JOSEPH W. CLAPP,
Collector of Customs.

(54.)

OFFICE OF THE SURVEYOR OF CUSTOMS,
Wheeling, W. Va., February 6, 1894.

Hon. D. W. VOORHEES,

Chairman Finance Committee, U. S. Senate, Washington, D. C.:

DEAR SIR: Replying to your communication of January 10, 1894, I have the honor to state that, as to any changes or modifications in the administration of the customs laws, I believe it would inure to the benefit of the service if some additional restrictions and penalties were put on the so-called customs brokers for exacting money from importers for their own benefit alone. A lady in this city has been threatened with fines and penalties if she did not remit money to have goods released after she had paid the duty on them; frequent demands were made on her for money which she paid, and at the end of six months the goods are still in possession of the broker in New York.

As to whether ad valorem or specific duties are more desirable, I think there is no doubt that specific duties are far more desirable, because in case of dispute or protest the rates can be adjusted on this side, while the ad valorem system offers too great facilities for dishonest shippers to commit fraud, over which we have comparatively no control. We have several letters from a special agent of the Treasury Department at Cincinnati, Ohio, advising us of several shipments of earthenware from Bohemia and shoes from Paris under fraudulent invoices to Chicago. I know of no way of having the matter adjusted except to go into court on the other side of the water. Therefore, I think that specific duties are altogether better and more easily handled. There are twelve importers in this immediate district.

Yours, very truly,

JOSEPH A. FARIS,
Surveyor of Customs.