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**INQUIRY INTO PURPORTED TRADE AGREEMENT  
WITH CUBA AND PROCEDURE IN NEGOTIATING  
TRADE AGREEMENTS**

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**HEARING**

**BEFORE THE**

**COMMITTEE ON FINANCE  
UNITED STATES SENATE**

**SEVENTY-SIXTH CONGRESS**

**FIRST SESSION**

**ON**

**S. Res. 49**

**A RESOLUTION FOR AN INQUIRY CONCERNING A PURPORTED  
TRADE AGREEMENT WITH CUBA, AND THE SUFFICIENCY  
OF THE PROCEDURE IN NEGOTIATING SUCH  
AGREEMENTS UNDER LAW**

—————  
January 13, 1939  
—————

Printed for the use of the Committee on Finance



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# INQUIRY INTO PURPORTED TRADE AGREEMENT WITH CUBA AND PROCEDURE IN NEGOTIATING TRADE AGREEMENTS

FRIDAY, JANUARY 13, 1939

UNITED STATES SENATE,  
COMMITTEE ON FINANCE,  
Washington, D. C.

The committee met, at 10 a. m., in room 312, Senate Office Building, Senator Pat Harrison presiding.

In addition to committee members, the following were present: Senator Joseph C. O'Mahoney, of Wyoming; Senator Alva B. Adams, of Colorado; Senator Allen J. Ellender, of Louisiana; and Senator Charles O. Andrews, of Florida.

The CHAIRMAN. The committee will be in order. The committee has before it for consideration the following resolution:

[S. Res. 49, 76th Cong., 1st sess.]

## RESOLUTION

Whereas the Reciprocal Trade Agreement Act of June 12, 1934, as extended, requires "before any foreign trade agreement is concluded with any foreign government or instrumentality thereof under the provisions of this Act, reasonable public notice of the intention to negotiate an agreement with such government or instrumentality shall be given in order that any interested person may have an opportunity to present his views to the President or to such agency as the President may designate under such rules and regulations as the President may prescribe"; and

Whereas an official representative of the Cuban Government announced in specific detail in Habana on November 20, 1938, that a new agreement has been concluded with the Government of the United States for further reductions in American tariff duties; and

Whereas the State Department thereafter announced on December 1, 1938, its intention to negotiate the agreement heretofore defined and opened hearings on the subject on January 3, 1939: Therefore, be it

*Resolved*, That the Senate Finance Committee is instructed to inquire into this general situation and to determine the facts as to whether a new agreement was made preceding the announcement to American producers; and to report to the Senate at its earliest convenience whether existing procedure in the negotiation of trade agreements effectively provides for the notice to, and the hearings of, American producers preceding these agreements as contemplated and required by the Act of June 12, 1934, as extended.

The CHAIRMAN. Senator O'Mahoney, did you want to make an explanatory statement with reference to this resolution?

## STATEMENT OF HON. JOSEPH C. O'MAHONEY, UNITED STATES SENATOR FROM THE STATE OF WYOMING

Senator O'MAHONEY. Mr. Chairman, I should very much like to do so. I think, in justice to the Secretary, it might be well for him to know, before he makes his statement, just what some of us had in mind in presenting this resolution for consideration here.

The CHAIRMAN. Very well.

Senator O'MAHONEY. In the first place, Mr. Chairman, the resolution, of course, is intended to direct this committee to make an inquiry to determine whether or not the present terms of the Reciprocal Trade Agreements Act permit sufficient opportunity to persons who are interested in the changes of tariff rates which are under contemplation by the State Department, to present their views, and whether or not by any possibility these understandings and arrangements are actually agreed upon in advance.

Now, the particular reason why this measure was introduced was that early in November, Colonel Batista from Cuba arrived in the United States and visited New York City and Washington. He was guided around Washington by the officials of the Department of State and apparently some conversations took place in the Department of State with respect to a modification of the existing trade agreement with Cuba.

I have here some clippings from the New York Times of November 17, 1938, November 21, 1938, and November 20, 1938, which I shall ask to be incorporated in the record without my reading them.

The CHAIRMAN. Very well.

(The newspaper clippings referred to are as follows:)

#### BATISTA VISIT SEEN AIDING NEW ACCORD

ENVOY INDICATES PROGRESS IN "SPIRITUAL CONSOLIDATION OF CONTINENT" HAS BEEN MADE—DICTATORSHIP IS DENIED—GUARANTEE OF MINORITY RIGHTS IN CUBA STRESSED AT DINNER TO ARMY CHIEF HERE

A new era in Cuban-American relations will result from the visit to this country of Col. Fulgencio Batista, chief of the Constitutional Army of Cuba, and his discussions with President Roosevelt in Washington, it was indicated last night. While no announcement was being forthcoming from Washington, Dr. Pedro Martinze Fraga, Cuban Ambassador, hinted at a changed relationship while speaking at a dinner given in honor of Colonel and Señora Batista last night by the Cuban Chamber of Commerce at the Waldorf-Astoria Hotel.

"Perhaps without being fully aware of the fact," Ambassador Fraga said, "we are witnessing the opening of a new chapter in the history of the World of Columbus. Perhaps some of us as spectators, while others as actors, may be watching the rising of the curtain upon a new act in that long and often sad, but never very easy, path in the spiritual consolidation of the continent. It is very certain, however, that we are taking part in an event of capital importance whose unlimited possibilities we are unable to estimate at present, through lack of the necessary historical perspective."

#### DICTATORSHIP IN CUBA DENIED

Dr. Fraga referred to the Cuban revolution of September 4, 1933, by which Colonel Batista came to power, and added that many misconceptions of the Cuban situation were widespread in this country. He said that internal conditions in Cuba which demanded immediate attention gave rise to the dictatorship legend which has been applied to Colonel Batista.

"Dictator in a country which, while taking final steps for a solemn and definite constitutional order, through the election of a constitutional assembly, popular, free, and sovereign, offers one of the rarest examples on earth, allowing all—permit me to underline and repeat it—all political ideologies from the representatives of the extreme right to those of the extreme left, to live a life that is open, free, public, respected, and guaranteed?" Ambassador Fraga asked scornfully.

"Or is it that Colonel Batista is called a dictator because he has succeeded, in his rescuing of Cuba from anarchy, disorder, and economic ruin, in reestablishing that moral peace which allows and translates into actual reality the equality of all men in the eyes of the law; the respect for all ideologies, doctrines, and creeds; the same opportunity for all men; the right to live, work, and think freely?"

## BATISTA OUTLINES STAND

Colonel Batista met the charge of dictatorship by saying:

"As chief of the Constitutional Army of the Republic of Cuba I have fulfilled my task.

"The armed forces of Cuba are today the mainstay and the guaranty of the national stability and the rights of all those who rely on the constitution and the laws of the land. As chief of a revolutionary movement which brought back the renewed vigor of a dissatisfied public conscience I feel obliged to do nothing to frustrate its aspiration.

"The United States and Cuba pursue, side by side, within their respective possibilities, the order which guarantees confidence between the two, and the objective will be attained to its full when the two countries unite with their effort and good-will the common understanding of their mutual interests."

Mayor La Guardia said that 40 years ago the Republic of Cuba was about to be born, "and the contrast between what is going on in the world today and what happened 40 years ago must make a profound impression on all lovers of liberty." He added that this Nation had extended a helping hand to a new sister republic but had "sought no advantage" for herself.

"Today the reverse seems to be the rule where powerful nations encroach on the territory of weaker nations, destroy their sovereignty and then, in brutal lust for power, commit outrages upon minorities within their boundaries," he said.

"The hope of the world rests in the peace of the Western Hemisphere. We are not afraid of invasion. That is not our problem. Our coast line, as long as it may be, we are able to protect. We must be sure we disinfect the very atmosphere that prevails over the Western Hemisphere in order to keep out any idea of dictatorship."

Other speakers were Lt. Gov.-elect Charles Poletti; Representative Hamilton Fish; John L. Merrill, president of the Pan American Society; Maj. Gen. Hugh A. Drum; and Lawrence Berenson, president of the Cuban Chamber of Commerce in the United States, who was toastmaster. Sumner Welles, Under Secretary of State, who had been scheduled as a speaker, was unable to attend.

While he was inspecting the Federal Building in the Court of Peace at the World's Fair yesterday afternoon, Colonel Batista was asked to express his attitude concerning the persecution of Jews in Germany. His reply, in Spanish, which was translated by Ambassador Fraga, follows:

"The Cuban feeling, which is the one I try to interpret, condemns anything representing social inequality or injustice. Freedom of action is granted to the Cuban people. Anything working an injustice against any persons is spontaneously and strongly repudiated by the Cuban National Councils."

Earlier Colonel Batista and his official party had been the guests of Grover Whalen, president of the fair, at a luncheon at the Terrace Club and had inspected the Pan-American wing in which the Cuban exhibit of 10,000 square feet will be housed.

[Times, New York City, November 21, 1938]

## BATISTA DEPARTS, PLEDGING ACCORD

## CUBAN ARMY CHIEF AGREES WITH LA GUARDIA ON NEED FOR NEIGHBORS' UNITY

With a declaration that the nations of the Western Hemisphere must "stand together," Col. Fulgencio Batista, chief of the Constitutional Army of Cuba, departed at 10 o'clock last night on the Habana special from the Pennsylvania Station. He will arrive at Miami tomorrow morning, go from there to Key West by automobile, and return on Wednesday to Miami, where he will board the Cuban gunboat *Cuba* for the trip to Havana.

Before leaving for the train Colonel Batista, in an interview in his apartment in the Savoy-Plaza, declared, in response to a question:

"I am in complete accord with Mayor La Guardia, believing that all the American nations should stand together against all political penetration foreign to the ideals of the Americas. In order to secure that spirit of cooperation all the nations on these continents should not only know each other better but learn to love each other."

The colonel's comment was called forth by the mayor's speech before the conference of mayors in Habana on Saturday.

"I wish to express my most profound gratitude for the attention given me during my stay by the authorities, institutions and people in general," Colonel Batista

said. "I have received from everyone the most warm welcome, with smiles and courtesy at all times.

"I leave very satisfied, as much for the demonstrations as for the great things which I have seen during my stay in this country. Many of the things I have seen will help me as an experience which I will transmit to Cuba. My only lament is that my stay here was so short."

Colonel Batista said his visit was as chief of the Cuban Army at the invitation of Maj. Gen. Mallin Craig, chief of staff of the United States Army, and he added:

"I took advantage of the trip to look and listen. At the same time it had served to plant in my heart still deeper the good-will and friendship of the people of the United States and still more my own personal conviction about the historic and friendly relations between Cuba and the United States."

He said he had had no conferences with financiers and that the closest he came to Wall Street was on his visit to Governors Island after leaving City Hall last week.

Yesterday afternoon the colonel and his party visited Radio City and the Radio City Music Hall as guests of Consul Cayetano de Quesada. The group visited the rainbow room, the observation tower, and at the Music Hall the Colonel heard applause from the audience, unaware of his presence, for a now-regular showing him reviewing the West Point cadets last week.

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[From the New York Times, November 26, 1938]

### BATISTA SAYS UNITED STATES WILL ASSIST CUBA

SEES TRADE TREATY MODIFIED, FINANCIAL AID, ARMY UNITY--HABANA ACCLAIMS HIM

By R. HART PHILLIPS (wireless to the New York Times)

HABANA, November 25.—Returning from his visit to the United States this afternoon to receive the warmest welcome ever accorded a Cuban official, Col. Fulgencia Batista, Army chief of staff, declared tonight that the reciprocity treaty between Cuba and the United States would be modified in favor of certain Cuban products.

He was speaking to a crowd from a balcony of the Presidential palace over a national hook-up following a 4½-hour parade.

Colonel Batista indicated that some financial assistance would be given to the island by the United States and hinted that there would be military cooperation between the two Nations. He said he had brought with him hopes and promises that "my visit to the United States will result in economic, social, political, and even military and strategic benefits to Cuba."

The colonel declared that the Cuban people had reason for optimism as a result of his visit but warned them not to expect more from foreign aid than from the result of their own efforts in building up the Nation.

He eulogized President Roosevelt as one of "the most progressive men in American history," and affirmed, "my admiration and respect for him has no bounds."

### DENIES "GOING TO BE SCOLDED"

Striking at a report here that the future policy of the Cuban Government would be greatly influenced by his visit, Colonel Batista asserted that he had not gone to the United States "to be scolded or receive instructions." He said that the social and political legislation in the program of the Government would be carried out and that he had not received any suggestions nor indications from United States officials.

Referring directly to the proposed revaluation of mortgage credits now pending in Congress, which will greatly affect American investors, he declared that the bill would be put through.

"I believe," he said, "that President Roosevelt sympathizes with this measure as a necessity for the Cuban people."

Colonel Batista said President Roosevelt had expressed fears that Cuba might become a victim of totalitarian influences and that he had reassured the President that Cuba would cling to democratic principles. He asserted he felt confident that his visit had brought about a closer moral and spiritual pact between the Cuban and American peoples.



Colonel Batista sarcastically remarked that he had not asked United States officials whether or not he should visit Mexico next January as planned and said it was the feeling in Washington that the visit would do much to cement closer relations among the Americas at the present time.

When he arrived aboard the cruiser *Cuba* this afternoon, thousands lined the water front and cheered the young colonel, who had been named "the messenger of prosperity" by the organizers of the reception because of the public belief that he was bringing promises of United States economic and financial assistance.

#### GENERAL'S SALUTE FIRED

As the *Cuba*, which transported Colonel Batista and his party from Miami, sailed past Morro Castle, the guns of Cabanas Fortress fired a general's salute and cheers went up from the crowd, which was estimated between 50,000 and 75,000. The whistles of the harbor craft blew, a squadron of Army planes roared overhead, and firecrackers exploded throughout the city.

Debarking at Caballeria wharf, Colonel Batista was met by political leaders and high Army and Navy officers. He walked several blocks through a long line of police, soldiers, and marines, who had difficulty in restraining his enthusiastic admirers, to the Presidential Palace, where he was received by President Federico Laredo Bru, the Cabinet, and high Government functionaries.

From a balcony of the palace the colonel and the President reviewed a military parade of four regiments of the Army, units of the Navy, police, reserve corps, firemen, and veterans and school children, followed by representatives of labor, industry, agriculture, and commerce from all the Provinces.

Banks and commercial and industrial concerns closed at noon, and the President decreed a holiday for Government employees.

Despite overcast skies and a cold wind, the city took on a festive air early this morning as crowds poured in from the interior by bus, train, and automobile. Colored electric lights, strung flags, and banners decorated the downtown district.

Senator O'MAHONEY. I have one clipping from the New York Times of November; 30, 1938, a dispatch from Havana, which I shall ask the indulgence of the committee while I read it. This is headed "U. S. to cut tariff upon Cuban sugar." [Reading:]

#### BATISTA REVEALS HE PLEDGED FREE QUOTA FOR RICE AND LABOR LAW EXEMPTIONS

HAVANA, November 29.—Col. Fulgencio Batista, Cuban chief of staff, said in an interview today that an oral agreement had been reached for reduction of the tariff on Cuban sugar entering the United States.

Senator GEORGE. You say an oral agreement?

Senator O'MAHONEY. An oral agreement had been entered into. [Continuing:]

In return, he said, Cuba would throw open her market for Louisiana rice and other North American products, manufactured and agricultural, and grant certain exemptions under her nationalistic labor laws.

Formal negotiations—

Observe the careful language of this dispatch. In the first place, as the Senator from Georgia noted, it refers to an oral agreement. Now the beginning of the second paragraph states:

Formal negotiations for modifications of the present reciprocal trade treaty between the United States and Cuba will be started in a few days, he said.

Will be started in a few days.

Reduction of the United States tariff on Cuban sugar will not affect the United States import quotas but will benefit Cuban growers by giving them a better price.

Colonel Batista said the present tariff on Cuban sugar of 90 cents a hundredweight would be reduced to 75 cents, the maximum reduction President Roosevelt is permitted to make under his reciprocal trade powers.

"And we expect a further reduction when the United States Congress meets again," said Colonel Batista.

Thus displaying a complete knowledge of the text of the law, of the powers granted under the law, and of the formalities which must be undertaken before there is a formal announcement of any concluded trade agreement.

The Army chief, telling for the first time of some results of his recent trip to Washington—

Some results—

said Cuba would establish a tariff-free quota for United States rice and reduce her duty on rice from the United States outside the free quota. He said he could not specify at this time what other products of the United States would receive concessions.

Negotiations for further modifications of the present reciprocal-trade treaty between the United States and Cuba will be started within a few days, Colonel Batista said, and the changes will be made as rapidly as possible.

Rice is one of Cuba's most important foods. The island consumes nearly 500,000,000 pounds annually, of which the United States furnishes about 200,000,000 pounds and pays a tariff of \$1.85 on each 220 pounds. Siam pays a tariff of \$4.70 and India, Indo-China, Egypt, and Spain pay \$3.70.

Cuban labor laws now provide that almost 100 percent of those employed here shall be Cuban citizens, exempting only certain technicians. On this question Colonel Batista said:

"We already have provided that all United States citizens who participated in the Spanish-American War are exempted from the labor laws, but we will provide that all North Americans get special privileges.

"We do this because the United States sends us few immigrants and they are of a very high type, and also for sentimental reasons, remembering the United States in her war with Spain."

Colonel Batista said he was not merely hinting at a change in the labor laws.

"The action we take," he said, "will be stronger than any words to you."

Evidently indicating a pretty well grounded understanding on the part of Colonel Batista as to just exactly what the policy and program was to be.

In the revision of the trade treaty other Cuban products than sugar, such as tobacco, frozen meat, and agricultural products, will receive better treatment by the United States, he said.

He denied rumors that the United States and Cuba had agreed on specific military fortifications in Cuba.

There were rumors going around that this agreement went much much beyond the consideration of sugar and tobacco, and included political arrangements having to do with military fortifications.

Senator CONNALLY. Senator O'Mahoney, may I ask you a question there? Is it not conceivable that Colonel Batista was making a very favorable report back to his own people?

Senator O'MAHONEY. Quite.

Senator CONNALLY. Dressing it up pretty attractively.

Senator O'MAHONEY. Quite. There may be some possibility of it, but I feel that this committee and the Senate ought to know the facts.

Senator CONNALLY. Those Cuban politicians are human beings, just like the rest of us.

Senator O'MAHONEY. No doubt about it, and we do not cease to be politicians when we enter the State Department.

He denied rumors that the United States and Cuba had agreed on specific military fortifications in Cuba.

"Cuba is not increasing her army," he said. "We have no plans for building new defenses, but we maintain the best spirit of cooperation with the United States in President Roosevelt's defense plans as long as our sovereignty is retained."

I read the whole despatch in order that it all might be before the committee.

Now, the publication of that story in the morning papers of November 30 provoked immediate action at the State Department. Our distinguished friend, former member of the Senate and now head of the State Department, who is winning such great acclaim all over the world, in which I join, was absent at the moment, so that the public statement was made by the Acting Secretary of State, the Honorable Sumner Welles. A press conference was held in the State Department. If I am correctly advised, the Acting Secretary stated at this press conference that in view of certain articles that had appeared in the press that morning, it seemed desirable to make clear that under the law no trade agreement can be concluded by this Government until after all of the steps provided for in the Trade Agreements Act have been complied with. That, of course, is well understood. "With the steps the correspondents are, of course, thoroughly familiar," said the Acting Secretary.

He went on to say—and this is the language that I would like to call particularly to the attention of the members of this committee—he went on to say that during recent weeks certain subjects have been discussed and considered which might form a part of supplementary trade agreement negotiations between Cuba and the United States, but that of course no agreement could be concluded with regard to concessions on either side until after the necessary procedure had been followed.

By whom were these conversations conducted, and with whom? It has seemed to those of us who sponsored this resolution, gentlemen of the committee, that it is of the utmost importance that the Senate, at least, if not the public, should know what these preliminary conversations consist of. Preliminary conversations that are acknowledged here by the statement of the Acting Secretary of State, conversations, which were the basis of their well-documented release to the press and of the press interview by Colonel Batista after he had returned to Habana.

If it be true, as Mr. Welles stated, that during recent weeks certain subjects have been discussed and considered, it seems to me that it is of the utmost importance that a full disclosure should be made of just what those conversations are, because otherwise the public does not know whether or not trade agreements are being substantially agreed to in advance.

Now let me call attention to another statement that was made that morning. A correspondent asked if the Acting Secretary could corroborate reports from Habana that further concessions beyond the scope of the trade agreement were being sought. The correspondent stated, in answer to the Acting Secretary's inquiry as to where this report came from, that it was a statement quoted as coming from Colonel Batista to the effect that certain concessions beyond the scope of the trade agreement were to be sought from the United States. The Acting Secretary replied that he was not prepared to say anything on the subject, for the reason that at the moment nothing of that kind was under consideration. Obviously a very narrow limitation of the period referred to by the Secretary.

Now, on November 30, immediately after the press conference, the formal notice was issued by the State Department. I shall ask that that notice be placed in the record at this point.

The CHAIRMAN. It may be done.  
 Senator O'MAHONEY. Together with the attached papers.  
 (The matter referred to is as follows:)

[For the press]

DEPARTMENT OF STATE,  
 November 30, 1938.  
 No. 583

FOR IMMEDIATE RELEASE

Attached are the following:

1. Supplemental trade-agreement negotiations with Cuba.
2. Public notice of the Department of State.
3. Public notice of the Committee for Reciprocity Information.
4. List of products.

#### SUPPLEMENTAL TRADE-AGREEMENT NEGOTIATIONS WITH CUBA

The Acting Secretary of State today issued formal notice of intention to negotiate with Cuba a trade agreement supplemental to the trade agreement signed at Washington on August 24, 1934, and now in force. Interested persons are invited to submit their views in regard to these proposed negotiations to the Committee for Reciprocity Information.

The Committee for Reciprocity Information issued at the same time a notice setting December 24, 1938, as the closing date for the submission to it by interested persons of information and views in writing and of applications to appear at public hearings to be held by the Committee; this notice also set Tuesday, January 3, 1939, at 10 a. m., as the time for the opening of public hearings with respect to these negotiations, which hearings will be held before the Committee for Reciprocity Information in the hearing room of the United States Tariff Commission in the Old Land Office Building, Eighth and E Streets N.W., Washington, D. C.

The notice of intention to negotiate issued by the Acting Secretary of State is accompanied by a list of products to which, unless further announcement is made, consideration of changes in import duties applicable to Cuban products imported into the United States will be confined.

In commenting upon these notices, the Acting Secretary of State pointed out that a general revision of the trade agreement concluded in 1934 is not envisaged; that there is contemplated simply the negotiation of a supplemental agreement to effect certain additions to and modifications in the existing trade agreement. Consideration will be given to the possibility of providing concessions to Cuba on tobacco and tobacco products, and of granting a further concession in respect of the import duty on Cuban sugar. The concessions provided for Cuban tobacco in the trade agreement of 1934 ceased to be effective on March 17, 1936, following the termination of the domestic cigar tobacco adjustment program after the invalidation of certain provisions of the original Agricultural Adjustment Act. Consideration of a further reduction in the duty on Cuban sugar is of course subject to the 50 percent limitation imposed by the Trade Agreements Act and the maximum reduction which can be considered is therefore to a rate not lower than 0.75 cent per pound on 90° sugar.

Certain other matters of an essentially technical nature, relating mainly to the general provisions of the existing agreement and to the concessions provided in that agreement on Cuban potatoes and rum, will also receive consideration. The only products, other than sugar and tobacco, included in the list issued in connection with the notice of intention to negotiate are rum and potatoes.

The inclusion of rum in this list is in order that consideration may be given to the binding in Cuba's own right of the rate of \$2 per proof gallon on rum in containers holding each 1 gallon or less, now applicable to Cuban rum by reason of the guaranteed margin of preference provided in the trade agreement with Cuba and the rate of \$2.50 per proof gallon provided in the trade agreement with Haiti signed on March 28, 1935.

The inclusion of potatoes is for the purpose of considering an amendment which will permit the concession on seed potatoes, provided in the trade agreement concluded with Canada on November 17, 1938, to become fully effective. Under the existing agreement with Cuba, the duty on white or Irish potatoes of Cuban production is fixed at 30 cents per hundred pounds and a preferential margin of 50 percent guaranteed, for imports entered for consumption during the months of December, January, and February. In the agreement signed with Canada on

November 17, 1938, it is provided with respect to the concession therein granted Canada on certified seed potatoes that if and when the United States is no longer obligated to accord to such potatoes produced in the Republic of Cuba a preferential reduction in the rate of duty in excess of 20 percent, the rate of duty applicable to certified seed potatoes from Canada within the quota limits provided shall be 37½ cents per hundred pounds during the entire year.

Only a limited supplemental agreement is contemplated. There will be no general revision of the schedules of concessions provided in the existing agreement, and no increases in the guaranteed percentages of preference in tariff rates will be made. Due consideration will, however, be given to all representations which may be made to the Committee for Reciprocity Information regarding any provisions of the agreement with respect to which the interested persons may feel that adjustments are necessary.

DEPARTMENT OF STATE,  
Washington, D. C., November 30, 1938.

PUBLIC NOTICE

TRADE AGREEMENT NEGOTIATIONS WITH CUBA

Pursuant to section 4 of an act of Congress approved June 12, 1934, entitled "An act to amend the Tariff Act of 1930," as extended by Public Resolution No. 10, approved March 1, 1937, and to Executive Order No. 6750, of June 27, 1934, I hereby give notice of intention to negotiate a trade agreement with the Government of Cuba, to supplement and amend the trade agreement with that Government signed at Washington, August 24, 1934.

All presentations of information and views in writing and applications for supplemental oral presentation of views with respect to the negotiation of such agreement should be submitted to the Committee for Reciprocity Information in accordance with the announcement of this date issued by that Committee concerning the manner and dates for the submission of briefs and applications, and the time set for public hearings.

SUMNER WELLES,  
Acting Secretary of State.

COMMITTEE FOR RECIPROCITY INFORMATION,  
Washington, D. C., November 30, 1938.

PUBLIC NOTICE

TRADE AGREEMENT NEGOTIATIONS WITH CUBA

Closing date for submission of briefs, December 24, 1938.

Closing date for application to be heard, December 24, 1938.

Public hearings open, January 3, 1939.

The Committee for Reciprocity Information hereby gives notice that all information and views in writing, and all applications for supplemental oral presentation of views, in regard to the negotiation of a trade agreement with the Government of Cuba, notice of intention to negotiate which has been issued by the Acting Secretary of State on this date, shall be submitted to the Committee for Reciprocity Information not later than 12 noon, December 24, 1938. Such communications should be addressed to "Chairman, Committee for Reciprocity Information, Old Land Office Building, Eighth and E Streets, N.W., Washington, D. C."

A public hearing will be held beginning at 10 a. m. on January 3, 1939, before the Committee for Reciprocity Information in the hearing room of the Tariff Commission in the Old Land Office Building, where supplemental oral statements will be heard.

Six copies of written statements, either typewritten or printed, shall be submitted, of which one copy shall be sworn to. Appearance at hearings before the Committee may be made only by those persons who have filed written statements and who have within the time prescribed made written application for a hearing, and statements made at such hearings shall be under oath.

By direction of the Committee for Reciprocity Information this 30th day of November.

JOHN P. GREGG,  
Secretary.

## LIST OF PRODUCTS ACCOMPANYING NOTICE OF INTENTION TO NEGOTIATE A SUPPLEMENTAL TRADE AGREEMENT WITH CUBA

For the purpose of facilitating identification of the articles listed, reference is made in the list to the paragraph numbers of the tariff schedules in the Tariff Act of 1930. Only the articles covered by the descriptive phraseology of the list will come under consideration for the granting or modification of concessions by the United States.

In the event that articles which are at present regarded as classifiable under the descriptions included in the above list are excluded therefrom by judicial decision or otherwise prior to the conclusion of the agreement, the list will nevertheless be considered as including such articles.

United States Tariff Act of 1930, par. —	Description of article	Present minimum preferential reduction to Cuba	Present rate of duty (applicable to Cuban products)
501.....	Sugars, tank bottoms, sirups of cane juice, melada, concentrated melada, concrete and concentrated molasses, testing by the polariscope not above 75 sugar degrees, and all mixtures containing sugar and water, testing by the polariscope above 50 sugar degrees and not above 75 sugar degrees.	20 percent.	\$0.006165 per pound. <sup>1</sup>
	And for each additional degree shown by the polariscope test.	20 percent.	\$0.00135 per pound additional, and fractions of a degree in proportion. <sup>1</sup>
601.....	Wrapper tobacco and filler tobacco when mixed or packed with more than 35 percent of wrapper tobacco:		
	If unstemmed.....	20 percent.	\$1.20 per pound.
	If stemmed.....	20 percent.	\$1.72 per pound.
601.....	Filler tobacco, not specially provided for:		
	If unstemmed.....	20 percent.	\$0.28 per pound.
	If stemmed.....	20 percent.	\$0.40 per pound.
603.....	Scrap tobacco.....	20 percent.	\$0.28 per pound.
605.....	Cigars, cigarettes, cheroots of all kinds, and paper cigars and cigarettes, including wrappers.	20 percent.	\$3.60 per pound and 20 percent ad valorem. <sup>2</sup>
771.....	White or Irish potatoes, when imported and entered for consumption during the period from Dec. 1 to the last day of the following February, inclusive, in any year.	50 percent.	\$0.30 per 100 pounds.
802.....	Rum, in containers holding each 1 gallon or less.....	20 percent.	\$3 per proof gallon.

<sup>1</sup> 90° sugar 0.9 cent per pound.

<sup>2</sup> Effective Jan. 1, 1930, the rate on cigarettes from Cuba will be \$1.80 per pound and 10 percent ad valorem, by reason of a duty reduction in the trade agreement with the United Kingdom and the provisions of Article III of the existing agreement with Cuba.

### Senator O'MAHONEY. Let me read this paragraph from the notice:

In commenting upon these notices, the Acting Secretary of State pointed out that a general revision of the trade agreement concluded in 1934 is not envisaged; that there is contemplated simply the negotiation of a supplemental agreement to effect certain additions to and modifications in the existing trade agreement. Consideration will be given to the possibility of providing concessions to Cuba on tobacco and tobacco products, and of granting a further concession in respect of the import duty on Cuban sugar. The concessions provided for Cuban tobacco in the trade agreement of 1934 ceased to be effective on March 17, 1930, following the termination of the domestic cigar tobacco adjustment program after the invalidation of certain provisions of the original Agricultural Adjustment Act. Consideration of a further reduction in the duty on Cuban sugar is of course subject to the 50-percent limitation imposed by the Trade Agreements Act and the maximum reduction which can be considered is therefore to a rate not lower than 0.75 cent per pound on 90° sugar.

Certain other matters of an essentially technical nature, relating mainly to the general provisions of the existing agreement and to the concessions provided in that agreement on Cuban potatoes and rum, will also receive consideration.

Now, Mr. Chairman, it seems to me to be clear from this statement that at the time it was issued there was a complete understanding in the mind not only of Colonel Batista but in the mind of the Acting

Secretary, Sumner Welles, because otherwise he could not possibly have written a statement which was so clear, specific, and definite.

Those of us who are interested in studying the concessions which it is proposed to make upon agricultural products grown in the United States, sugar and potatoes, feel that this committee and the Senate ought to know very, very clearly to what extent the interests of producers in America are protected in advance of the reaching of these agreements. It would appear, upon the face of the record that is here presented, that substantial if not legal agreements are reached in advance and before the representatives of American producers have an opportunity to present their case.

Now, this is not the only instance. It has been stated to me—of course, I have not had an opportunity to investigate it—that before the trade agreement with Belgium was entered into, word came back from Belgium to the producers of glass in the United States that a concession was to be made upon certain forms of glass, a reduction of the American tariff. Immediately two large American manufacturers of glass made arrangements in Belgium, I am told, to become associated with the Belgian cartel, so that they were in a position at that side of the water to control the importation, or the exportation from Belgium to the United States of plate glass. So that although the tariff was reduced, our American manufacturers, through their cartel arrangements abroad, were able to substitute an effective control of exports from Belgium into the United States.

A similar report has come to my ears with respect to Switzerland and watches. It was stated that before the agreement was concluded, word had come back to the United States from Switzerland to manufacturers of watches here that a concession was to be made by the United States.

It seems to me, Mr. Chairman and gentlemen of the committee, that this is a matter of utmost importance. It goes to the whole substance of whether or not the commercial arrangements upon which our whole economic life is based shall be arrived at openly, where those who represent the people may know what is going on.

Now let me say to you, Mr. Secretary, because of the remark which you made to me in response to the statement that I made in response to the Senator from Texas—

Secretary HULL. That was facetious.

Senator O'MAHONEY. I understand, but I want to make it clear. I call myself a politician. I glory in the fact that I am a politician, and I am not one of those who willingly gives that word a derogatory implication.

Thank you, Mr. Chairman.

Senator CONNALLY. Senator O'Mahoney?

Senator O'MAHONEY. Yes.

Senator CONNALLY. I hope the Senator does not conclude that I meant it in an unfriendly manner.

Senator O'MAHONEY. No, no.

Senator CONNALLY. In reality we are all politicians, some of us good ones and some of bad ones.

Senator O'MAHONEY. I just want it to be understood that we are all proud to be politicians.

Senator CONNALLY. Let me ask you one question. In anticipating the fairness of the State Department in regard to any agreement,

whether a tariff agreement or anything else, have not you got to have a preliminary discussion on the thing, to find out whether you want to make a new agreement or not?

Senator O'MAHONEY. I haven't any doubt in the world about that.

Senator CONNALLY. It seems to me inevitable that you have got to make a survey of existing facts to see whether you want to let things alone, or whether you want to make a new agreement. It is entirely likely, before they enter into any formal negotiations, naturally, that they sort of survey each side, to present what they think ought to be done, and arrive at some sort of a basis for negotiation.

Senator O'MAHONEY. There can be no doubt about that, Senator Connally, but I suppose if we are realistic about it, we must understand what it is. In this particular case the charge is being made—with what truth I do not know—that these agreements are in substance reached in advance, before the people are given any real understanding what is going on.

The CHAIRMAN. Gentlemen of the committee, on January 9, when Senator O'Mahoney and other Senators who are interested in this sugar question, introduced in the Senate Senate Resolution 49, I immediately called the Secretary of State, who had just returned from South America, and asked him if he desired to appear in person or to send the data down here by his representative, and he as usual, was very fine and said he would be glad to appear before the Finance Committee with reference to this resolution, and that is why this committee is meeting this morning.

We are glad to have you, Mr. Secretary; you may say what you desire with reference to this matter, or any other matter you desire to speak on.

#### STATEMENT OF HON. CORDELL HULL, SECRETARY OF STATE

Secretary HULL. Mr. Chairman, I am always glad to have some occasion to come here and appear before you gentlemen, both personally and officially. I think I was able to work with most of you in a strictly legislative way. I trusted you and you trusted me. There was no suspecting each other of sinister purposes, or any kind of underhand methods, much less any thought of questioning the integrity of each other, either officially or personally.

In 1934, as you gentlemen will remember, the industrial situation and general trade and economic affairs of all the nations were utterly chaotic, they were steadily deteriorating and undermining the stability both of the political and of the general economic situation of everybody in the world. Nobody was suggesting any remedy; nobody had any remedy to suggest.

It was in those circumstances that, after conferring with a number of you gentlemen and advising with you, I proposed that we undertake, as a temporary method of dealing with a grave and critical economic exigency, a new agency calculated to halt the increasing chaos in business and general commercial affairs, and to point a course toward sound recovery.

That authority and that policy were given consideration by the Congress in both Houses, and they agreed to this temporary policy and to this temporary agency for meeting a critical exigency.

We have striven to carry out the exact instructions, the policies and authority imposed upon us in that connection. We have felt



that we were acting as much for you as for ourselves, as much for each of us as for the American public, and in that spirit we have been just as much interested in promoting the welfare of every industry in America as any citizen or official of this country, Federal or otherwise. We have devoted many months and weeks and days and nights to finding a sound basis for readjustment, both as an example here and in other parts of the world where it was so necessary. I think, if the facts were really known and understood, it would be seen that our entire motives were prompted by a desire to promote the welfare of American business and stop that headlong plunge into economic chaos which it was rapidly taking when this agency was created.

Now, there has been no other remedy suggested to head the industrial, commercial, and economic affairs of this and other nations in the direction of a sound course of recovery. There are only criticisms now and then of the efforts we are making, even though these efforts are dealing with a temporary emergency and carrying out, just as faithfully as possible, the authority and the duty imposed upon us by the Congress.

There has been only one other method proposed as a long-term policy, and that is a question to be determined at the expiration of this temporary Trade Agreements Act under which we are carrying on our duties. If I thought for a moment that to return tomorrow to the old system in lieu of our present temporary trade and tariff recovery program would mean trade recovery, nobody would be quicker than I to abandon our duties and responsibilities in the work we are performing with a temporary agency, but, as I say, the permanent policy is not legitimately brought up here, unless there is such a patent failure, or such gross abuses of our responsibility as would suggest it.

I always have been an admirer of Senator Capper. While we sometimes frankly disagree, he is often very candid in expressing his views, and since my very talented and energetic friend, Senator O'Mahoney, has referred to bringing back immediately this former method of tariff making, while the economic exigency is still grave and critical both at home and abroad, I would just read Senator Capper's description of what Senator O'Mahoney would have you do before we get half way, or at least half way out of this serious economic situation.

Senator Capper, in the United States Senate, second session, Seventy-third Congress, volume 78, page 10370, says:

As a matter of fact, if the job is only to revise the tariff schedule, if bargaining with other nations is left out of the picture, our experience in writing tariff legislation, particularly in the post-war era, has been discouraging.

Trading between groups—

Senator O'Mahoney is not here.

Senator O'MAHONEY. Yes; I am here. I am listening very carefully, Mr. Secretary.

Secretary HULL (reading):

Trading between groups and sections is inevitable, logrolling is inevitable and in its most pernicious form. We do not write a national tariff law. We jam together, through various unholy alliances and combinations, a potpourri of hodgepodge sectional and local tariff rates which often add to our troubles and increase world misery. For myself I see no reason to believe that another attempt would result in a more happy ending.

Now, Senator Capper was not speaking just for himself about this. I think that is the general feeling among the members of Congress. The only difference is in how to devise the most satisfactory system of tariff making as a permanent policy.

Now, that is a question which comes up for discussion and debate when this temporary Trade Agreements Act expires, or when it is repealed. So I do not go into that; I merely was reminded of that by the remark of my suspicious and energetic friend, Senator O'Mahoney.

We have striven to conduct the proceedings under this act in a manner as scrupulously accurate and fair as it has been humanly possible for the most capable group of persons I can find to conduct it. I would be willing, entirely willing, for anybody who has deep-seated suspicions to come over there with a microscope, or any number of microscopes, and examine every line and word that comprises the record on the negotiations of these 20 agreements that have been concluded.

Nobody has been more concerned about looking out for the permanent interests and welfare of all classes of industry and the American people than we have. So naturally, as Senator Connally very properly suggested, there must be some preliminary conversations, exchanges of casual and informal information, before it would be humanly possible to locate the desirable commodities which might afford a basis for real investigation, full consideration and final decision with respect to a mutually profitable trade arrangement. That would include preliminary questions, such as whether another country was prepared to preserve the principle of equality of treatment. So there is nothing new, Mr. Chairman, in this particular case as compared with the preceding 20 agreements. The integrity of this proceeding is just as unassailable, under the facts, as is the integrity of all of the others.

I might say that we are doubly impressed with our responsibility, on account of the serious economic situations both at home and abroad. I think you understand that in Europe, which ordinarily has been such a large purchaser of our footstuffs and raw materials, they have armed conflict, and daily threats of war, every sort of loud exclamation of belligerency and glorification of war, threats to whip somebody almost every morning before breakfast, and naturally business people are scared out of their wits all over Europe. Likewise it is natural to see capital flowing from every nook and corner of Europe to some place of safety. I think we have piled up here between 14 and 15 billion dollars of gold, an immense portion of which has fled for dear life out of Europe.

Business people cannot think for a moment how to plan ahead. Naturally there are repercussions in this country from over there. When you see prices and values of commodities bought and sold in world trade drop like plummets as a part of that reaction, you see a tremendously injurious effect on the economic lives of many other countries, including our own.

I said to some of our friends in South America that this entire hemisphere was tremendously interested in a peaceful and prosperous Europe; that if Europe should die economically we would all shrink and shrivel up with an unprecedented case of economic dry rot.

So it is in this serious and critical sort of situation that the only agency calculated by its effects to halt this steadily deteriorating condition, both politically and economically, and especially its resultant

effect upon us, is this reciprocal trade-agreements program. It has now been recognized as sound and offers the only practical method pointing toward a sound course of recovery. I have for this reason deplored the fact that we cannot all of us sit down here and take counsel together with respect to these big, basic emergency conditions.

I want you to see that we are scrupulously devoting as much as a year sometimes to an exhaustive, patient study of every single trade fact or condition that might indirectly affect the place of a commodity in the trade situation, in order to do nobody an injustice, in order to impose no material injury on anybody in this country, but on the other hand to lay the foundation for a solid and substantial economic recovery by combining a sound program for international trade with a sound domestic economic program. This, of course, presupposes the maximum amount of pure domestic rehabilitation.

Now, Mr. Chairman, I feel that I might venture to keep ourselves reminded of just one or two of the numerous basic conditions that we need take notice of as we go along. We are not out of the woods, the world is not out of the woods by any means yet, economically at least.

Now, when I came back yesterday morning I discovered that some of my good friends over here wanted me to bring over some information that the general public here in Washington is already entirely familiar with, but nevertheless, I am glad to bring it over. When I saw this resolution I proceeded immediately to call for our records as they were made up at the time. The first thing I discovered was that this present limited Cuban trade-agreement proposal was going through, so far as I discovered, exactly the same procedure that all of the others went through. I might say that constantly the different committees, whose duty it is to deal with all phases of this question, are examining the operation of an agreement to ascertain whether any material defects have cropped out that call for special attention.

One or two years ago I think the Agricultural Adjustment program on tobacco was abandoned. The result was that the tobacco concession which we had made in the Cuban agreement was terminated. This concession had been paid for by the Cuban Government with counter concessions and it seemed that something ought to be done about it. In considering the operation of this trade agreement, that and a few other but more or less minor phases were given thought and discussion from time to time either by the Trade Agreements Committee or other committees, and finally, during the fall, the possibility of considering a further agreement of a limited nature was taken up for consideration.

The records show that Mr. Welles, among others, discussed that phase with the Cuban Ambassador until the time when Mr. Batista was here in November. There was informal discussion of a number of questions of importance existing between our two countries. Mr. Welles at that time made a memorandum of what took place with respect to the trade agreement discussion, and I have that memorandum here. I also have here Mr. Welles' open, public announcement to the press of the nation on November 30 to the effect that there was no basis whatever for any news report such as was referred to in this resolution, this Senate resolution.

I think you may recall that after preliminary conversations with a foreign government, just to get a general idea of what might or

might not be considered, a public notice accompanied by a list of products to be considered is issued, a period of time is allowed for the submission of briefs and oral hearings are held by the Committee for Reciprocity Information. During the 6 or 8 or 12 months that a trade agreement is under consideration, our friends in both Houses of Congress are accustomed to come in informally, and they are wholeheartedly welcome to add anything they have in mind. Any interested person is often allowed informally, sometimes at the instance of a Senator or Congressman, to come in and be received in that same fashion.

While coincidences may sometimes be misleading, especially where a person is unusually or unduly suspicious, the duly constituted agencies in the Department, up to the time this news report came out, were pursuing the regular procedure, and they had several days before fixed the dates for the announcement which Mr. Welles made on November 30. My most trusted officials give me that information. So it was not unnatural that Mr. Welles said—this was on November 30—

I have the pleasure this morning, gentlemen, of issuing the formal notice of intention on the part of this Government to negotiate with Cuba a trade agreement supplemental to the trade agreement signed at Washington in 1934.

I will get this in the record, but read this further sentence—

I think it may be desirable for me to make one thing clear: and that is that under existing law any agreement with regard to trade agreement questions cannot be entered into by this Department until after all of the steps provided for in the law have been complied with. And you are all thoroughly familiar with the steps and you know what I have in mind. It is perfectly true that during recent weeks we have discussed and we have given consideration to certain subjects that might form a part of the negotiations between Cuba and the United States for that supplementary agreement, but of course no formal agreement could have been reached with regard to concessions on either side. I merely want to make that clarification for the sake of the record.

(The press statement referred to is as follows:)

RECORD OF THE PRESS CONFERENCE WITH ACTING SECRETARY OF STATE WELLES,  
WEDNESDAY, NOVEMBER 30, 1934

[Department of State, Division of Current Information No. 220]

MEMORANDUM OF THE PRESS CONFERENCE, WEDNESDAY, NOVEMBER 30, 1934

At the press conference this afternoon, Acting Secretary Welles said: I have the pleasure this morning, gentlemen, of issuing the formal notice of intention on the part of this Government to negotiate with Cuba a trade agreement supplemental to the trade agreement signed at Washington in 1934. Mr. Thomas has available for you the usual statement and supplementary documents for release at 1 o'clock today. In view of certain articles that appeared in the press this morning, I think it may be desirable for me to make one thing clear: and that is that under existing law any agreement with regard to trade agreement questions cannot be entered into by this Department until after all of the steps provided for in the law have been complied with. And you are all thoroughly familiar with the steps and you know what I have in mind. It is perfectly true that during recent weeks we have discussed and we have given consideration to certain subjects that might form a part of the negotiations between Cuba and the United States for that supplementary agreement, but of course no formal agreement could have been reached with regard to concessions on either side. I merely want to make that clarification for the sake of the record.

Q. There will be hearings?

A. Exactly the usual form.

That was given to all the members of the press. We have all the way from 20 to 40 who meet us each morning to get the news and disseminate it.

Here is Mr. Welles' memorandum of his conversation with Colonel Batista about trade agreements. That part of the memorandum dealing with trade agreements is called "Point 10." It states:

This Government is prepared immediately to negotiate with the Government of Cuba a revision of the existing trade agreement between the two countries for the purpose of increasing the volume of trade between Cuba and the United States.

That is the official record at that time.

MEMORANDUM OF THAT PART OF THE CONVERSATIONS WHICH TOOK PLACE BETWEEN COLONEL BATISTA AND THE UNDER SECRETARY OF STATE DURING THE COURSE OF COLONEL BATISTA'S VISIT TO WASHINGTON DEALING WITH THE TRADE-AGREEMENT NEGOTIATIONS

In confirmation of the conversations which were held between the Cuban Ambassador, Colonel Batista, and the Under Secretary of State during the course of Colonel Batista's visit to Washington, a memorandum was given Colonel Batista by the Under Secretary of State before Colonel Batista's departure from the United States. This memorandum covered every topic dealt with in these conversations. The memorandum was divided into 10 headings and the only heading which relates to the trade agreement between the two countries is contained on page 18 of this memorandum, which reads textually as follows:

"Point 10. This Government is prepared immediately to negotiate with the Government of Cuba a revision of the existing trade agreement between the two countries for the purpose of increasing the volume of trade between Cuba and the United States."

There is no reference to the trade agreement, either direct or indirect, in any other portion of the memorandum, nor was any other agreement with regard to the trade agreement arrived at in the course of the conversations, of which this memorandum was the confirmation, either directly or indirectly.

Dr. Grady, at the opening of the tariff hearings on January 3, I believe it was, said:

It should, of course, not be necessary to add that no decisions will be reached with respect to the proposed negotiations until after the information submitted in the sworn statements and at these hearings has received the careful attention of those concerned.

I can not stress that too strongly, because of statements that have appeared in the press with regard to the suggestion of prior commitments. In all negotiations with all countries there are always preliminary discussions to ascertain if there is a basis for making the agreement. No question is ever settled, never has been and never will be settled, until after the submission of briefs and the presentation of data, as provided in the Trade Agreements Act, has been complied with. So that the case is for you to make, and no action will be taken if your case is made adequately.

Now, that is the substance on that point of what Dr. Grady said before all the interested persons.

Now, I think there are enough lobbyists here in Washington to catch up this information and take it home to the industry which they are serving. This information, Mr. Chairman, was made just as public as we could induce the newspapers to make it. But I did not stop there. I wanted to spread it on the record so anybody could see, no matter how suspicious or energetic, that this was not different from all the other negotiations, and that while we welcome every kind of an investigation to see whether we are efficient, we of course would not expect to be pulled here and hauled here and there merely as a means of attempting to discredit this trade-agreement program.

Without knowing what they would say, I sent to our Ambassador in Cuba a message requesting him to call on Mr. Batista, and also the Cuban Ambassador to this country who was at the time in Cuba, and to bring to their attention this resolution and news publication, and ask them to comment in any way they might see fit.

While their version of these conversations cannot be binding on us unless they should convict us of bad faith, I was prepared, frankly, to spread out their answers before you, whatever they might be. I had this statement translated from Spanish, under a certification by the proper person, so nobody could have any question about it. This is a telegram dated January 11 from Colonel Batista:

Profoundly surprised by press information published here regarding request group 10 United States Senators that Secretary State Hon. Cordell Hull report to Senate regarding negotiations for revision Cuban-American Trade Agreement of 1934, I hasten, duly authorized by President Republic and being obligated thereto by references my recent trip Washington, to put on record that belief that Cuban and American Governments have agreed upon (acordado) the new trade agreement is unfounded, since the only thing negotiated between the two Governments was the agreement to study the revision of the 1934 Trade Agreement. This study is being carried out independently by each Government in accordance with usual procedures without Cuba having yet even formulated her proposals or desires, which she will do in proper time, when the studies being made now are finished. I regret the interpretation which is given and trust truth will soon be reestablished.

Cordial regards.

BATISTA C. de H. Colonel.

Then I received this reply dated January 11 from the Cuban Chargé to the United States:

The Ambassador of Cuba near Your Excellency's Government, Dr. Pedro Martínez Fraga, charges me to send to you the content of the message which he addresses to Your Excellency and which I have the honor of transcribing below:

"Profoundly surprised Resolution Senate committee.

"Bases of that Resolution are from a practical standpoint inexact, because no statement made by Cuban officials in Cuba or abroad, and much less the statement of November 29 cited, has affirmed that any agreement whatever had been concluded or stipulated revision 1934 Trade Agreement.

"Reading of that statement and the date hereof, since it was published Habana November 30, or on the date of the announcement made by Department of State, Washington, prove incorrectness opinions inspiring Senate Resolution."

LETTER DATED JANUARY 11, 1939, FROM SEÑOR DR. JOSÉ BARÓN, CHARGÉ D'AFFAIRES AD INTERIM OF THE CUBAN EMBASSY IN WASHINGTON TO THE SECRETARY OF STATE

EMBASSY OF CUBA,

Washington, D. C., January 11, 1939.

His Excellency Mr. CORDELL HULL,

Secretary of State, Washington.

EXCELLENCY: The Ambassador of Cuba near Your Excellency's Government, Dr. Pedro Martínez Fraga, charges me to send to you the content of the message which he addresses to Your Excellency and which I have the honor of transcribing below:

"Profoundly surprised Resolution Senate committee.

"Bases of that Resolution are from a practical standpoint inexact, because no statement made by Cuban officials in Cuba or abroad, and much less the statement of November 29 cited, has affirmed that any agreement whatever had been concluded or stipulated revision 1934 Trade Agreement.

"Reading of that statement and the date thereof, since it was published Habana November 30, or on the date of the announcement made by Department of State, Washington, prove incorrectness opinions inspiring Senate Resolution.

"I sincerely lament decision Honorable Senate and trust recognized spirit justice that High Body will readily dispel error.

"Cordial regards.

"(Signed) PEDRO MARTÍNEZ FRAGA,  
"Ambassador."

Ambassador Martínez Fraga desires to state that the said message may be used by Your Excellency for whatever purposes you may deem best.

I renew to Your Excellency the assurances of my highest and most distinguished consideration.

JOSÉ BARÓN,  
Chargé d'Affaires ad interim.

Then, without being communicated with in any way, the President of Cuba gave out an official statement to the press on yesterday in which he makes the same categorical denials. I have it here somewhere, and I will be glad to put it in the record, Mr. Chairman, unless I shall take the time to find it and read it.

LETTER FROM THE AMERICAN AMBASSADOR TO CUBA, HON. J. BUTLER WRIGHT, DATED JANUARY 11, 1930, ENCLOSEING A STATEMENT ISSUED AT THE PRESIDENTIAL PALACE IN HAVANA ON THAT DAY TO CUBAN AND FOREIGN NEWSPAPER CORRESPONDENTS

HABANA, January 11, 1930.

(Air mail)

No. 1558.

Subject: Supplemental reciprocal trade agreement.

The honorable SECRETARY OF STATE,  
Washington, D. C.

SIR: Confirmatory of my telegram No. 3 of January 11, 12 noon, I have the honor to transmit copy and translation of the statement issued at the Presidential Palace today to Cuban and foreign newspaper correspondents with regard to the allegations that Cuban sources had stated that commitments had been entered into between representatives of the Cuban Government and our own relative to certain commodities with which the suggested supplemental reciprocal trade agreement may deal.

Respectfully yours,

J. BUTLER WRIGHT.

Enclosures: Copy and translation of statement issued January 11, at the Presidential Palace.  
631.

ENCLOSURE NO. 2 TO DESPATCH NO. 1558 OF JANUARY 11, 1930, FROM THE EMBASSY AT HABANA

[Translation]

All the statements made in Cuba or outside of Cuba by Cuban officials or members of the Cuban Government, relative to the possible revision of the 1934 trade agreement with the United States, have been limited to comments or announcements of the mutual intention of the Governments of Cuba and of the United States to study such revision.

No Cuban official whatever has ever affirmed that a commercial covenant or agreement between both Governments has ever been "concluded" or "directly entered into."

The statements published in the Habana press of November 30, 1938—that is, on the same day on which the State Department at Washington gave out to the American and international press its press release No. 583 relative to "negotiations for a trade agreement with Cuba"—simply announce the intention of the two Governments of "negotiating a partial revision of their reciprocal agreement."

At the present time the Cuban Government is studying the result of the public hearings held in Habana, and, in due course, will formulate proper proposals for revision.

The diplomatic conversations carried on between the Governments of Habana and of Washington have not and could not have been other than of an indispen-

sable preparatory nature, without which the conclusion of any agreement is humanly impossible.

The CHAIRMAN. Very well. I am wondering, Mr. Secretary, with the exception of that telegram that you received on January 11, either at the time or immediately following the publication of the Batista statement, which seems to have appeared in the American papers, did Colonel Batista deny giving out the statement?

Secretary HULL. Our Ambassador, in his communication on this subject, says that he has searched all of the files of the press in Habana and that he could not find in any newspaper there the purported interview with Colonel Batista. So that was the situation that our Ambassador was in from the time this report came out; and naturally he did not attribute much importance to it, except that the sugar question is not an entirely new question and it is not entirely free from different and divergent views; and after searching the entire press he apparently dismissed the matter. That was back some weeks ago.

Senator KING. Mr. Secretary, do you not construe the statement made by Colonel Batista as a denial of the statement attributed to him in the article to which Senator O'Mahoney referred?

Secretary HULL. Entirely so, and unqualifiedly so.

The CHAIRMAN. Without question, in this statement that he just sent you, he does deny it?

Secretary HULL. Yes.

The CHAIRMAN. But I was wondering if, immediately after the publication which appeared in the papers of November 29 or 30, in the New York Times, in the news despatch from Habana, whether or not immediately following that he gave out any denial of the publications?

Secretary HULL. All I know is that following that, our Ambassador communicated with us, with the State Department, and said that he had examined every news file in Habana and he would have to report that Colonel Batista gave out no interview there. That is all I know thus far. If there is anything else, I will be glad to furnish it. In those circumstances it is not always--especially if there is no news report in one's own country--it is not always that one follows up immediately some entirely misleading report in some other country. I am telling you what I know at present.

The CHAIRMAN. Someone has handed me this article. It was sent from Habana by the Associated Press. That is what prompted my question to you.

Secretary HULL. What is the date of that?

The CHAIRMAN. That is November 29. They quote Colonel Batista in a despatch from Habana.

Secretary HULL. Yes. At any rate, I have given you the entire situation.

Senator O'MAHONEY. May I ask a question, Mr. Secretary?

Secretary HULL. Just one moment. It is easy, Mr. Chairman--and I know you understand Senator O'Mahoney and I are old friends; we are a little facetious, sometimes more than we should be, when we are talking to each other--but I was going to say even he was not certain as to just exactly the scope and nature of these preliminary conversations, because in the awful rush of affairs he cannot keep up with every shade of meaning, with every statute and practice under every statute; but I think our official records made at the time show



there was no remote purpose or thought on the part of our Government to try to do an impossible thing, because section 4 of the Trade Agreements Act expressly provides that the President cannot enter into an agreement, I cannot, nobody can, unless and until the Treasury Department, the Agriculture Department, the Commerce Department, the Tariff Commission are all advised with and consulted. It is the representatives of these agencies, as you know, who make up these committees who do this work—the Trade Agreements Committee, the Committee for Reciprocity Information, presided over by the vice chairman of the Tariff Commission, the so-called country committees for the particular countries in reference to which negotiations are going on, and others. They are all made up from these Departments, and they have to function under the law, so I think no person in the Department would have thought of any agreement with a foreign country before all procedural requirements are complied with.

The CHAIRMAN. Mr. Secretary, so far as all of us are concerned, we have every faith in the world in the way the affairs of the Department of State are being administered, and we are sure that your conclusion is correct. It did occur to me, at the time I read this in a current paper of this country, that Colonel Batista had overspoken himself. Perhaps I should not say that, but it looked peculiarly suspicious.

Senator VANDENBERG. Mr. Chairman, may I ask the Secretary a question?

The CHAIRMAN. Senator Vandenberg.

Senator VANDENBERG. In the first place, as one of the 10 Senators who joined in this resolution in the same good faith that you are appearing here and making a statement, Mr. Secretary, I would like to say this to you, by way of a preliminary remark: Your initial remarks indicated that this might challenge, in some way, the integrity of your operations.

Secretary HULL. Well, I was a little afraid that somebody might suspect so, from Senator O'Mahoney's remarks.

Senator VANDENBERG. We are discussing procedure from our point of view.

Senator O'MAHONEY (interposing). May I interrupt? Of course, I have no intention of giving any implication of that kind.

Secretary HULL. I am awfully pleased to hear that.

Senator O'MAHONEY. If the Secretary drew that conclusion I hope he will dismiss it from his mind.

Secretary HULL. The rumors and reports the Senator cited were calculated to raise that question, even though as you say now, it was not intended to do so.

Senator VANDENBERG. Well, the question of procedure in respect to adequate notice to American producers has been a constant subject of inquiry and debate, and your Department has conceded, through very helpful changes in its procedure, that there might be advantageous improvements. Is not that true?

Secretary HULL. Yes; that is the spirit in which we have worked with you all the time.

Senator VANDENBERG. Exactly. Now, you suggested that the resolution might have been born of undue suspicions. I simply, for the sake of the record, want to complete the exhibit upon which the resolution was based. Senator O'Mahoney only presented one of

them. He presented the dispatch of November 29 by the Associated Press which quotes Colonel Batista specifically as asserting that he is to get the maximum reduction which the law allows. Senator O'Mahoney did not present the dispatch of November 29 from Habana. I read simply the first paragraph:

It was announced today by the Presidential Palace that the Cabinet had taken up the benefits obtained for Cuba by Colonel Batista during his recent visit to Washington.

I call your attention also to a dispatch in the United Press of December 5 in which the Cuban Ambassador to Washington, at that time in Habana, announced that he was returning to Washington to put the finishing touches on the revised trade pact which will be signed January 31. In other words, this presented superficially a picture of an agreement of some sort respecting the contents of this contemplated pact.

Under those circumstances, if there were any truth whatever in the premises, certainly an inquiry would be justified to determine whether there is an adequate opportunity before the case is prejudged for American producers to be heard.

May I ask you then if, as the result of your investigation and your exchanges with your representatives and others, we are entitled to understand categorically that it is a mistake, it is an error of fact, to assert that Cuba was assured, prior to the announcement by the State Department of its intentions to negotiate this pact, that the tariff on Cuban sugar of 90 cents would be reduced to 75 cents, the maximum reduction President Roosevelt was permitted to make under the reciprocity trade law, and that it is a mistake and an error of fact that prior to the announcement of the intention of the Department a date had been agreed upon even when the entire undertaking was to be announced as an accomplished fact? Do you say those are all errors of fact?

Secretary HULL. Basing my answer on the statements that were made at the time by Mr. Welles, and later by Dr. Grady, and the statements of the Cuban officials, coupled with the fact that the law makes such a thing impossible, I could not have any hesitation in reaching the unequivocal conclusion that nothing of that kind could have been possible, and, hence, seriously discussed. I do not know how it would be possible to pile up testimony of a more convincing character than what we have here.

Naturally my office is always open to a Senator or Congressman who comes to the Department, no matter who is with me at the time. I see the Senator or Congressman about any official or personal matter, or even a social matter, if he happens to have one, and talk with him, with the view of maintaining what I think the public welfare calls for in this serious period that we are passing through, maintaining the closest possible understanding with each other, and, hence, cooperation in all desirable ways. So anytime I will drop any business and come to your office, or any Senator's office, on any matter you want to know anything about and give you anything I know, and then we will not take up so much time in criticizing.

I am glad to come here, and welcome this opportunity of coming here, because since I reached Washington information has come to me from all about me that the town is almost swarming with sugar lobbies. I do not know what they are here for. Some of these days

their purpose will be revealed and their hand will be shown back among our constituents at home, and I think, Mr. Chairman, that it is only due the American people that we should realize that with imports falling off a billion dollars below exports during the last 12 months, with competitive imports down almost to nothing, to have this city swarming with lobbyists who hang on our flanks, and on everybody's flanks, by telegrams and communications from back among our constituents, to attack this trade-agreement program, is a matter of serious concern in the face of the world situation as I have briefly described it. I thought that the State Department had been showing every consideration for our sugar friends. We sat in for weeks, day and night, to help work out this Costigan-Jones set-up from which our sugar friends made a rake-off of \$350,000,000 above world prices. I thought I was their friend, and I still think I am.

Senator VANDENBERG. Excuse me, Mr. Secretary. That is really rather an invidious way of stating the net result of that agreement. I am sure you were not arranging any rake-off for anybody.

Secretary HULL. I follow your leadership sometimes until I see you are wrong, if you happen to be wrong. I will not call it a rake-off then, but Government advantages or benefits. At any rate, Mr. Chairman, I do not think it is fair to you, or me, or the American people, after all we have done for our friends, for them to fill up this town with lobbyists to bedevil us all the way through this session of Congress, and I want to urge the Senate committee, and through it the Senate, to call on our sugar friends to report the amount of money they are spending for compensation during this session of Congress, and the names of the persons to whom it is going. I think that is only fair.

Senator VANDENBERG. Mr. Secretary, you are not, I am sure, intending to leave the inference that 10 Members of the United States Senate who have joined in this resolution for an inquiry did so at the instance of the sugar lobbyists?

Secretary HULL. On the contrary, I said they were in town and sometime later they would show their hand.

Senator VANDENBERG. There is a legitimate argument, is there not, a legitimate difference of opinion regarding the importance of the domestic sugar industry and the place it should have in our economy, or don't you recognize any legitimacy about that?

Secretary HULL. There should not be much difference of opinion, Senator, as long as they are receiving better treatment from the Government than any similar group of like size in the world.

Senator VANDENBERG. That is a matter of argument.

Secretary HULL. And this is a matter of argument.

Senator VANDENBERG. Precisely. I am asking you if you are unable to concede any legitimacy to the argument on the other side, or any good faith to it?

Secretary HULL. I would like to hear you on the question before deciding.

Senator VANDENBERG. You can hear me state it in one sentence. Last year we forgave \$45,000,000 in Treasury receipts on sugar and our total export trade with Cuba was \$60,000,000. I do not believe we got our money's worth.

Secretary HULL. Senator, I am not going into a discussion of the sugar question.

Senator VANDENBERG. I do not want you to either.

Secretary HULL. You brought up the sugar question. That is pending here before these departmental committees in connection with the trade agreements. I do not think it is necessary to go into the story of Cuba, how it was bled white for a long period of time. I do not want to go into those things now, but at any time later I shall be glad to do so for the sake of whatever information I might get.

Senator ELLENDER. But, Mr. Secretary, you raised the question in the statement you made.

Secretary HULL. Which statement is that?

Senator ELLENDER. Well, your statement of the big rake-off that goes to the sugar people, of three hundred-some-odd million dollars. I do not believe you are justified in making such a statement.

Secretary HULL. Well, I made it, as to the amount in dollars, over here before one or both Houses 2 years ago and I do not see that anybody has controverted it.

Senator O'MAHONEY. Mr. Chairman, may I suggest that this argument rather changes the subject and it is not pertinent to the issue.

The CHAIRMAN. It would be very pleasing to the committee, I am sure, to have it diverted from the present discussion.

Senator O'MAHONEY. I was about to ask the Secretary a question a few moments ago, if he will be good enough to answer it.

Secretary HULL. Pardon me for not answering it.

Senator O'MAHONEY. It was not your fault. We were interrupted.

I was very much interested in the fact that the State Department, after the introduction of this resolution, sent a communication to the American Ambassador at Habana to inquire whether or not any report had been printed in the Cuban newspapers with respect to any such announcement by Colonel Batista as was reported in the American press. Did I understand you correctly?

Secretary HULL. I would want to refer to the telegram to confirm my impression. Our Ambassador was requested to ascertain the truth or falsity of that report, that news report, and he reported back that he had searched diligently all the files of the press in Habana and Colonel Batista was not quoted by any of these.

Senator O'MAHONEY. If that is his answer, it is obvious he went everywhere except to the place where he would be most likely to get the information. Was the Ambassador requested to inquire of the American correspondents in Habana as to whether or not Colonel Batista made such a statement? I should like, for example, to have the word of the correspondent of the Associated Press in Habana. I should like to have the word of the correspondent of the New York Times in Habana, I should like to have the word of any other American newspaperman in Habana who reported what was alleged to have been a formal statement issued at the Government Palace in Habana, and, until we get that, it seems to me that a statement of the Ambassador, that deals solely with what he was unable to find or not able to find in the libraries of Habana, is absolutely irrelevant.

Senator CONNALLY. Mr. Secretary, on the other hand you have a statement from Colonel Batista in the record.

Senator O'MAHONEY. Not from the newspapermen. We understand, Mr. Senator, that officials sometimes change their announcements.

Senator CONNALLY. And newspapermen might change theirs, too.

Senator BARKLEY. In connection with the dispatch of November 20, it does not quote Colonel Batista specifically but says he had said so-and-so. In glancing over it, it seems to me to be a résumé of the benefits that are supposed to accrue to Cuba by reason of this trade agreement. I would like to ask the Secretary if he would answer whether there is any Cuban objective that could be served by giving out a statement to the American press with respect to Cuban benefits and refraining from giving that statement to the people of Cuba who have been particularly interested?

Secretary HULL. That naturally would not be very plausible. I think, Senator O'Mahoney, that there will be no trouble on our part in raking and scraping together every vestige of information, direct and indirect, and laying it before you. I shall be only too glad to go on, as we have at the State Department, working with you and working with the distinguished Senator from Michigan, and others, to deal as wisely and practically as possible with this very difficult problem.

Senator O'MAHONEY. Now, Mr. Secretary, I recognize that it is a tremendously difficult problem and no one would be more ready to cooperate with you in carrying it out than I. I recognize—and I want to say it publicly—that I recognize the good faith and high idealism of the Secretary of State in promoting the reciprocal-trade program, but that, Mr. Secretary, is not the question which is involved here. Our constituents, who are not lobbyists but who send us here to represent them in the promotion of their economic interests, are concerned about the manner in which their economic interests are being dealt with in the State Department. Now that is perfectly natural. But we have a system under which the representatives of American producers are unable to know, either confidentially or publicly, what is going on. If the Department of State would admit Members of the Senate, who have of course the constitutional power of ratifying international agreements—treaties we call them—if Members of the Senate could go down and sit around the table, even in executive session, with the officials of the Department of State and find out just exactly what was said, it would be very helpful.

May I say here, Mr. Chairman, that my interest in this matter was aroused not only because of sugar but because of wool, and I think it may be worth while to place in the record here a letter which I wrote to the Secretary of State in December, asking him, urging him on behalf of the wool growers of Wyoming and of the West, that in the preliminary conversations which might be undertaken with Australia it be made clear on the part of the State Department that the United States would not recognize wool as a subject to be dealt with.

(The letter referred to by Senator O'Mahoney is as follows:)

UNITED STATES SENATE,  
Washington, D. C., December 12, 1938.

HON. CORDELL HULL,  
Secretary of State, Washington, D. C.

MY DEAR MR. SECRETARY: Although there has been as yet no formal announcement of an intention to negotiate a reciprocal trade agreement with the Commonwealth of Australia, the trade program which has already been carried out seems to justify the assumption that such negotiations are in contemplation. The contents of the recent agreement with Great Britain are such that I am prompted to trespass upon your time to urge, once more, that in any preliminary conversations which may take place with representatives of the

Commonwealth of Australia it be made clear that the State Department will not, in any event, consider any reduction of the duty on raw wool.

Although I know full well that in the opinion of the State Department the losses which may be suffered by any particular industry as a result of tariff concessions to foreign countries are likely to be made up by the general improvement of trade which it is hoped to bring about through the reciprocal trade policy, the domestic situation with respect to both wool and woolen textiles remains so acute as to prompt me to make the most vigorous representations in behalf of the vast wool-producing sections of the Nation.

Agriculture remains the basis of our economy. The improvement of the prices of all agricultural products continues to be the principal objective of this administration. It is utterly inconceivable to me that, at a time when the domestic farm price for wool is still substantially below that of a year ago, any department of the Government would take any step which, by any possibility, could be deemed dangerous to the industry.

It has been to stabilize the domestic wool market and support domestic prices that Government loans have been and are still being made on the 1937 and 1938 clips. More than 90,000,000 pounds of wool have been appraised this year by the Commodity Credit Corporation and obviously any concession on the tariff on wool would not only have the immediate effect of depressing the price, but it would impair the value of the loans made by the Government through this agency.

A lowering of the duty on Australian wool would present another danger to the wool industry. Under schedule IV of the agreement of November 17, 1938, with Great Britain, any concessions on Australian wool would be reflected in further reductions of the duty on woolen textiles coming into this country from England. This section of the British agreement provides for compensatory rates in the event of any lowering of the wool tariff. Such rates would mean additional reductions of the rates on textiles that would extend to paragraphs of the wool schedule which are not now affected by the British agreement.

It is not my intention here, Mr. Secretary, to discuss in detail all the various objections to a reduction of the rates on raw wool, but my concern for the welfare of American producers is such that although my position is well known to you, I cannot refrain from again expressing my profound hope that you will give no consideration to any concessions upon raw wool.

Sincerely yours,

JOSEPH C. O'MAHONEY.

Now, the reply which I received to that letter, to my mind, was not responsive. I want to read the response of Acting Secretary Welles, in view of the fact that the Secretary of State has just testified here very clearly that preliminary conversations do go on. Mr. Welles wrote me, under date of December 20:

MY DEAR SENATOR O'MAHONEY: I have received your letter of December 12, 1938, in which you express your interest in the maintenance of the present rate of duty on raw wool, and in which you suggest that no consideration be given in any possible future trade agreement with Australia to any reduction in the present duty rate on this product—

He goes on:

No trade-agreement negotiations with Australia are now in progress, so that your request has reference only to a possible future contingency which has not arisen. In accordance with our regular trade-agreement procedure I can assure you that no decision would in any event be reached with regard to action on this item without first giving full opportunity to the domestic wool-growing industry to present its views and supporting data with reference to such action.

Now, obviously, upon its face, that is an evasion of the question.

Senator BARKLEY. Senator, how is it possible to do that? You could not expect the Secretary to commit himself to no reduction.

Senator O'MAHONEY. I could expect him at least to acknowledge that there are preliminary conversations. Rather than to say that in the conduct of the preliminary conversations he was not willing to commit himself to the exclusion of the wool tariff as a subject of possible negotiation, he wrote me a letter which carries upon its face

the inference, at least, that he did not know that there was any preliminary conversation going on at all.

Senator BARKLEY. Of course there were not any.

Senator O'MAHONEY. As the result of the testimony this morning, the statement of the Secretary was that preliminary conversations do go on.

Senator CONNALLY. With respect to wool?

Senator O'MAHONEY. No; that preliminary conversations are carried on with respect to trade agreements. Of course the Secretary gave no testimony with respect to wool, but as a matter of ordinary procedure there must be these preliminary conversations. Now all in the world that this resolution that is before the committee now is intended to develop is whether or not, specifically and categorically, Colonel Batista was given any reason to believe, when he left here, that there would be a reduction of 15 cents more upon the tariff on Cuban sugar. To that specific question I take it there has been no direct answer as yet.

Secretary HULL. I tried to answer it specifically and unequivocally, and unqualifiedly, and unconditionally, as clearly as I knew how.

Senator O'MAHONEY. I did not understand the Secretary's reply.

Secretary HULL. Every person in the State Department having something to do with this gives me that assurance as to the facts.

Now, on your question here, if you will pardon me, naturally we have all learned and had experience on this committee, and on the corresponding committee over in the House—and, if I might say so, I sat on the House Ways and Means Committee for some 18 years, and whatever the wisdom of the practice is, they lock themselves behind closed doors, single locks and double locks, and write the tariff law, the tariff bill. I remember very well sometimes when one side would not allow the other side to cross-examine witnesses more than 2 minutes, and then they had to be in a hurry, and one side would later tell the other side, "We are going into executive session now for 1 month, or 2 months, or 3 months," behind locked doors. Even you, the minority lawmakers on this committee, do not and will not know what is going to be a bill that is going to be the law until the majority members of the committee report it to the House.

Then they have a House rule—I am talking now not about one political party but about the situation as it has grown up—then they would have a rule to the effect that only the majority members on the Ways and Means Committee could, in the House, offer amendments in the beginning, and when they got through the minority members on the Ways and Means Committee could come in with amendments, and then the members of the House. Well, under the time limit of the rule, they never did reach even the minority members on the committee.

Senator O'MAHONEY. Mr. Secretary, all you are telling us is that the lobby system does not work, and you are arguing for a system by which the executive does the business. If I understand the recent announcement of our Government, and our country, it is that we ought to arrive at these conclusions in a democratic way, though the democratic way may be imperfect.

Secretary HULL. By democratic processes. There is no debate on that question. I am leading up to an answer to your question. So you will see that the pot and kettle are both a little discolored.

Senator O'MAHONEY. In other words, we are all human.

Secretary HULL. So I could not go to the chairman, or one of my colleagues on the Ways and Means Committee constituting the majority and find out what they were doing about a single tariff rate for 1 month, or 2 months, or 3 months, although I knew that in most instances they were going to be the law. Those are difficulties that challenge all of us. But we have more nearly conducted our proceedings in the open, I think, than any other agency dealing with trade and tariffs I have seen since I have been in Washington.

Now, of course, if some Senator comes to me and says, "I want you to agree not to consider a given commodity in the event you decide to have trade negotiations," I cannot commit myself on that even though I know I am not going to do that. But if I should do so, then another Senator would come to me and say, "Are you going to consider this other commodity?" And I would have to tell him "Yes."

Well, by the next morning there would be maybe 50 interested persons in there to see the Senator, and to see me, and we get back to the same trouble you have in your tariff-making committees here, so we go to the utmost limit in giving it publicity, to make the work at all practical. Now that is what we are doing, and we feel that we are just as solicitous about the welfare of our industries, acting as your authorized agency, as anybody else.

Senator O'MAHONEY. I acknowledge that you and Secretary Sayre here have always been most courteous and kind, and have displayed a disposition to be helpful, but we do not know the facts until the story is all told.

Secretary HULL. In other words, Senator O'Mahoney, I am arraigned here this morning on a charge that we have talked too much beforehand to the Cubans, and now you arraign me on the charge that we do not talk enough.

Senator O'MAHONEY. Mr. Secretary, I do not arraign, I just ask questions in order that I may be informed.

Senator KING. It seems to me that the telegram which was sent by Colonel Batista is a complete refutation of the statement which is attributed to him by that correspondent. He has answered, it seems to me, categorically that there is no such agreement, no such understanding, and he has had no such interview. As far as I am concerned, I am not willing to impeach the truthfulness or integrity of Colonel Batista.

Senator ELLENDER. Mr. Secretary, I realize that you were out of the country when this matter was under discussion in November. Do you know whether or not your official family was notified; or took notice of these various articles that appeared in the local papers?

Secretary HULL. All I know is they denied them, and have called on the Ambassador to ascertain whether such a statement had been published there in the press.

Senator ELLENDER. When was that done? That was done this month, was it not?

Secretary HULL. Mr. Welles denied it either that morning or the next morning at his first press conference after it appeared, which I have read here.

Senator ELLENDER. The reason I asked, Mr. Secretary, is in connection with the charge that you made a while ago about the various



sugar lobbyists being in Washington. I desire to say that as soon as this matter came to my attention, under date of November 25, from my own home town, Houma, La., I sent you the following telegram—  
Secretary HULL. November 25?

Senator ELLENDER. November 25, 1938. In other words, giving your Department notice of these various news articles. I sent you the following telegram:

Would appreciate your wiring me immediately full statement of facts regarding consideration being given to reported requests to reduce the tariff on Cuban and Peruvian sugar. Would also appreciate your courtesy in permitting me to be heard fully on these subjects before any official action is taken. May I not suggest that the powers of the Secretary of Agriculture to estimate consumption under section 201 of sugar act, which estimate must be made next month for 1939, could be the means of immediately solving the economic problems of sugar-producing States like Louisiana, Florida, and nineteen beet States and also of Cuba and Peru, for, after all, economic relief is what each of us desires.

Now, on November 28 I received in answer to that telegram not facts, as I requested in my telegram, among other things, but this:

You may be assured that no trade-agreement negotiations will be undertaken without public notice and hearings and that every opportunity will be afforded to interested parties to be heard. Note has been taken of your interest and in the event that such notice is issued a copy will be sent to you.

Signed, "Sumner Welles, Acting Secretary of State."

On that same day, that is, on November 25, I wired to forty-some-odd Senators from my own home calling their attention to these various articles.

Secretary HULL. Well, that happens in almost every trade agreement in some form or other. We are doing the very best we can, and I believe we have escaped general criticism so far. Now and then we get criticism from some special representative of some industry and that is unavoidable; it is a difference of views.

Senator ELLENDER. I simply brought this up to disillusion your mind as to the effect of the sugar lobbies on the Senators of the United States Senate, as to the pending resolution.

Secretary HULL. Of course, I do not think I need to make that clear again. I have said it 50 times in the last 25 years over here, that our friends, who get large fees to come in here, immediately set up an office and begin to telegraph our constituents, and then undertake to accelerate legislation, as some of them call it, by that indirect method. I came here thirty-odd years ago, and I think I can say that not two Congressmen or Senators altogether have ever to my knowledge been guilty of the slightest act of corruption.

Senator ELLENDER. Of course, as far as I am personally concerned, I do not think I need say this, but the interest of my people require that I do everything I can to help the sugar industry in Louisiana, and I propose to do so as long as I am a United States Senator.

Secretary HULL. That is proper, and I hope you will accept the same help from us that we gave you when the Costigan Act was gotten up there.

Senator ELLENDER. Yes.

Secretary HULL. And we went out of our way for days and nights to help you put it over.

Senator ELLENDER. Yes.

Secretary HULL. I hope that while you insist on your functions you give us permission to function with you.

Senator ELLENDER. We were in hopes, Mr. Secretary, that the same remuneration that we received from the Jones-Costigan Act would be continued under the present sugar bill. Unfortunately it does not work that way.

Secretary HULL. That is another matter.

Senator ELLENDER. I understand.

Secretary HULL. I am not in a position, as you know, to discuss it.

Senator ELLENDER. Very well.

Secretary HULL. But you will find the State Department treating the sugar industry at any time in the future with as much consideration as it has treated any other industry, including the sugar industry itself in the past.

I want to be very clear, though, in my request for a committee of the United States Senate to ascertain the names and the amounts that are being paid to the accelerators who have a home here in Washington.

Senator ADAMS. Mr. Chairman, the Secretary made a statement a while ago, I do not remember the exact phrase, which indicated an illegitimate profit was allowed to be given to the sugar producers of America. He said the statement had not been denied and therefore it must be true. Now the figure he gave was some \$350,000,000. As a matter of fact, the gross value of all of the sugar produced on the continent of the United States was about \$150,000,000. So that the figure is utterly preposterous.

Secretary HULL. And at times they had Government help to the extent of over 200 percent.

Senator ADAMS. I am from a State that produces more sugar than any State in the Union. It is a basic industry, the beet sugar industry. There are a million people in the United States dependent upon that industry. The beet sugar industry was originally inaugurated at the instance of the Federal Government. A bonus was paid at one time in order to stimulate domestic production of sugar. Now they have not received any such illegitimate profit. The benefits which they have received do not compare with legislative benefits given to a multitude of other industries. It is a great agricultural industry, upon which depends certain parts of our mines, our railroads and other things in our western States.

In regard to the statement that Washington is flooded with lobbyists, I am very much interested in the suggestion that that be inquired into. From my State there has come, during this interval, one man that I know of, who was interested in sugar. There also came from Nebraska the president of the association formed by the farmers who grow beets, who came down here representing the interests of the many, many thousands of beet growers. The other man who came represented one of the factories. The factory and the grower cooperate. They are interested in the price of sugar.

Now, I cannot see that it is a reprehensible thing for a man directly interested, as a farmer, or the representative of farmers, or the president of the sugar beet factory, to come to Washington to present his case. Now, in my judgment, they do not come under the head of lobbyists, in the sense of the man in Washington who holds himself out as a man with influence, which he is seeking to sell to other people. They come here at their own instance, to further and protect their own interests.

I do think that the broadcast charge that Washington is flooded with lobbyists should be investigated. I merely know that, so far as the section of the country I come from is concerned, that is not an accurate statement. There have been people here, but people who were raising beets, who were producing sugar, who came here to promote their own interests.

That is not all, Mr. Chairman. They were here on the 3d of January, the day when the hearing was to be had upon the sugar matter, and they were down here for the purpose of responding to the invitation of the Secretary of State in order to present the interests of the sugar growers, and I do not think they should be pilloried as lobbyists, that there should be charges that they are receiving illegitimate profits at the instance of the Government.

I say to you, if you take the sugar situation in the country into consideration, there is no agricultural product which goes on the table of the American consumer as cheaply, relative to its cost of production, as the sugar which goes on the table of the consumer in the United States. And I may say that these two men that I spoke of as coming here have both gone home.

Secretary HULL. Mr. Chairman, of course I think I would have a better grasp of the situation than to refer to other than these professional lobbyists. Nobody would defend the others any quicker than I would, those that Senator Adams referred to, people who come in and out, but I have felt very deeply that we had shown every consideration to the sugar industry during the past 2 or 3 years at the State Department.

Senator ADAMS. Mr. Secretary, don't you think there is as much reason for the representatives of the farmers to come here as Colonel Batista, representing the sugar growers in Cuba?

Secretary HULL. That is still another question, unless we want to get off what we are talking about. When I came back here I heard different people talk about the increase in number of the actual, sure-enough lobbyists assembled in Washington, whose primary purpose was gradually by every kind of device to undermine and discredit this trade-agreements program. I do not propose to sit silent under those reports, and the fact that I heard them prompts me, in good faith, to say what I have said. I do not think it is fair for unseen forces to destroy an important agency like this without the country knowing it.

Senator O'MAHONEY. You do not mean to imply that any unseen forces inspired the introduction of the particular resolution on which you came here this morning, Mr. Secretary?

Secretary HULL. I have fully stated that I am not dealing with the present situation at all.

Senator O'MAHONEY. The clear implication of what you say is that you are damning the sugar lobbyists on the theory that you are giving the dog a bad name before you hang him. That is the very basis of the whole question here. Can we go back to our constituents in Colorado, Wyoming, Nebraska, and all the sugar-growing States, and say to them with confidence that the reduction of the tariff on sugar will be considered fairly and freely by the Department of State when the Secretary of that Department comes before a committee of the Senate and denounces the sugar industry and the sugar representatives as lobbyists? That is the whole crux of the

question, Mr. Secretary, and it seems to me the statement you have made has demonstrated the necessity of the investigation that we have asked.

Secretary HULL. Let me clarify that for you just a little, if I can. In the first place, I know you would not defend these professional lobbyists who stay here.

Senator O'MAHONEY. No, Mr. Secretary, but I am defending myself, and you insist on changing the subject by referring to some unnamed person who is not before the committee. I am speaking for persons who have introduced this resolution, and I may say to you that a great many of the Senators would have been very glad to have attached their names to it had the opportunity been presented. Now, let us not drag a red herring across the trail, Mr. Secretary.

Secretary HULL. I am not going to be drawn away from this lobby situation, that every person in the city knows exists at least to a certain extent. If it is not desirable for it to be dealt with, if it is preferred to let that alone on the theory that some people from back home may be prevented or deterred from coming here, people whom everybody desires to come to Washington to tell us about their product whenever they see fit, if it is sought to leave these professional lobbyists unnoticed while they ply their occupation, and defend it in the name of some persons back home, that is all right. I just want to raise the question. I am with you 100 percent on defending the people back home, but I cannot follow you when you ignore the real state of this lobby question, which many of us have been seeing since you, Senator, were in knee breeches, if I might say so, and I think we know something about it. That is why I came over here this morning. Mr. Welles or anybody could and would come and testify under oath as long as you would want them, to put in all these things.

Senator O'MAHONEY. I think, Mr. Secretary, you will find a number of the Senator at this table, including myself, have from time to time voted for investigations of the so-called lobbyists. I agree with you 100 percent on that matter, but it is not before us this morning. The question before us is a very different one, and that is the one that you seem to be seeking to avoid answering.

Secretary HULL. Senator, I can see a few things through the cracks out here in Washington, and you all know what I refer to, I think. I refer to this aggravated professional lobby situation and nothing else, and that is a million miles away from the thing you are talking about.

Senator VANDENBERG. Do you know of any professional lobbyists of the type you are indicating who are interested primarily in this present sugar situation?

Secretary HULL. I would like for you to have the investigation and let us take the matter up in a formal way, as we are taking this up in a formal way.

Senator VANDENBERG. Why concentrate the attention upon so-called lobbyists in connection with sugar? I certainly ought to know whether Senators are being approached by those who fall under your definition, and those who fall under your definition ought to be run out of Washington, but those who have approached me are precisely the type that Senator O'Mahoney has described, or Senator Adams,

and I am delighted to have them come. I assume it is part of the democratic process that they should come, and if there is any integrity in the procedure of negotiating trade agreements, they ought to come, and you have invited them to come.

Secretary HULL. We do not have to argue a split second, Senator, on that. I think for 4 years we have invited all those kinds of people to come.

Senator VANDENBERG. I have not seen anybody else here. Who are these other people?

Senator O'MAHONEY. Will the Senator permit me just a moment?

Senator VANDENBERG. Yes.

Senator O'MAHONEY. I shall be very glad to suggest to all of the Senators who joined in the presentation of this resolution that we accept an amendment to the resolution which you, Mr. Secretary, may prepare, to provide for an investigation of these lobbyists, together with this matter of procedure under the reciprocal trade agreements, so that we will have both angles of the investigation at hand.

Secretary HULL. Then let us include all tariff lobbyists in Washington.

Senator O'MAHONEY. We will be very glad to do that. I will welcome your suggestions.

The CHAIRMAN. Mr. Secretary, of course I do not think that anybody has an idea that those Senators who introduced this resolution had any ulterior motives.

Secretary HULL. Nobody dreamed of that.

The CHAIRMAN. I think they represent their sugar constituents, but we are called on here as members of the Finance Committee to inquire into the facts as to whether an agreement had been made preceding the announcement to American producers. You stated there was no agreement on it, and you have stated the fact.

The resolution further calls for inquiry as to whether the existing procedure in the negotiation of trade agreements effectively provides for the notice to, and the hearings of, American producers preceding these agreements as contemplated and required by the act of June 12, 1934, and you have stated you have followed the law and you have conducted the hearings and have given an opportunity to these producers to be heard. That is what we are called on to consider in this resolution. The State Department says there was no agreement, is that right?

Secretary HULL. That is exactly right.

The CHAIRMAN. That is all there is to it. Are there any other questions?

Senator ELLENDER. One other question, Mr. Chairman.

Secretary Hull, you made a statement a while ago with reference to that enormous sum of money—over \$300,000,000—that comes to the American sugar interests—

Secretary HULL. This was 2 years ago.

Senator ELLENDER. I understand. Has your Department any information as to the percentage of that money that comes back to American investors who have investments in Cuba, or Puerto Rico, and other insular possessions, including the Philippines?

Secretary HULL. That opens up the whole sugar question, and the Lord knows I would like to settle that question, if it could be settled in the interest of everybody.

Senator ELLENDER. Of course you have made the charge of this enormous rake-off, and I do not propose to leave it go unchallenged.

It is my information that 55 percent of the money, of the benefits that should go to Cuba, finds its way back to New York and other large financial centers.

Secretary HULL. At any rate I was not raising the question as a matter of discussion on its merits, but as testimony of the efforts of the State Department to be considerate toward the industry. That is why I just stated it in passing.

Senator ELLENDER. Would you not consider that fact very important, as to the amount of benefits that comes back into the country instead of remaining in the hands of those you are trying to help?

Secretary HULL. I am willing to go into every root and ramification of the business side of every commodity that comes up in these matters.

Senator KING. Mr. Chairman, it seems to me we have reached the bottom of the investigation or inquiry which is to be made today. That being the case, I move we adjourn.

The CHAIRMAN. Is there anything else, Mr. Secretary?

Secretary HULL. Nothing. I only want you to know that everything we have is available to the committee at any time, under oath or otherwise, and I know you understand, Mr. Chairman, what I am referring to, and I do not propose for anybody to put me on the defensive in an investigation. I am referring to general plans being laid around through the city here to undermine this trade-agreement program, and I do not propose to sit still and see it done without complaint.

The CHAIRMAN. The committee is very glad to have you here, and appreciates your coming here, and we welcome you back. The committee will adjourn.

(Whereupon, at 12 o'clock noon the committee adjourned.)

X