

**Prohibition of Importation of Goods Produced  
by Convict, Forced or/and Indenture Labor**

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**HEARING**  
BEFORE THE  
**COMMITTEE ON FINANCE**  
**UNITED STATES SENATE**

**SEVENTY-FIRST CONGRESS**

**THIRD SESSION**

**ON**

**H. R. 16517**

**AN ACT TO PROHIBIT IMPORTATION OF PRODUCTS OF  
CONVICT AND FORCED LABOR, TO PROTECT  
LABOR AND INDUSTRY IN THE UNITED  
STATES, AND FOR OTHER PURPOSES**

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**FEBRUARY 24, 1931**

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# PROHIBITION OF IMPORTATION OF GOODS PRODUCED BY CONVICT, FORCED OR/AND INDENTURED LABOR

TUESDAY, FEBRUARY 24, 1931

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

The committee met, pursuant to call, at 10.30 a. m. in its committee room, Senate Office Building, Senator Reed Smoot presiding.

Present: Senators Smoot (chairman), Watson, Reed, Shortridge, Couzens, Keyes, Bingham, La Follette, Thomas of Idaho, Harrison, King, George, Walsh of Massachusetts, and Connally.

Present also: Senators Steiwer, of Oregon, and Hale, of Maine and Representative Yon, of Florida.

The CHAIRMAN. The committee will come to order. We have met for the purpose of considering H. R. 16517 to prohibit importation of products of convict and forced labor, to protect labor and industry in the United States, and for other purposes.

Senator KING. Mr. Chairman, I saw by the paper this morning that that bill had been adversely reported upon by the House committee.

Senator WATSON. No, Senator King; that was the oil embargo bill. This bill has passed the House.

The CHAIRMAN. The committee reporter will copy this bill into our hearings:

[H. R. 16517]

AN ACT To prohibit importation of products of convict and forced labor, to protect labor and industry in the United States, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That all goods, wares, articles, and merchandise mined, produced, manufactured, transported, handled, loaded, or unloaded, wholly or in part, in any foreign country by convict labor, and/or forced labor, and/or indentured labor under penal sanctions, shall not be entitled to entry at any of the ports of the United States, and the importation hereof is hereby prohibited, and the Secretary of the Treasury is authorized and directed to prescribe such regulations as may be necessary for the enforcement of this provision. The provisions of this act relating to goods, wares, articles, and merchandise mined, produced, manufactured, transported, handled, loaded, or unloaded by forced labor and/or indentured labor, shall take effect on April 1, 1931, and shall remain in full force and effect until Congress provides otherwise, but shall not be applicable to goods, wares, articles, or merchandise so mined, produced, manufactured, transported, handled, loaded, or unloaded which are not mined, produced, or manufactured in such quantities in the United States as to meet the consumptive demands of the United States.*

"Forced labor," as herein used, shall mean all work or service which is exacted from any person under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily.

In any proceeding under or involving the application of any provision of this act reports and depositions of officers or agents of the United States shall be admissible in evidence.

I have had a number of requests from parties desiring to be heard on this bill, and I have asked the committee reporter to be present. Senator Steiwer, do you wish to be heard?

Senator STEIWER. I am in no hurry, although I left another committee to come here. You might hear some other witness first if you prefer.

Senator BINGHAM. Mr. Chairman, might I ask right there, is there anyone appearing against this bill?

The CHAIRMAN. Yes; there are quite a number of people against the bill, and some of them are present. We will hear Senator Steiwer.

Senator STEIWER. Initially, I do not require more than three or four or five minutes, as I desire to make only a very brief statement. After the objections are made I might like a little time to dispose of those objections.

The CHAIRMAN. You may go ahead now, Senator Steiwer, and make your statement.

#### STATEMENT OF HON. FREDERICK STEIWER, A SENATOR FROM THE STATE OF OREGON

Senator STEIWER. Very well. For the purpose of the moment, gentlemen of the committee, I am not going to enter into any discussion of the general aspects of convict labor. I assume that we are all of one mind to the extent that we should like to protect American labor against unfair competition of convict-made importations; and that we are all of one mind generally speaking regarding forced labor in its different forms as being essentially convict labor in the sense that it is not free labor.

Now, the Ways and Means Committee of the House of Representatives in considering this bill had before it the representatives of various industries. I noticed by an examination of the hearings in the House that the farmers were represented through the Farm Bureau Federation, and that the coal people, the lumber people, and various other groups, I mean industrial and agricultural groups of the country, were represented before the House committee. If any member of this committee is interested in the details of their claims, of course they are available, and there is no reason for me to reiterate them now.

What I do want to say to the committee is this, that my own connection with the matter initially came from the introduction, or was evidenced by the introduction, of S. 5370. Subsequently Congressman Kendall introduced the same bill, or at least substantially the same bill, in the House. And still subsequently he introduced a new bill, which became H. R. 16517, and it was this subsequent Kendall bill that the House Ways and Means Committee considered and reported upon, and which passed the House.

Now, gentlemen of the committee, I think I might be of a little help to you on one or two points. This House bill as passed includes three amendments only to section 307 of the tariff act as we passed it. It is not in the form of an amendment of the tariff act,

but it has the practical effect of being an amendment of the tariff act even though it is stated independently, and it introduced three changes and three changes only.

You will remember the inhibition against the importation of convict-made goods was contained in the old law, and that it has been in the law for many years. But the 1930 act included indentured labor and forced labor, and in that respect the 1930 act is a modification of the old law. But the provision in the 1930 act was that these new inhibitions and in particular against forced labor and indentured labor, should not take effect until January 1, 1932.

Now, one of these changes of this Kendall bill as against the existing law is to modify that date by moving it up from January 1, 1932, to April 1, 1931.

Senator COUZENS. Senator Steiwer, do you mind an interruption?

Senator STEIWER. No.

Senator COUZENS. Have you considered the effect upon the tobacco industry, the cigar manufacturers particularly, of such a provision?

Senator STEIWER. Yes; I have, Senator Couzens.

Senator COUZENS. Don't you think it is vitally important that it not be advanced to that date because of that industry?

Senator STEIWER. I do not think so. And I want to answer the Senator from Michigan (Mr. Couzens) this way: I am anxious that this bill should be right in every sense and that it may be agreed to by the Senate; and I want to be cooperative and not at all stubborn in that respect, but—

The CHAIRMAN (interposing). You have no objection so far as tobacco is concerned to the date remaining as it is?

Senator STEIWER. No.

Senator GEORGE. But I have.

Senator STEIWER. If it is limited to tobacco, I have no personal objection.

The CHAIRMAN. But I was just asking the witness a question to get his view.

Senator GEORGE. But why exclude one side and not the other?

The CHAIRMAN. Well, we will come to that when we come to consider it as a committee.

Senator STEIWER. If you put this off with respect to indentured labor, and I assume that is the question raised, because of the Sumatra tobacco which is made by indentured labor; if you put it off as to indentured labor, there is nothing to prevent the Soviet Government from changing the form of its labor by a simple ukase, making all convict and forced labor into indentured labor, and you will see where we might readily be. So I hope this committee will be a little hesitant about changing that date, unless you can do it in such a way as not to open the doors wide to importations from other parts of the world.

Senator KING. Let me ask a question right there: This bill is intended, is it not, so as to operate purely against Russia?

Senator STEIWER. I do not think so.

Senator KING. Upon the theory that all Russian labor is slave or forced or indentured labor?

Senator STEIWER. I think not. It would apply to convict labor, forced labor, or indentured labor wherever it might exist.

Senator KING. But is there any contention that there is convict labor, forced labor, or indentured labor employed in the making of products coming into the United States except as it may be charged that in Russia there is convict labor, forced labor, or indentured labor?

Senator STEIWER. Oh, yes.

Senator REED. Oh, yes, there are other parts of the world where convict labor, forced labor, or indentured labor is used. The French Government is mining phosphate rock that way, I believe.

Senator STEIWER. Yes; and in various places we have these conditions. But there are different kinds of compulsory labor employed, in different places in the world.

Senator COUZENS. The question Senator King raised is one I have in mind, that the objections back of this bill are the Russian situation.

Senator STEIWER. I think to some extent that is true.

Senator COUZENS. Because all other conditions existed when we passed the tariff act, and new conditions have arisen as to Russian importations that were not apparent at that time.

Senator KING. Isn't it largely inspired because there is a belief, well founded or otherwise, that indentured labor or forced labor or convict labor has been employed in the manufacture or production of lumber or timber in Russia?

Senator STEIWER. That accounts for a part of the interest behind the bill. I might say that the lumber industry is very much alarmed at the prospect of Russian importations of lumber being enormously expanded within such a short time as six months or nine months or a year.

Senator REED. That is not volunteered labor at all. Others are volunteer labor and indentured to employment. But the Russians employ persons under other conditions, force men into employment and then force them to work.

Senator STEIWER. Yes. And we get into great difficulty with respect to that because they say it is volunteered labor. In my opinion it is volunteered only in the sense that the Russian peasant would rather in that sense volunteer his labor than to meet the consequences of nonperformance. But in the real sense you and I would have in mind it is not volunteered.

Senator REED. It is a clear case of duress. There is no question about it not being volunteer labor.

Senator WATSON. Suppose you pass this law, how will you determine whether in the case of products coming in from Russia they fall into either one of these categories? How are you going to find out whether it is convict or forced labor?

Senator STEIWER. If it is applied to the lumber situation the Treasury Department has already made a finding that convict labor is employed in a great deal of that area.

Senator REED. And in the same way with the production of coal; isn't that true?

Senator STEIWER. I think no finding has been made with respect to coal.



Senator REED. There is a case pending, and I thought it had been decided.

Senator KING. Let me say that when I was in Russia some years ago I visited all of the mines and went into the homes of the people, and there was not any convict labor or any oppression there. The coal miners got higher wages than almost any other group of people in Russia.

Senator WATSON. How long ago was that?

Senator KING. In 1923; and there has been no change in the situation there since then.

Senator WATSON. Oh, yes; there has been a great change.

The CHAIRMAN. I think the Treasury Department knows whether there is that kind of labor employed or not, and I shall ask Mr. Eble to tell us about that.

Senator STEIWER. Oh, yes; they know all about it.

The CHAIRMAN. I have asked Mr. Eble to attend and he will tell us about that later on.

Senator STEIWER. I might say that refugees are coming out of Russia every day, into Finland and other countries of the world, and there are hundreds of men, according to the information brought back, who have worked during the last 12 months, and they come over into the Scandinavian countries; and very many of these people have been contacted by our diplomatic service and by others, and a very great volume of testimony has been accumulated on that subject.

To answer further the question propounded by the Senator from Michigan (Mr. Couzens), I want to call attention to this language for the consideration of the committee, that was in the old law, section 1 of the Kendall bill:

Shall not be applicable to goods, wares, articles, or merchandise so mined, produced, manufactured, transported, handled, loaded, or unloaded which are not mined, produced, or manufactured in such quantities in the United States as to meet the consumptive demands of the United States.

I am told that—

Senator COUZENS (interposing). I read that, but the contention of the domestic tobacco producers is that their wrappers are adequate in the matter of supply for the cigar manufacturers. But others contend that it is not.

Senator STEIWER. And that raises a question upon which I am not an authority. But I am told that the House committee, or at least various members of it, took the position that the law as they enacted it would not exclude Sumatra wrappers at all because they regarded the Sumatra wrapper as a distinctive thing. They said, therefore, there was no production of Sumatra wrappers in this country, and our Sumatra demands were not met by them, and, therefore, that the tobacco people need not trouble their minds about this. I do not know whether that is a sound proposition or not, and of course your judgment, jointly, would be better than ours.

Senator REED. Isn't the Dutch Government getting away from penal labor? I understand that they say they will be entirely in the clear by the date fixed in the tariff law. On the other hand, the Russian Government is getting deeper into this every day.

Senator STEIWER. I think that is true. In connection with that matter I might say that the testimony before the House Committee is to the effect that there is now in the warehouses in this country an unbelievable amount of tobacco wrappers. And I think it is stated that there is enough to make 11,500,000 cigars.

The CHAIRMAN. The largest manufacturer in the United States using Sumatra tobacco as a wrapper was in my office on yesterday, and he stated that they could not run more than 4 months if this bill should become a law.

Senator SHORTRIDGE. They want the date to go to January 1, 1932, as I understand it.

Senator COUZENS. Yes; they are perfectly satisfied with the Tariff law as it is written, because they can adjust themselves to the situation.

Senator GEORGE. I suppose you want to get the bill through at this session; do you not?

Senator STEIWER. Yes, sir.

Senator WATSON. It is not so important so far as the tobacco part of the situation is concerned, because neither tobacco nor cigars come from Russia.

Senator GEORGE. Let us treat all industries alike.

Senator REED. We are going to throw about 50,000 men out of employment if you shut down the cigar industry.

Senator STEIWER. And nobody wants to do that. However, the statement was made before the House committee that there is a supply on hand for two years.

The CHAIRMAN. I will try to get in touch with a man who uses more tobacco in his institution than in any other institution in the United States, more Sumatra tobacco. He told me on yesterday that it would be impossible for him to run more than four months if this law is changed.

Senator BINGHAM. I do not think the General Cigar Co., which is evidently the concern you speak of, are properly informed about the matter at all. Of course, they have been fighting us all along. They objected even to a small additional duty being placed upon Sumatra wrappers. But it was stated on the floor of the Senate, on the part of many cigar manufacturers, including many in Pennsylvania, that they could use the domestic wrapper perfectly well if they wanted to. But the fact is that the largest cigar manufacturers, the General Cigar Co., control a large part of this Sumatra supply, and they bring it in cheaper. Now, if you do not do this they are going to be able to bring in before the end of the year enough Sumatra tobacco to put the wrapper growers in this country out of business. And there is a 2-years' supply on hand in warehouses.

Senator COUZENS. That is not the concern Senator Smoot was talking about. The representative of the same concern saw me on yesterday, and they have great factories in Michigan and Ohio, and employ a great number of persons, and they testify that they have only four months' supply.

Senator SHORTRIDGE. At some stage in the matter, I wish to state, and it may be recent, that I favored increased rates on imported wrappers, having regard to Connecticut, Massachusetts, Georgia, and Florida.

Senator KING. And olive oils, and so forth.

Senator SHORTRIDGE. And a few other things. I hold in my hand a telegram from a firm in Los Angeles, and also one from New York, stating as a fact and urging that there is not sufficient here of this quality of wrapper tobacco to carry on if the date is fixed as covered in this bill, April 1, 1931. And as you all know, probably, they ask that the date be as of January 1, 1932. I won't take the time now to read them, but here is a very thoughtful and definite statement.

Senator BINGHAM. May I call attention to the fact that the bill provides that it is not effective if the merchandise so produced is not produced in such quantities in the United States as to meet the consumptive demands in the United States. Therefore, if there is not a sufficient supply on hand, it is not effective in keeping out the Sumatra wrapper tobacco. If there is a sufficient supply to meet the demands, then it is effective. For that reason the objections which have been raised are not in order because the bill particularly provides that there must be a sufficient quantity on hand to meet the consumptive demand.

Senator SHORTRIDGE. Who is to determine that vital fact?

Senator BINGHAM. I presume it will be determined in a judicial manner.

Senator SHORTRIDGE. By whom?

Senator BINGHAM. By the Treasury Department.

Senator SHORTRIDGE. But it is not sufficient.

Senator BINGHAM. Then it will not be kept out.

Senator KING. I have several telegrams which indicate that the domestic product is not such as meets the requirements of people from my section of the country. They state here in one telegram that American-grown wrappers can not be substituted in the case of cigars made in the West. And if this should go into effect, then within a very few months it would mean ruin to western cigar manufacturers.

Senator BINGHAM. Then this provision in the bill will protect those people.

Senator KING. It does not protect them, but you will be forcing upon them something that they do not want and something which is not marketable.

Senator BINGHAM. The provisions of the bill are not applicable to goods there produced which are not produced in such quantities from tobacco grown in the United States to meet the consumptive demands. Now, with regard to what the Senator has just said about certain manufacturers claiming that they can not use it, there is just about as much evidence on the one side as on the other. There are manufacturers in the Central West, and it is my recollection that we had testimony from them when the tariff bill was before the Senate, or at least there was a statement from a very large manufacturer, in Minnesota, I think, or it may have been St. Louis, who makes a very large number of cigars, stating that he could and did use American wrapper tobacco entirely, and that it was perfectly satisfactory. There are others who have testified that it is not satisfactory. I am not desirous to raise that question, but I do call attention to the fact that the bill protects the industry which it is claimed would be shut down if this bill were passed.

Senator CONNALLY. It is the nickel cigar that is principally affected, as I understand it.

Senator STEIWER. But as a legal question it is chiefly this: Is the Sumatra wrapper a distinctive article in and of itself? If it is, then comes the answer that there are no Sumatra wrappers produced in this country and this law would not shut them out, because this law only applies to those commodities of which we supply a sufficient quantity to answer our domestic requirements. However, I do not wish to—

Senator SHORTRIDGE (interposing). The Connecticut people claim that they grow wrapper tobacco under shade of substantially the same quality as the imported Sumatra tobacco.

Senator STEIWER. If they are right, then the Sumatra wrapper is not a distinctive thing. If they are wrong, it is a distinctive thing. I do not attempt to answer on that matter. The committee's judgment would be better than mine.

Might I hurry on to some other features in the matter. I am quite content to leave this matter to the superior judgment of the committee. There are two other amendments in this law that I think I know a little more about and in which I am very interested, and both of which I think are supported by the Treasury and the Bureau of Customs.

One is merely to add certain descriptive language. The present section 307 merely covers "Articles mined, produced, or manufactured."

The Treasury Department found in the attempt to administer the law that this was not sufficiently broad. They encountered, at least in one case, where convict labor was not used in the mining or the original production, but was used in transportation, handling, loading or unloading the article at some place along the line between the point of production and up to the time when it was put on board ship. The Kendall bill, therefore, adds to the original language the words "transported, handled, loaded or unloaded."

I will not debate that because I think debate is not necessary, but I am sure the Treasury will recommend the adoption of that language, and it will be very helpful in protecting against convict importations.

The CHAIRMAN. It is in the bill now.

Senator STEIWER. No; but it is in the Kendall bill, not in the original act, section 307. By inadvertence it was omitted. I think it ought to be in. I think the committee will agree to that.

The third amendatory proposition is one that applies to a definite mode or kind of proof:

In any proceeding under or involving the application of any provision of this act reports and depositions of officers or agents of the United States shall be admissible in evidence.

This language, I am told, was supported by the Treasury, and was suggested by the difficulties that they met in proving with respect to any Russian importations as to whether the particular cargo is convict made or not. That becomes a difficult question, because out of the White Sea area lumber can be produced in one place, or we will say logs can be cut in one place, and they will be taken by river or rail to another place where they are manufactured. The lumber may then be transhipped to a third place

where it is exported. Some of these places may not use convict labor, while other places do use convict labor. And then when the cases are brought in in connection with those goods, it is very difficult for the Treasury to prove the exact facts with respect to the cargo all the way along the line. They are not able to identify this lumber except that they know that it comes from this place or that. They are not able to identify that the particular boards or sticks were made by convict labor, and yet they may have literally a truckload of general information coming from their own investigators in adjoining countries, from our consular service, and from the Treasury agents, proof that is all of the very highest value in a general class, but of course in a customs court they can not use it. The Secretary of the Treasury could use it, and the Bureau of Customs in their action may use it, but upon appeal to the customs court, it could not be used, but would go out because hearsay.

Senator HARRISON. The Treasury Department has ruled that proof was incumbent upon the importer to show that it was not made by forced labor. What do you think about broadening that to make that proof necessary by the importer?

Senator STEIWER. I personally should favor that, but I came into this room this morning hoping that as little amendment as possible might be added to the bill. I am quite in earnest that it should be passed and I do not want to get it tangled up so as to be subject to adverse action.

Senator LA FOLLETTE. Senator Steiwer, you do not suppose that this bill could be considered in the Senate without having a number of amendments offered to it, do you? In other words, don't you think that those advocating an embargo on oil and farm products are going to seize this opportunity to get consideration for their legislation?

Senator STEIWER. I imagine of course that some effort will be made by those favoring an embargo. I do not know what the attitude of the committee will be in regard to that. My own attitude would be to resist that kind of amendment at this time. It seems to me it would lead us into countless difficulties.

Senator LA FOLLETTE. I agree with you, but you just expressed the hope that this bill would pass without amendment, and I am pointing out to you that there are other people in the Senate who are just as much interested in their particular desires, for certain embargoes, as you are for the passage of this bill.

Senator STEIWER. Well, I am not interested in any embargo. I favor this Kendall legislation and the attitude of the Treasury with respect to this whole subject, because I thought it was advisable to stay away from the embargo for a while.

Senator SHORTRIDGE. This is dealing with slave or indentured or forced labor.

Senator STEIWER. This effort is merely against tainted goods that may come from foreign countries. It does not raise any international question by embargoing goods from any part of the world. I thought that was superior. Of course, efforts will be made to amend the bill, but they may not command enough votes to wreck this movement. In other words, it may not result in amending the bill.

I should like to restate these amendments, and I should like to suggest here reasons against any other amendments; so far as the Treasury is concerned the Treasury may hold now that the burden of proof is on the importer. Probably it can maintain that position until they get to the Customs Court. While it is before their own bureaus they can do that. But—

Senator SHORTRIDGE (interposing). We could provide in the law that the burden rests upon the importer, and then that law would be binding upon the Customs Court.

Senator STEIWER. My own thought is that we ought to provide such a law for general use, not only with respect to convict-made goods, but with respect to other questions such as classification and other questions where the Treasury is confronted with test suits brought by importers from foreign lands, that the burden of proof ought always to be on the other fellow in order to protect the Treasury against imposition.

The CHAIRMAN. You desire this bill to pass, do you?

Senator STEIWER. Yes.

The CHAIRMAN. If you bring that up and attempt to put it into this bill you will have no bill at this session. It is a question which has been discussed here for years and years.

Senator STEIWER. And I am not suggesting it, but am answering the Senator from California (Mr. Shortridge) by saying Congress might in due time do the very thing he suggests.

Senator SHORTRIDGE. And I am not suggesting it now.

Senator KING. Undoubtedly there are people in the United States who would like to have an embargo upon everything.

Senator STEIWER. Perhaps so, but I am not suggesting it here.

Senator KING. I think there is a disposition to cut off all trade from foreign countries, that that would finally prevail in this country if some people have their way, and then we would have no exports.

Senator STEIWER. I believe that is all that I care to say at this time.

The CHAIRMAN. Very well. We will now hear—

Senator HALE (interposing). Mr. Chairman, I should like to make a brief statement.

The CHAIRMAN. Very well, Senator Hale.

#### **STATEMENT OF HON. FREDERICK HALE, A SENATOR FROM THE STATE OF MAINE**

Senator HALE. My State of Maine is one of the largest pulpwood producing States in the country. We have a great many pulp mills that operate in the State. Some of these mills have their own timberlands and use trucked lumber. Some of them buy Canadian lumber, and I think some import from Sweden. Farmers all over the State are in the habit of cutting pulpwood on their lands and selling it to the mills. During the last season about 40,000 cords of Russian pulpwood were brought into the State of Maine, and this practically killed the market for the small farmer who produces pulpwood in lots of from 1 cord to 100 cords.

A protest was made to the Treasury Department about this Russian pulpwood, on the ground that it was the product of convict labor. But we did not get anywhere with it. It was found impossible to determine whether it was the product of convict labor or not.

It is anticipated that a great deal more of this Russian pulpwood will come in during the next season. The Senator from Mississippi (Mr. Harrison) has asked if it would not be possible to put the burden of proof on the importer—

The CHAIRMAN (interposing). The Treasury Department has already made some such ruling.

Senator HALE. Yes. But I do not understand that this has been worked out satisfactorily. It might be better to put that in the law. I should very much like to see this bill passed. There is one matter it seems to me which would be doubtful in it. On page 2 it says as to this provision of bringing forward the forced-labor provision to April 1, 1931:

but shall not be applicable to goods, wares, articles, or merchandise so mined, produced, manufactured, transported, handled, loaded, or unloaded which are not mined, produced, or manufactured in such quantities in the United States as to meet the consumptive demands of the United States.

I am afraid with that provision in the bill there will be no relief from the point of view of pulpwood because mills all over the country buy outside pulpwood. There is no chance that the production in this country will take care of our consumptive demands.

Senator HARRISON. Well, take rubber, and we do not produce any. If you did not have that provision in here you might not get any rubber into the United States at all.

Senator HALE. I am talking about pulpwood, that this might cut out any relief we would get. I mean if this were left in.

Senator KING. Whatever pulpwood comes in does come in at about an embargo price.

Senator HALE. Yes, but there is no proof that that will be kept up. Once the market gets established they will undoubtedly cut down the price, as they have on all other products.

Senator KING. But only 40,000 cords have come in during the last season.

Senator HALE. Yes. But it is anticipated that will be greatly increased this coming year.

The CHAIRMAN. I do not see how it would be possible to take that wording out, because if you did you could not get along with many industries in the United States.

Senator HALE. But, Mr. Chairman, we do at least produce a part of it in the United States, and that is a legitimate production on our part. There is no reason why we should be put in competition with forced or indentured labor.

The CHAIRMAN. I believe Mr. Thomas P. Littlepage wishes to be heard.

Mr. LITTLEPAGE. Mr. Chairman and gentlemen of the committee, I should like to introduce Mr. Junius Parker, one of counsel for the American Cigar Co., who can very briefly explain the position of the cigar manufacturers.

The CHAIRMAN. The committee will hear Mr. Parker.

**STATEMENT OF JUNIUS PARKER, REPRESENTING THE AMERICAN CIGAR CO., NEW YORK CITY**

MR. PARKER. My name is Junius Parker, and I represent the American Cigar Co., manufacturers of cigars, 41 East Forty-second Street, New York City.

About half of the cigars that are manufactured in this country use the Sumatra wrapper, and about half use wrappers grown in Connecticut, Florida, Georgia. Nearly all the domestic cigars in proportion use fillers and binders grown in Ohio, Wisconsin, and Pennsylvania. It is perfectly true that there is a question as to whether the exemption in this bill, and in the law as it now stands, protects the use of Sumatra tobacco or not. There may be the contention made that there is not sufficient tobacco grown in this country to supply the wrapper. That contention will be disputed. It has been known that that contention existed and would be disputed, and when the Blaine amendment was enacted, cigar manufacturers took the matter up with the Dutch owners of the Sumatra field. The Dutch owners of the Sumatra field believed that they could eliminate indentured labor. They have never used forced labor. It is voluntary, although indentured labor.

The representatives of the Dutch growers have been over to this country. They have conferred with cigar manufacturers. Cigar manufacturers do not desire to be put in the position of an individual test before the Treasury Department. It is a test about which people may differ in their findings and differ in their opinions. What is wrapper is wrapper, and what is not wrapper is not wrapper. But whether Sumatra tobacco is to be deemed a product of this nature, or whether it is to be deemed simply wrapper which can be substituted by Connecticut grown wrapper, or Florida grown wrapper, is a question.

The Dutch Government is earnestly and effectively working out their law to eliminate indentured labor. We have had assurances to that effect. But the 1930 crop has been grown with indentured labor, and it has to be marketed, if regularly and in order beginning the 13th of March in Sumatra. Numerous manufacturers of tobacco have large stocks of Sumatra in Sumatra. There is not enough Sumatra tobacco in this country now to supply the brands that use Sumatra wrappers for more than three or four or five months. Some manufacturers have larger stocks than others.

The tobacco that is grown in Sumatra is marketed regularly in Amsterdam by public auction every spring, beginning about the 15th of March. If that crop that is now to be sold is permitted to come over here it will not put out of commission any Connecticut wrapper. It will not be used on brands that now use Connecticut wrapper. It will be used on brands that now use Sumatra wrapper. The crop of 1931 is already "tainted" with indentured labor, if you use that term, but preparations have been made to supplant it. The Dutch owners believe that the crop of 1931 can be marketed out of its order directly from Sumatra instead of being taken to Amsterdam, that it can be brought in here. And that then, by that time, they can make arrangements so that the crop of 1932 will involve no indentured labor at all. If they succeed, then the



question does not arise. If they do not succeed, then the manufacturers of brands that carry Sumatra wrappers will have to adjust themselves to the use of domestic wrappers, or they will make a test, that may be made and may be lost; but that there is not enough tobacco grown in this country that can be used as wrappers.

That is the whole situation. We are entirely sympathetic with every purpose of the bill. We are entirely sympathetic to make that prove, but we do feel it would be quite a shock to the business of the cigar manufacturers, that it would be a tremendous detriment to the American manufacturer; that it would be a tremendous detriment to the leaf growers in Wisconsin, in Ohio, in Pennsylvania, to throw this on the 1st of April, into a situation where we could not get another pound of tobacco.

What would happen to brands such as the Robert Burns and the Chancellor, and others, that use Sumatra, would be to experiment and to lose all their business. Suppose the Treasury Department rules that there is enough wrapper tobacco grown in this country, then the factories that make Sumatra-wrapped goods would have to close.

All we say is what we think is the reasonable condition of the bill continuing as to indentured labor, voluntarily rendered, until as Congress intended when it passed the bill, January 1, 1932, by which time the Dutch owners will have to discharge their force or the American manufacturer will have to make the contention, whose outcome is uncertain.

Senator SHORTRIDGE. Do you want the date to remain?

Mr. PARKER. As voluntarily offered indentured labor until January 1, 1932, because really, gentlemen of the committee, it would be a catastrophe to the cigar business to have this uncertainty. The Treasury may rule, indeed, I think their contention is being laid before the customs officials now, to get a tentative ruling through the Treasury Department that there is enough wrapper tobacco grown in this country. If the department should so rule, the manufacturer who has no Sumatra tobacco has to use a different wrapper, has to so radically change his brand that his consumption will be absolutely destroyed.

Senator STEIWER. Would it answer your requirements if the date were fixed at July 1?

Mr. PARKER. It would not; if you put it July 1, 1931, the crop could not be imported because the 1931 crop, as I am told, and I have conferred with the Dutch owners, is now in process of preparation and is, if I may use the word, tainted with this indentured labor.

Senator STEIWER. When will it be ready for importation?

Mr. PARKER. It will not be ready for importation in the regular routine until March, 1932. But the Dutch owners of the Sumatra farms say that they can arrange for this importation directly from the Island of Sumatra instead of being taken to Amsterdam, as is usually done, and that the tobacco of the 1931 crop can be brought regularly on by January 1, 1932, imported to this country. That is disregarding the regular process, but it can be done. But if you made the effective date substantially earlier than January 1, 1932, the 1931 crop could not be brought over.

Senator COUZENS. When is this Sumatra crop harvested?

Mr. PARKER. In April, May, and June, 1931. But it has to go through the process of curing or conditioning before it is capable of being marketed.

Senator HARRISON. The 1931 crop would be imported in November or December of this year.

Mr. PARKER. Yes. It would be regularly imported only after March, 1932, because the Dutch owners have the habit of carrying their Sumatra tobacco to Amsterdam and it is sold there at auction in the spring. But it could be brought directly from the island of Sumatra here by November or December, 1931.

Senator LA FOLLETTE. What amendment do you suggest to the text of the bill that would cure the situation of which you are speaking?

The CHAIRMAN. On line 5, page 2, to strike out "April 1" and insert "January 1" and then you would change the "1931" to "1932."

Mr. PARKER. No; but I think I have it here. Have you a printed copy, Senator La Follette?

Senator LA FOLLETTE. Yes.

Mr. PARKER. At the bottom of page 3 if you will strike out "or/and".

The CHAIRMAN. That is not the bill that was reported.

Senator REED. Mr. Parker, will you take my copy of the bill as it is here before the Finance Committee, and see if the amendment I have written in in pencil would protect it?

Mr. PARKER. That is precisely right. In the bill that Senator Reed has handed to me, on page 2, of line 4, strike out "or/and indentured labor" and then after the words "April 1, 1931" in line 5, say, "and those relating to indentured labor under penal sections shall take effect on January 1, 1932."

Senator COUZENS. But that raises the question of change in form that the Russian Government may adopt in order to get under cover.

Mr. PARKER. Yes, that raises a question that was not brought to my attention until Senator Steiwer mentioned it.

Senator REED. Yes, that question about the Russian worker being compelled to enter into that class of employment, and having been compelled to enter it, he is compelled to stick to it on pain of starvation if he does not.

Mr. PARKER. I thought Russia had its convict system, and that it was essential to the Russian Soviet fellow that there should be a forced system, forced labor. Forced labor is defined in the present law, and is carried into the Kendall bill, and I have no criticism to make of that. But the indentured labor used by the Dutch owners in Sumatra is voluntary, the voluntary act of the worker. You see Sumatra is thinly populated. Java is thickly populated, and the Dutch growers get the laborers in Java to enter into a contract, voluntarily, and they pay his fare to Sumatra, and his expenses, and the Dutch East Indian law, which is in process of amendment, of repeal, now gives to the employer penal sanction to require the contract of employment to be fulfilled.

Senator COUZENS. I do not think your amendment overcomes Senator Steiwer's suggestion.

Mr. PARKER. It does not if there is any such situation in Russia. But I can not conceive of a Russian condition that does not involve force. They may conceal the force, however.

Senator REED. There is duress there to force the Russian worker into the camps, and that does not exist in Holland, and that is the difference, and that is why the Russian can not resort to the Dutch system to remedy this situation.

Senator COUZENS. Well, they may claim to change it and thereby get within the law.

Senator GEORGE. And undoubtedly would.

Senator BINGHAM. Why is it that the American Tobacco Co. and one or two big concerns claim that they can not use other than Sumatra wrappers? I have here in my file a large number of telegrams from small manufacturers, similar to this:

We use domestic and imported wrappers on our 5-cent cigars and find the domestic wrappers very satisfactory and our sales increasing. Therefore, we are in favor of an increase in duty upon this.

Mr. PARKER. I would call attention to the fact that that very telegram shows how badly the House committee was wrong in saying they need not pay any attention to cigar manufacturers because they would fall within the exemption. Answering your question directly, and it is very simple: Certain brands are popular that are made with Connecticut wrappers. The American Cigar Co. makes some of its very best brands of cigars with Connecticut wrappers. But there is another kind of cigars that have habitually used the Sumatra wrapper, the well-known Robert Burns cigar, the Cremo cigar, the Childs cigar. You can not change to your domestic wrapper without utterly destroying the identity of your brand.

Senator BINGHAM. Is there sufficient difference between the American-grown Sumatra and the foreign-grown Sumatra so that the ordinary person can tell the difference when he smokes a cigar?

Mr. PARKER. Oh, yes, indeed.

Senator BINGHAM. Then you are entirely taken care of by the provision in the bill that there is not raised in the United States a sufficient quantity to meet the demands for this particular thing.

Mr. PARKER. I am afraid of that, Senator. I wish I could agree with you. Of course, we will argue that if it becomes necessary; that wrapper tobacco is wrapper tobacco. The difference in taste, difference in texture, difference in color may not make them entirely different products. The imported way may have distinctions between it and the domestic way. Now, Connecticut wrapper, Florida wrapper, Georgia wrapper, are all wrappers and, as you very well say, they wrap the cigar, they hold the cigar, and they will burn. But as a matter of fact, it would dislocate the cigar business tremendously because more than quite 50 per cent of all cigars in this country use Sumatra. I do not believe you could find any tobacco sufficient in quantity for that 50 per cent that would wrap cigars at all. But that is a contention that ought not to be forced on the cigar manufacturer.

Senator COUZENS. What is the difference in cost to the cigar manufacturer between Sumatra and the domestic wrapper?

Mr. PARKER. That depends upon the quality. The wrapper that is used for the 5-cent cigar, and there are some 5-cent cigars made with domestic wrappers that are very much less expensive than the Sumatra. On the other hand, there are some very high-grade

Connecticut wrappers used on high-grade cigars more expensive than on Sumatra. There is already a duty of \$2.27½ a pound. It used to be \$1.80 and then was raised to \$2.27½ a pound.

Senator BINGHAM. Mr. Chairman, are we also going to hear some of the growers this morning?

The CHAIRMAN. Yes; we should like to get through if we can.

Senator BINGHAM. I was informed that the growers had been told by the manufacturers that the manufacturers were not going to offer any protest this morning. Therefore, the growers were not going to say anything. But inasmuch as the manufacturers have offered their protest, I should like to know if there will not be some time given to the growers.

The CHAIRMAN. Are the growers here?

Mr. EBLE. I might explain that we are having a hearing at the Bureau of Customs on this question right now. There are present growers and manufacturers from all over the country. And before I left that hearing—

Mr. PARKER (interposing). I might say that I was here not to attend this meeting, but to attend the conference with Mr. Eble.

Mr. EBLE. I postponed my hearing, and before leaving the question was asked if I was postponing my meeting because the manufacturers would be heard. They were told there would not be any manufacturers heard here at your committee meeting, but that it was to be an executive session. That is the reason there are no growers present here at your hearing.

Senator HARRISON. The subcommittee on agriculture investigated this tobacco question for a week and there was quite a distinction between the growers and the manufacturers as to the use of this Sumatra tobacco. You would never be able to get them to agree on it.

The CHAIRMAN. Oh, yes; the question arose on the last tariff bill. When we were in conference we heard both sides for hours.

Senator SHORTRIDGE. I desire at this point to offer for the records these telegrams.

The CHAIRMAN. You may make them a part of our hearing if you wish.

Senator SHORTRIDGE. I will do so. And I should like to have them put in and returned to me.

LOS ANGELES, CALIF., February 18, 1931.

Hon. SAMUEL M. SHORTRIDGE,  
United States Senate, Washington, D. C.

SIR: We are writing this letter in reference to the House bill No. 16517 as amended, which is now before the House of Representatives. This bill refers to section 307 of the tariff act of 1930 and proposes to move forward the effective date of the embargo on Sumatra tobacco, raised by indentured labor, from January 1, 1922, to April 1, 1931.

It would be disastrous to the cigar industry as a whole and to our business in particular if we would be unable to import Sumatra tobacco. We are appealing to you for help for the welfare of our employees and ourselves and ask that you strongly oppose this amendment as it stands or else to have a special amendment attached to this bill permitting the importation of Sumatra tobacco up to December 31, 1931.

This is a vital question with us as our factory now employs over 300 workers but if we are unable to import Sumatra tobacco we will be immediately forced to cut our production considerably as a great deal of our success has been through the mildness of our cigars, on which we use Sumatra wrappers, and it is impossible for us to find a suitable substitute.

Then too should the cigar manufacturers be unable to import Sumatra wrappers there would not be enough domestic wrappers suitable for cigars to take care of the quantity of wrappers required.

We have been manufacturing Santa Fe cigars for 43 years in California and have given a great deal of employment in the State so trust that you will cooperate with us and that you will strongly oppose the suggestion of moving the effective date of the embargo on Sumatra tobacco ahead.

We are,  
Respectfully,

A. SENSENBRENNER SONS.  
LOUIS SENSENBRENNER.

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NEW YORK, N. Y., February 20, 1931.

SENATOR SAMUEL M. SHORTRIDGE,  
*United States Senate, Washington, D. C.:*

We have been given to understand that the Kendall bill (H. R. 16517) will be under consideration on next Monday. We consider that the moving up of the date of the matter in question is without reason and entirely unnecessary. The passage of this bill will prevent the importation of Sumatra tobacco which we do not handle or use in the manufacture of our cigars, as our product of 100,000,000 cigars per year is wrapped with Connecticut shade-grown tobacco only. We are, however, sufficiently interested in the question to beg of you that you use your best efforts to prevent the passage of this measure, because we feel it will work an injustice on the manufacturer, the Government, and the consumer by forcing the manufacturers to use a wrapper which would not be acceptable to the American public. All tobaccos grown at the present time in Connecticut and Florida, which are commercially known as wrappers and suitable as such, are readily disposed of by the growers at a very substantial figure, selling to-day at a price at least 300 per cent in advance of the price paid for the same material 10 or 12 years ago. The Government would also suffer in their revenue receipts to the extent of no less than 50 per cent cut in 1932 as far as the cigar business is concerned should the manufacturers be compelled to use tobacco as wrappers which are now considered unfit for such purpose. We bespeak your earnest consideration and kind cooperation in the foregoing.

E. REGENSBURG & SONS,  
MORTIMER REGENSBURG, *President.*

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LOS ANGELES, CALIF., February 20, 1931.

SAMUEL SHORTRIDGE,  
*United States Senate, Washington, D. C.:*

As an immediate embargo on Sumatra tobacco would be ruinous to the cigar manufacturing industry, we ask your cooperation in sponsoring or supporting an amendment to the Kendall bill allowing entry of Sumatra tobacco until January 2, 1932.

A. SENSENBRENNER SONS.

Senator CONNALLY. How would this fit in under paragraph 1, page 2, of the bill:

*Provided, however, in case of products of annual growth.*

That would not make it applicable to Russian lumber or minerals.

Senator BINGHAM. That would give American wrappers now no relief at all.

Senator CONNALLY. They have relief under the tariff act. We fought that out on the tariff.

The CHAIRMAN. I think the amendment suggested by Senator Reed covers that in a little better language. However, you suggest that.

Senator CONNALLY. I do not doubt that, but the question was raised on Senator Reed's amendment, that it would give Russia a chance to get under it and bring in other goods. Whereas if the amendment is applied to annual growth it would be better.

Senator STEIWER. That is true as to lumber.

Senator CONNALLY. It would not hurt lumber, manganese, or coal, but would catch this particular group that has annual growth.

The CHAIRMAN. Well, if there is no objection.

Senator STEIWER. Before you close the hearing let me say that the Commissioner of Customs is here. Couldn't you give him five minutes on the question of proof? I think it would be helpful to the committee.

Senator LA FOLLETTE. I think there are other people to be heard.

The CHAIRMAN. Mr. Flynn, I believe, is waiting to be heard.

Mr. FLYNN. I can wait for Mr. Eble.

The CHAIRMAN. Then we will hear Mr. Eble.

#### STATEMENT OF F. X. A. EBLE, COMMISSIONER OF CUSTOMS, TREASURY DEPARTMENT, WASHINGTON, D. C.

Mr. EBLE. I did not come here to make any long statement and will be very brief. I did not know of this meeting until yesterday.

About two weeks ago, February 12, we had a hearing at the Bureau of Customs, which was called on the appeal of Judge Clark who was interested in the growers' side of this question. We thought it would be a good thing to hold a hearing, and in view of the fact that the law requires us to determine whether the consumptive demands are being met, that we should begin and investigate and go over this situation even though the law would not go into effect until January 1, 1932. We thought we ought to take at least nine months to investigate. Therefore, we called the hearing.

Our interpretation of consumptive demand is rather a broad one. In that phrase we consider first quantity, as to whether the domestic people are able to produce tobacco in quantity. But we go still further, because we think that quality should also be considered, whether the domestic producers can produce quantity and of sufficient quality to meet the requirements of the manufacturer and the test of the smoker.

It is rather an unusual burden that is placed upon us. I do not think any tariff law or any provision of the law ever placed a similar burden upon us before, and for that reason we thought we would go into it quite thoroughly. There is a hearing going on in my own office, where both sides are being represented. I have heard testimony at the first hearing, and I might tell you gentlemen that at the present time we have not made up our minds as to whether the domestic production is sufficient to meet the requirements of consumptive demand. But there has been an abundance of evidence and statements and affidavits and briefs have been filed that it is very possible they can meet the consumptive demand if we do not take into consideration the question of quality. But before we decide the question we want to consider that thoroughly.

Now, it is remarkable in this, that they brought cigars there wrapped with Connecticut wrapper, and I believe from the testi-

mony that was offered the best tobacco and the best cigars in our country to-day are wrapped with Connecticut leaf. Isn't that true? I mean the highest price cigar.

Mr. PARKER. Quite as high, at any rate.

Mr. EBLE. Cheaper cigars are wrapped with Sumatra wrapper.

Mr. PARKER. No; some are not.

Mr. EBLE. Well, the majority of the 5-cent cigars. Now, I really came to answer questions rather than to make any statement. I do not want to influence this committee either way on this question.

Senator COZZENS. Have you studied this bill, and have you any comments to make on it?

Mr. EBLE. The only comment is in relation to date. I would not want to make any comment on it, except to state that it is the policy of the Treasury Department not to make any expression of opinion where the policy of the Senate is involved. But advancing the date to April 1, 1931, we would be in position to function and to carry out the provisions of this bill just the same as if you left the date as it stands.

Senator COZZENS. In other words, you have no objection to advancing the date to April 1, 1931.

Mr. EBLE. But before the Senate does that, I believe this committee should refer the matter to the State Department. We have had quite a little correspondence with the State Department on this subject, and the State Department has appealed to us to use our influence and prevent advancing the date. We said we would not do that.

Senator HARRISON. Do you mean on indentured labor?

Mr. EBLE. Yes; because they were particularly referring their complaint to the Sumatra situation.

Senator HARRISON. But you have interposed no objection to bringing the date up on the forced labor.

Mr. EBLE. No, sir; I think the principal objection on the date was as it comes from Sumatra, from the State Department, until they can look into it.

Senator STEIWER. Will you make a statement as to the matter of proof? The advisability in this matter of allowing the depositions of your agents to be used.

Mr. EBLE. That would be of great value to us. At the present time the depositions of our agents are treated in court as hearsay statements, and especially as such if not corroborated by witnesses and the evidence of witnesses and the affidavits of witnesses. For that reason the insertion of that provision, which is on line 13—

Senator COZZENS (interposing). You have the wrong bill in your hand.

Mr. EBLE. Yes; it is on line 17:

"In any proceeding under or involving the application of any provision of this act reports and depositions of officers or agents of the United States shall be admissible in evidence."

In fact that serves notice on the court that if we make a finding on evidence presented on agents' reports, the court would have to accept the same evidence. That is my viewpoint.

Senator SHORTRIDGE. It would make it competent evidence.

Mr. EBLE. Yes, sir.





Senator BINGHAM. And in addition to that several Senators have produced telegrams and messages from their States saying that if this bill were passed it would completely shut down the manufacture of certain cigars in the West, and that there is not a sufficient supply of the domestic wrapper on hand to take care of more than four months of cigar manufacture. Will you give us what you know to be the facts with regard to the amount of wrapper now on hand?

Mr. CLARK. Gentlemen of the committee. Government reports show that there are about 11,500,000,000 pounds of wrapper tobacco in the warehouses and with the manufacturers to-day. Of that lot 9,000,000,000 pounds are domestic and 2,500,000,000 pounds are foreign or Sumatra.

Senator REED. Did you mean pounds or cigars?

Mr. CLARK. I beg pardon. I meant enough tobacco to make that many cigars.

Senator REED. I thought there must be a mistake, or else we must have collected about \$5,000,000,000 of duty.

Mr. CLARK. Yes. There is enough wrapper tobacco in the warehouses and with the manufacturers to-day to wrap 11,500,000,000 cigars. Of that quantity 9,000,000,000 cigars could be wrapped with domestic wrapper. There is foreign wrapper enough to wrap 2,500,000,000 cigars.

The CHAIRMAN. Right there let me ask you: Is there any more in the warehouses to-day than there was a year ago at this time?

Mr. CLARK. I doubt not. The peak of cigar making in this country was reached in 1920. And I feel that the great majority of that was domestic. The war had been on and we were using domestic cigars. They had that year 8,000,000,000 cigars. Last year they only had 5,800,000,000 cigars. So you see there is enough cigar wrapper on hand now to wrap the cigar supply for nearly two years. In other words, 5,750,000,000 cigars a year, enough to do that now.

Senator BINGHAM. Judge Clark, the claim made by the American Tobacco Co. just now was that if this bill were passed we would shut out the Sumatra wrapper this year and some cigar manufacturers would have to go out of business entirely because they could not get wrapper that would enable them to sell their products. The Robert Burns cigar was mentioned as one cigar which could not be sold at all if this bill went into effect. What have you to say about that?

Mr. CLARK. I do not think there is anything in the world to it. I think the cigar people could demonstrate that to you in a very few moments. Take this man Daies. Now, they brought down before this man while we are trying this case now, a lot of telegrams from manufacturers from my own State and elsewhere, urging the Customs Bureau not to grant our request because it is going to destroy them, and this, that and the other. A certain organization, the Associated Cigar Manufacturers and Leaf Dealers, which was organized immediately after the tariff bill was passed, for the express purpose of testing this law; that is, testing what we are asking, and that is all the business it has—that in effect is nobody but the Dutch syndicates over in the Dutch East Indies, and the Dutch syndicates own stock in a lot of these manufacturers, and they direct their policy, they tell them what to do. And these telegrams that have come here in the last day or two from manufacturers here and there are at the

instance of this man Daies and his associates, who are simply the servants of the Dutch syndicates in the East Indies.

Now, gentlemen of the committee, I went to the trouble, speaking about the law over there, to get the law, the Dutch law, out of the Congressional Library. I had it translated into English, and it is nothing in the world but a species of convict labor over there. There is no question about that.

Senator REED. Do you mean sentenced labor as punishment for crime?

Mr. CLARK. It is a species of convict labor, yes; what they call crime. If I am employed by one of the tobacco farmers, or on one of those Dutch estates, and I breach my contract in a way, if I desert as they call it and leave, they go and arrest me and bring me back before a magistrate or somebody, and he sentences me to pay so many guilders or work so many days upon the public highway. That is what we used to do down South in the peonage days. We have quit it now, and we ought never to have begun it. But it was in some sections a fact, and the effect of it is that it is more nearly akin to peonage than anything else I know of. It is not free labor. There is no sort of question about that.

And, gentlemen of the committee, I take the position that if it is going to be ready next January and right to exclude this tobacco, then it is right to do it to-day. If it is a crime, if it is criminal labor, if this is labor that is not free such as we have in this country and insist upon having, then there is no need to put it off until then.

Senator SHORTRIDGE. Gentlemen enter into contracts based upon existing law, and should there not be a little time given them to readjust themselves to meet the change in the law?

Mr. CLARK. Senator, they have had ever since last June. I do not think that they will employ free labor, but will use just what they have, except to change the term to meet the law. That is all.

Senator COUZENS. Didn't Congress settle it this time as of January 1, 1932?

Mr. CLARK. Yes, sir.

Senator COUZENS. Why open it up again.

Mr. CLARK. I am not opening it up, but Congress opened it, and we are trying to take advantage of it because we think we are entitled to it. But why continue inequalities, an outrageous system that we condemn, for seven or eight months longer, when we know as much about it now as we will know then. Why let them keep on?

Senator BINGHAM. Judge Clark, isn't one of the reasons for changing the date the fact that was brought out before the committee, that in order to get around the effect of the law they are going to attempt to get under the flag of the United States tobacco grown under conditions which will be contrary to law after the 1st of January, 1932, before the normal date when it would come in?

Mr. CLARK. Yes; that is true, too.

Senator BINGHAM. So that in order to meet the situation of law evasion which they are proposing to work on us, we are proposing to advance the date.

Mr. CLARK. Yes, sir. And these people that are contesting this enactment will leave New York on the 27th of this month to attend the sale at Hamburg and buy the present crop, and that will all be

in here. Then next January they will be knocking at the door of Congress fighting for a still longer time.

Senator SHORTRIDGE. Well, the door won't be opened.

Mr. CLARK. Well, Senator Shortridge, we can not tell who will be here. [Laughter.] If you gentlemen are here of course it will not be opened.

Senator SHORTRIDGE. Well, I will be here.

Mr. CLARK. I hope so. But there may be a lot of people here who do not look at it as we do and who will extend the time further. Now, gentlemen of the committee, I can not understand how the United States Government can make peonage a felony punishable by a term of years in the penitentiary and say that we have to have free labor in this country, and then allow convicts over there, these Chinese coolies, to come in contact with the free labor in the United States in our own market.

The CHAIRMAN. Do you think there is very much injustice done where we provide that forced labor shall take effect April 1, 1931, and indentured labor January 1, 1932?

Mr. CLARK. I certainly do.

The CHAIRMAN. In what way? Tell me why.

Mr. CLARK. As to injustice between the two, do you mean?

The CHAIRMAN. Yes. You have been in the House, and you have served as a legislator many years.

Mr. CLARK. Yes, sir.

The CHAIRMAN. Do you remember at any time when legislation has been enacted that you have not taken into consideration existing conditions, and have changed the requirements of date, which is sought here, affecting one side or the other to the controversy, that it ought at least be given time to regulate its affairs? Now, isn't this a shorter time as provided here in view of the fact that it is a foreign country?

Mr. CLARK. Do you mean until next January?

The CHAIRMAN. Until April 1, 1931, for forced labor, and until January 1, 1932, for indentured labor.

Mr. CLARK. Why make a difference between the two?

The CHAIRMAN. Well, I think there is a difference. I think forced labor is a great deal more objectionable to the American citizen than indentured labor.

Mr. CLARK. I take it that we have to view it from their standpoint, too. Now, these are very ignorant Chinese coolies. They enter into a contract with these people, and are told to sign on the dotted line. And this law says that while they go into it voluntarily, yet they have not brains enough to understand what it means.

The CHAIRMAN. You are taking it in the middle of the crop.

Mr. CLARK. Oh, no. The crop is made.

Senator REED. The people of Java are not Chinese?

Mr. CLARK. I know, but they work Chinese coolies on these plantations. Oh, yes, a lot of them have to sign on the dotted line, in which they agree that if they break the contract they may be punished in this way, that way, or the other way.

Senator SHORTRIDGE. But they are not forced to sign.

Mr. CLARK. No. But I say with their limited intelligence they do not understand it. And they sign it.

Senator SHORTRIDGE. I am with you, but I think the date was fixed after elaborate hearings.

Mr. CLARK. But they should not have the time. I wish you would hear one or two other gentlemen.

Senator BINGHAM. Mr. Flynn was to be heard.

The CHAIRMAN. All right. We will hear Mr. Flynn.

**STATEMENT OF JAMES FLYNN, REPRESENTING THE AMERICAN WAGE EARNERS PROTECTIVE GROUP OF THE AMERICAN FEDERATION OF LABOR**

Mr. FLYNN. When this bill was before the House we had a representative present representing the entire American Federation of Labor, and he spoke very strongly along the line of some law to strengthen the present law. Labor is not only interested in its own products in America, but naturally in obtaining a market for its products. The deprivation of the foreign market which for so many years has been held by the American farmer, has quite naturally had an adverse effect upon American labor, because the American farmer is the largest customer of the products of American labor. We feel the lack of purchasing power on the part of the American farmer, of the American agriculturist, due to the dumping conditions of the Soviet Government. We are hopeful that this legislation, or some legislation at least will be passed which will strengthen the existing law. And we are hopeful that it will be able to get by the Senate and the House.

I should like to suggest that if the amendments were adopted, and assuming that it could be carried through—and I should rather have the present bill than to lose it—but I do believe that we might strengthen it without criticism, and I leave it entirely in the hands of the committee as to that, by simply providing that goods or merchandise coming from countries that permit or use forced labor, that prior to their entry the importer shall furnish satisfactory proof to the Treasury Department that they are not in contravention of our law.

Senator COUZENS. Have you any information from the cigar makers' union as to what effect this will have upon them, if this bill should go into effect April 1, 1931?

Mr. FLYNN. The cigar makers' union, Senator Couzens, takes the attitude that they are opposed to the entry into our market of the products of involuntary labor. This question as to the date, April 1, 1931, I have not had an opportunity of talking with the head of the cigar makers' union, for the reason that he has been away, and I understood that this was to be an executive session, and consequently did not ask. So this question as to date I can not pass upon.

Senator COUZENS. Could you find out, because it is claimed by the manufacturers that many cigar makers will be thrown out of jobs if this takes effect April 1, 1931.

Mr. FLYNN. I will ascertain that not later than this time to-morrow. But at the present time I am not posted on it. I am not a cigar maker. But I will say this for labor, that we are very hopeful that the committee will recommend and secure the adoption of legislation which will strengthen the existing law, and keep the

products of free labor from having to compete with the products of involuntary or forced labor.

Senator BINGHAM. Mr. Chairman, there are one or two Congressmen present who would like to be registered in favor of the bill.

The CHAIRMAN. Very well.

**STATEMENT OF HON. THOMAS ALVA YON, A REPRESENTATIVE FROM THE THIRD DISTRICT OF FLORIDA**

Representative Yon. I come from the shade-growing section of the South. I am in full accord and have supported the bill in the House, and I hope you gentlemen will report it out of the committee to the Senate so it may pass at this session.

Just in passing I should like to add that the several million pounds of tobacco that we produce in Florida, that this year they could double their capacity of production, of good quality, and have a greater quantity of tobacco.

Senator KEYES. Mr. Chairman. I ask that a letter I now hand to the committee reporter be made a part of the record and returned to me.

The CHAIRMAN. That may be done.

Senator KEYES. The letter is as follows:

MANCHESTER, N. H., February 16, 1931.

HON. HENRY W. KEYES.

*United States Senate, Washington, D. C.*

DEAR SENATOR: We would like to bring to your attention House bill 16517, as amended, referring to the exclusion from this country of any product raised or produced by convict labor and to bespeak your usual sincere interest in our behalf.

The original plan was to have this bill go into effect December 31, 1931, and, looking forward to that date, the American importers of Sumatra tobacco raised on the island of Sumatra by so-called coolie or convict labor have been, we understand, working with the Dutch tobacco raisers to change their plan of production. These packers felt very confident that by December 31 this matter would have been straightened out to permit the importation of Sumatra tobacco under the regulations set down by this bill, but within the last week we have been informed that the date for this bill to go into effect has been set forward to April 1.

As you probably know, we are very large users of imported Sumatra tobacco for wrapper purposes and, if this bill should go into effect April 1, it would be a very serious matter for us. We are in entire sympathy with the Government on the fundamentals of this bill, especially so where, here in New England, we have already seen the effect on our New England manufacturers of the importation of shoes from Czechoslovakia, lumber, pulpwood, and coal from Russia, and we in no way want to be understood as making any attempt to interfere with this legislation; we are only asking for sufficient time and opportunity to adjust our requirements to conform in every way with the regulations of this bill.

You probably know that the tobacco growers of Connecticut and Florida are very active in their efforts to exclude the importation of Sumatra tobacco in this country, but our position in this matter is just the same as it was when the Sumatra tariff was under discussion. We can not possibly use Florida or Connecticut wrappers in the manufacturing of our cigar without so changing its character that the 7-20-4, as smokers know it, will be entirely lost, and there will be put upon us the burden of practically building a new business.

We made the statement at the time the tariff was under discussion that adding to the duty on Sumatra would not create any new users of Connecticut or Florida wrappers but, on the contrary, would simply add a burden to the already high cost of manufacturing cigars, for the reason that those manufacturers now using imported Sumatra wrappers would be compelled to continue

this use to maintain the character of their cigar and could not jeopardise their business by changing the wrappers. We therefore feel that cigar manufacturers using Sumatra wrappers should be given consideration enough to permit them to protect their established businesses.

We feel that by putting this over until December 31 the American importers, with the cooperation of Holland, should be able to so adjust their plans as to conform to the new requirements and that the Government will at the same time be accomplishing what they want to do without jeopardising and crippling large cigar manufacturers whose businesses are bad enough without adding any further handicaps.

This letter is being sent to you preliminary to our arriving in Washington Thursday morning. We would appreciate an appointment with you any time Thursday morning at your convenience for a short discussion of this matter.

With kindest personal regards,

Sincerely,

R. G. SULLIVAN (Inc.).

By JOSEPH W. EPPLY.

The CHAIRMAN. The committee will now go into executive session. The hearing is closed.

(Thereupon at 12.03 p. m., the committee resolved itself into executive session, and remained for some time and adjourned.)