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THE ACTIVITIES OF THE BUREAU OF FOREIGN & DOMESTIC COMMERCE.

Lecture

by

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INTRODUCTORY REMARKS - COLONEL I.J. CARR, S.C.

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Gentlemen

One of our most important problems, which we will take up later on in the course, is along the commodity line because our responsibility for a major emergency is to assure that the raw materials, particularly strategic and critical raw materials, get to the manufacturer who is going to turn out our war supplies. That is the most essential thing we have to do. The producers are handicapped and unable to fulfill their program unless we assure the supply of those materials to them.

The biggest source of information we have in the Government and the greatest vein we have to tap along that line is the Department of Commerce. That Department, along with its other activities, has a Bureau of Foreign and Domestic Commerce and in that bureau they have agencies for research activities throughout the world.

We are very much interested in those activities. Just yesterday we got a letter from the Harvard University inviting a representative of the Office of the Assistant Secretary of War up there to explain what we are doing along this line in connection with Industry.

We are very fortunate this morning in having with us Dr. E. D. Durand who is chief of the Research Division of the Bureau of Foreign and Domestic Commerce. He has requested

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THE ACTIVITIES OF THE BUREAU OF FOREIGN & DOMESTIC COMMERCE.

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Gentlemen:

As the Colonel has said, the Department of Commerce is a great research agency as well as an agency for the promotion of American industry and commerce at home and abroad. We cannot do very much in our Department in helping American business unless we know a great many facts about that business and the materials it requires. Consequently we maintain a very large statistical organization.

Most of you are familiar with the principal branches of that particular work; you are familiar with the Census Bureau who is doing a lot of non-economic work, collecting basic information regarding industries both agricultural and manufacturing, and collecting, once in every ten years, a material census. The Bureau of Mines, recently transferred to the Department of Commerce, collects those statistics from week to week, month to month, or year to year. Once every two years the Census Bureau takes a census of all manufacturing industries and, in addition to that, collects weekly or monthly figures of the activities of major manufacturing problems.

The Census Bureau can give you a great deal of information about raw materials although its principal work covers finished products. It obtains for each of the major industries statistics

of the quantity of the major individual raw materials consumed in that industry. It does not ascertain the sources from which those materials come except as to the product itself, and the Manufactures Census does not contain the sources of raw materials.

The Bureau of Mines is an immensely important organization for the purpose of surveys of the type in which you are interested. They collect statistics of the current production of all major products direct from the producers in this country. They are also students of foreign statistics of mine products; they compile statistics of the output of each country of such articles as pig iron, iron ore, crude steel, petroleum, coal, copper, and a great many other minerals. They are high experts in that field.

The Bureau of Foreign and Domestic Commerce may be considered the greatest source of information regarding the world's commerce, the movement of commodities. Incidental to its study of the trade in commodities it gives a good deal of attention to the production of such commodities in foreign countries as are not produced in this country. It studies the Bureau of Mines and Census Bureau figures in their bearing on our trade but does not compile original statistics of production in this country. However, it does get together, compiled from foreign sources, foreign publications, governmental documents, associations of business men, etc., a great deal of information regarding production in foreign countries. Above all, it has the most complete file in existence of the export and import documents of every country in the world and from that

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it makes very extensive researches as to the movement of all sorts of materials in world trade.

The Bureau of Foreign and Domestic Commerce is organized in a rather complex way. I will not describe some of the divisions because they do not bear on your problem. From your point of view you would be interested in our Commodity Division, in the Division of Statistics, and in the Division of Statistical Research. We have two divisions bearing very similar names. We have something like twenty-five commodity divisions, corresponding in name to the major industries of the United States. It is their business to promote the well-being of their respective industries. As a matter of fact their chief work is in promoting the exportation and importation of the products of the several branches of industry. We are giving more and more attention to domestic commerce and production, to the better market of these products. We are constantly collecting from these foreign sources information regarding the production of and trade in their respective commodities in the foreign countries. We are in constant touch with men all over the world in different fields of commerce and industry and are capable of furnishing a great deal of information.

I may say at that point that, apart from foreign published documents which come to us through the mails, the Bureau of Foreign and Domestic Commerce has a large number of representatives in foreign countries who assemble information and help in the sale of American products in those countries, an organization of so-called commercial attaches and trade commissioners. A commercial

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attache although an attache of the Legation or Embassy is appointed by and responsible to the Department of Commerce. A trade commissioner is an assistant to the attache or, in some countries where the work is so great or where the State Department does not think it necessary to have a trade attache, the trade commissioner is the representative of our Bureau. These foreign men, to some extent, obtain for us the printed documents we need; they compile figures for us from those documents and send the pertinent data in by mail. They are able to get either statistical or non-statistical data to a considerable extent and where there is no formal statistical information available, the commodity divisions are specialists, each expert in its own particular field.

The Division of Statistical Research is of a more miscellaneous character; it compiles the information that does not relate so much to one commodity as to whole groups of them, the grand total of mineral products, value of exports or imports, etc. Apart from that, our division is highly specialized in statistics. In fact it is said that it is more or less the mission of the division to know where to get statistics on any subject if such statistics exist. We have a number of distinguished and expert statisticians familiar with numerous languages and our division is the source of a great deal of information about trade in particular commodities. Our division is the editor of the Official Abstract of the United States and of the Commerce Year Book. The editor of those two documents naturally plans them in touch with the producers of statistics in all fields in this country.

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If one of you gentlemen wish to get information and do not know the source thereof you might find it of considerable help to come to our division. If we did not have the information at hand we could at least refer you with probable correctness to the person or organization most likely to have such.

Because also of its specialization in statistical work abroad the Division of Statistical Research has been planning on putting out a Commerce Year Book of Foreign Countries, but the first issue has not yet been printed. We already publish some data in the Commerce Year Book of the United States but it is evident that it will be necessary for our Division to scan the usual as well as unusual issues of publications of a great many countries with a view to covering wider fields.

I wish to speak of the more specific problem of statistics of raw materials. It is for students in your field, I suppose, to find out how much of each important material is produced in this country, if any, and where it is produced, where the factories are located, what the facilities are for expanding that production if it should become necessary; if the product is not produced in this country, whether there are means by which it could be produced. Then going to foreign countries where the products we can not produce in time of an emergency are obtainable, we must ascertain what hope, if any, may exist with regard to our securing such a supply, and whether the facilities are adequate for a possible expansion in time of war. You can get a great deal of information along that line from figures we already have on hand.

The Department of Commerce can render valuable assistance with regard to some important product or material to any business in need of such aid as well as to further military or naval interests. I expect if there were some particular problems the War Department was interested in, a request to the Department of Commerce for assistance would bring forth a great deal of information which could be put together in an hour from data already at hand in that office. However, I know that the officials of the Department of Commerce are entirely willing and eager to cooperate in any situation with the War Department.

I will say further that in the case of domestic statistics obtained by the Bureau of Census, Mines, etc., if the War Department felt the need of certain information being collected, the Department of Commerce could do a great deal toward the assembly of same. The Census Bureau, in its statistics of manufactures, collects and publishes the total value of the products of every industry, the amount of wages, etc., but does not by any means specialize on a particular product made by industry. The Census asks for the major ones only. If it asked for everything the cost of collection would be enormous and the publication charges overwhelming, but if the War or Navy Departments wanted particular figures of a chemical, for instance, I think it would be entirely possible to ask the Census Bureau to aid in collecting same. In obtaining figures the Census Bureau is under the necessity of promising that individual figures of producers will not be disclosed. In some cases the War Department needs some figures on a particular

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industry. In time of war it is authorized to demand such data but not in times of peace. It would not be difficult, in view of the high patriotism, to obtain such data at any time it becomes necessary. If it were necessary to have such information it could be obtained through the Department of Commerce acting at the request of the War Department, or by the War Department itself. If by the War Department, the Department of Commerce could undoubtedly help in steering to the right place. Whatever the situation may be, however, you may be very sure that the Department of Commerce is very glad to cooperate.

When we speak of foreign statistics we are dealing with a very different situation. Every foreign government does not collect statistics on given subjects or do not distinguish the figures. We cannot get statistics always, we may be able to get general information but not figures. As you doubtless know, the foreign governments do far less in the way of production statistics than our government, that is they do not deal so much with statistics of exports and imports as our government. The United States is far more progressive, particularly among the leading countries of the world, with regard to the completeness of the statistical information it has than any other. You will look around for figures and the idea may prevail that we do not have enough sometime, but compared to most countries we have a tremendous volume. The collection is rapidly expanding and most countries are not rich enough to afford such a collection as we have. Business men of our country are willing to furnish figures and it is not difficult

to get correct price information about production.

I expect the Navy and War Departments are interested in getting statistics on various items in countries in which we are not expecting to buy things in time of war for the reason that these countries are rivals of ours and we want to know what they have even though we do not think of purchasing from them. In many cases we would not be able to get this information because they do not have it. A great deal of data you want, however, has to do with raw materials coming from the less advanced countries of the world which may have some particular raw materials our country cannot produce.

You can often get the kind of information you desire from the statistics of exports and imports of foreign countries. They do not have statistics of production but almost every country keeps fairly good statistics of exports and imports and if it is backward and at the same time produces some important raw material it is likely to export the greater part of that raw material. If the country has not advanced industrially, it uses very little for its own consumption and consequently exports it. Statistics of the distant, more or less backward countries which largely produce manganese, rubber, and the various gums that make varnish, oil, paints, metals, etc., are available in the form of export statistics. You know the United States, being very populous and wealthy and having an exceedingly varied industry and consumption, is already the greatest consumer of most of the raw materials produced anywhere in the world. No matter where the item is produced,

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we can get it. Our consumption of many of those raw materials is equal to one-half of other countries put together, sometimes greater than all other countries put together as in the case of rubber. In the case of rather unusual commodities which this country does not need in times of peace but requires in time of war, our own tracings of imports show us where to go to get these products.

I suppose the really big task that would come before the War and Navy Departments would not be in finding where we can get certain materials, because we already know that, but in seeing that trade channels are not shut off by military operations or by policing of different countries. You might conceive of a certain country having friendly relations with an enemy of ours and embargoing a certain commodity. As the demand for that commodity increased you would have to consider how you would cut down the consumption of that item for peace time purposes. If you study this in advance you can act much more promptly and with less injury to private business than would be possible if you did not make such a study.

From that point of view you are interested in what becomes of raw material imports, what different businesses use them, what products they enter into, and how important those products are. There you would have to rely upon the statistics of consumption of raw materials in this country which are practically identical with the statistics of finished products collected by the Bureau of Census. I do not think nearly as many figures as you might want are available because that Bureau thinks in the terms of the finished product rather than raw materials. But again, if the War

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and Navy Departments would point out their needs for such information the Census Bureau could add these requirements to its present schedule and would at least start the government in the right direction, tell you what industries do use the materials even though they could not say exactly how much.

So far as I am personally concerned I can pledge you my personal cooperation with regard to any such studies and I am confident that the Department of Commerce can be of great assistance to the Army Industrial College and the War College.

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OPEN DISCUSSION.

QUESTION

Does your Research Division go into production capacity in addition to the normal export of a particular item?

ANSWER

The Census Bureau collects some statistics as to capacity, number of machines, kinds, etc.

QUESTION

I had reference more to foreign mineral statistics, raw materials, the productive capacity of that in foreign countries.

ANSWER

Only in a very limited way. You can judge it by the maximum capacity that has been reached, if you can find a maximum production figure. We preach to our men in the field to give us, from time to time, general information they get from talking to the people in the industry. We know some things about that subject you mention but not a great deal. We can get more if we specifically ask about the possibility of increased production, and that would probably help us a good deal.

QUESTION

How does industry help the manufacturers using your data on foreign commerce with the idea of increasing their own business?

ANSWER

Let me illustrate. If an exporter or manufacturer sees

that the export of a commodity he is interested in is rapidly increasing, sees it shows chances for more growth, sees that it is increasing particularly in certain countries, sees that there are fields we have never covered before or it may be to a country that we have never exported to, he immediately starts to find out more about the subject in connection with his own interests. Still more useful to such a person are statistics of the imports of the various foreign countries. There may be an important commodity largely imported by another country which we are not selling there. By looking at our statistics we can see where they get it from, and can discover by inquiry why we are not in that trade. The study of trade statistics is fundamental to the export trader. Great difficulties arise from the fact that different countries do not designate certain articles in the same language we do. You cannot always identify the article you are interested in. That is one of the problems of the statistics that we are trying to clarify - the names of items.

QUESTION

In the collection of statistics is the office organized on a classification basis or on a commodity basis?

ANSWER

In the Census Bureau it is organized on a classification basis, not by commodity. They send men from town to town with a set of schedules. It is unfortunate that we do not have expert specialists but that would be immensely expensive and is not done.

The Bureau of Mines does a little in the way of commodity statistics but they do a lot of work by correspondence, training people to report by writing. Experts in the office interpret that material and keep in touch with these men by correspondence. The Census Bureau has its specialists to interpret the material after it comes in but not to collect it. We have specialists in our own Bureau but they do not collect; they digest or assemble. Our statistics are compiled by the Division of Statistics, its principal office being located in New York. It is purely a mechanical operation. The record of each export or import is taken, a card punched for it. The fundamental difficulty is in determining what the thing is, what you are dealing with. The article may not be accurately described and you need a lot of specialists to determine the article in question.

The statistics of imports and exports are compiled by the Customs Bureau and furnished as a total to the Department of Commerce which publishes them. At present the statistical operation is controlled by the Commerce Department but the documents from which they make up these statistics are Treasury documents. We have a carbon copy prepared primarily for the purpose of collecting duties. The Treasury Department must be sent specific information on that document for purpose of duty. Some of it may be of no use to us, some we may want will be of no use to the Treasury Department. However it is a friendly cooperation. We have a statistical schedule which we put in the hands of the import producers and say they must describe the commodity so it can be identified in

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When the actual document comes in it goes first to a Treasury official if it is an import; if it is an export the Treasury does not have a thing to do with it so it comes promptly to us. It is a very difficult situation. It is very important that all trades move promptly. There is not time enough to collect those documents as completely as they should be and we are trying to work out some scheme whereby the schedule can be examined for clear and correct information. Most of the big products in which you are interested are of simple production, easily defined, and for that class of production there is very little difficulty. There is less difficulty with the raw materials.

QUESTION

What is your relation with the Shipping Board on statistical matters?

ANSWER

The Shipping Board is concerned with quantities, not with values. They are concerned with quantity from the standpoint of cargo. I am not very familiar with the organization but there is a discussion going on right now about the enumerating of its services. Our statistical figures agree pretty well. They are also interested in trade routes and total tonnage movements from and to certain ports. We practically get the same information from our statistics of foreign countries and if it be necessary we can develop our ordinary statistics by foreign ports from which coming and to which going. At present, however, there is no co-operation.