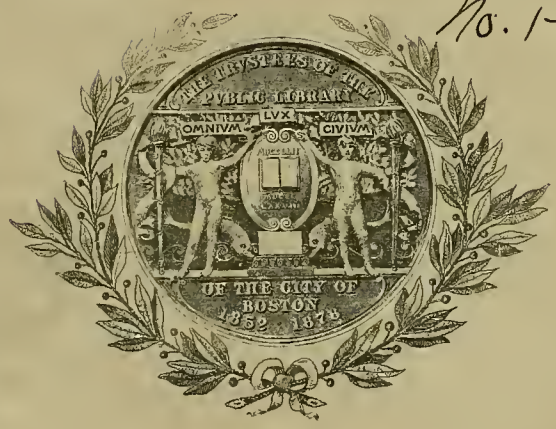

NATIONAL RECOVERY ADMINISTRATION

DIVISION OF REVIEW

E V I D E N C E S T U D Y

NO. 6

OF

THE CIGAR MANUFACTURING INDUSTRY

Prepared by

C. J. McMANUS

August, 1935

PRELIMINARY DRAFT

(NOT FOR RELEASE: FOR USE IN DIVISION ONLY)

THE EVIDENCE STUDY SERIES

The EVIDENCE STUDIES were originally planned as a means of gathering evidence bearing upon various legal issues which arose under the National Industrial Recovery Act.

These studies have value quite aside from the use for which they were originally intended. Accordingly, they are now made available for confidential use within the Division of Review, and for inclusion in Code Histories.

The full list of the Evidence Studies is as follows:

1. Automobile Manufacturing Ind.
2. Boot and Shoe Mfg. Ind.
3. Bottled Soft Drink Ind.
4. Builders' Supplies Ind.
5. Chemical Mfg. Ind.
6. Cigar Mfg. Industry
7. Construction Industry
8. Cotton Garment Industry
9. Dress Mfg. Ind.
10. Electrical Contracting Ind.
11. Electrical Mfg. Ind.
12. Fab. Metal Prod. Mfg., etc.
13. Fishery Industry
14. Furniture Mfg. Ind.
15. General Contractors Ind.
16. Graphic Arts Ind.
17. Gray Iron Foundry Ind.
18. Hosiery Ind.
19. Infant's & Children's Wear Ind.
20. Iron and Steel Ind.
21. Leather
22. Lumber & Timber Prod. Ind.
23. Mason Contractors Industry
24. Men's Clothing Industry
25. Motion Picture Industry
26. Motor Bus Mfg. Industry (Dropped)
27. Needlework Ind. of Puerto Rico
28. Painting & Paperhanging & Decorating
29. Photo Engraving Industry
30. Plumbing Contracting Industry
31. Retail Food (See No. 42)
32. Retail Lumber Industry
33. Retail Solid Fuel (Dropped)
34. Retail Trade Industry
35. Rubber Mfg. Ind.
36. Rubber Tire Mfg. Ind.
37. Silk Textile Ind.
38. Structural Clay Products Ind.
39. Throwing Industry
40. Trucking Industry
41. Waste Materials Ind.
42. Wholesale & Retail Food Ind. (See No. 31)
43. Wholesale Fresh Fruit & Veg.

In addition to the studies brought to completion, certain materials have been assembled for other industries. These MATERIALS are included in the series and are also made available for confidential use within the Division of Review and for inclusion in Code Histories, as follows:

44. Wool Textile Industry
45. Automotive Parts & Equip. Ind.
46. Baking Industry
47. Canning Industry
48. Coat and Suit Ind.
49. Household Goods & Storage, etc. (Dropped)
50. Motor Vehicle Retailing Trade Ind.
51. Retail Tire & Battery Trade Ind.
52. Ship & Boat Bldg. & Repairing Ind.
53. Wholesaling or Distributing Trade

L. C. Marshall
Director, Division of Review

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THE CIGAR MANUFACTURING INDUSTRY

Foreword

The Code is interpreted to apply to all manufacturers of cigars, whether they manufacture cigars exclusively or whether cigars are a minor part of their total production. Therefore, since a manufacturer must have a license in order to make cigars, the number of licensed manufacturers of cigars corresponds to the number of concerns subject to the Code.

Census data exclude all manufacturers whose annual value of product is less than $5,000. The exclusion of these small establishments does not materially impair the applicability of Census data to the Industry as defined by the Code, except for the single item, "Number of Establishments." The Census has estimated that more than 99 per cent of total wage earners and value of product in the Industry are covered by its reports.

CHAPTER I

THE NATURE OF THE INDUSTRY

Code Definition

Code Number 467, approved by the President on June 19, 1934, defines the Cigar Manufacturing Industry in the following words:

> "The term 'Cigar Manufacturing Industry' means and includes the manufacturing into cigars of cured leaf tobacco, stemmed tobacco, scrap and/or shredded filler for use in the manufacture for sale of cigars."

General Description of the Industry

The Industry produces cigars of all price classes and cigar leaf content, including both hand and machine made products. However, adoption on a large scale of cigar-making machinery since the World War has rapidly changed the complexion of the Industry from one characterized by hand processes to one characterized by highly mechanized processes.

Number of Concerns.

Table I shows the number of concerns manufacturing cigars exclusively as well as the number licensed to manufacture cigars, for the years 1929,1931, 1933 and 1934. The number licensed to manufacture cigars includes those making cigars in conjunction with cigarettes. It will be seen that the total number of concerns making cigars exclusively declined from approximately 7,500 in 1929 to about 5,400 in 1934.

TABLE I

Number of Manufacturers Making Cigars Exclusively
and Number Licensed to Make Cigars
(As of January 1, each year)

Year	Manufacturers Making Cigars Only	Manufacturers Licensed to make Cigars
1929	7,502	8,378
1931	6,195	7,138
1933	5,787	6,620
1934	5,473	-

Source: Annual Reports, Commissioner of Internal Revenue.

Manufacturers Classified According to Volume of Production

A classification of cigar manufacturers according to number of cigars produced in 1929, 1931 and 1933 is shown in the following table.

TABLE II

Manufacturers Classified According to Output

Output of Cigars	Number of Concerns 1929	1931	1933
Total a/	8,378	7,138	6,620
Under 500,000	7,694	6,664	6,170
500,000 to 1,000,000	188	117	123
1,000,000 to 5,000,000	276	203	194
5,000,000 to 10,000,000	91	51	59
10,000,000 to 20,000,000	63	46	34
20,000,000 to 40,000,000	29	25	17
Over 40,000,000	37	32	23

Source: Code Authority, Cigar Manufacturing Industry, "Historical Background and Present Condition of the Cigar Manufacturing Industry," (1935). This report was prepared by the Code Authority at the request of NRA. It is based largely upon material from the Bureau of the Census, the Internal Revenue Bureau, and the Department of Agriculture.

a/ The total is for manufacturers licensed to make cigars rather than for manufacturers making cigars only. The former are about 11 per cent more numerous than the latter. See Table I.

Manufacturers Classified According to Plant Ownership

Data which permit a classification of manufacturers according to the number of plants owned are available for the year 1935 only. In that year there were 6,688 plants owned by 6,620 concerns. Approximately 99 per cent of the total concerns operated only one plant.

TABLE III

Manufacturers Classified According to Number of Plants Owned - January 1, 1935

Number of Plants	Number of Concerns
One Plant	6,591
Two Plants	19
Three Plants	4
Four Plants	1
Five Plants	2
Six Plants	2
Twenty-one Plants	1
Total	6,620

Source: Code Authority, Cigar Manufacturing Industry. Estimated on assumption that total number of concerns has not changed since 1933.

According to the Code Authority, the manufacturers are of widely varying size, ranging from single cigar maker-owner shops to groups of factories under single management with aggregate employment of 4,000 wage earners.

Geographical Distribution of Concerns

Cigars are manufactured in every state of the Union. The greatest part of the output, however, is produced by large concerns in concentrated areas and only a small portion -- less than 10 per cent, according to the Code Authority -- is produced in the scattered small factories or by individual cigarmaker shop owners.

Table IV shows the number of concerns in the Industry by principal producing states. With only three exceptions, the trend in number of plants was downward from 1929 to 1934. Illinois experienced a slight increase in 1934 as compared with 1933. Massachusetts and Florida showed increases in 1933 over 1932, but these increases were offset by decreases in 1934.

TABLE IV

Number of Concerns Manufacturing Cigars Exclusively, by Principal States (As of January 1)

State	1929	1931	1933	1934
U. S. Total	7,502	6,195	5,787	5,473
New York	1,621	1,312	1,173	1,145
Pennsylvania	1,032	865	843	833
Illinois	846	691	604	613
Wisconsin	437	378	361	334
Massachusetts	363	330	350	315
Florida	304	263	282	249
Total for 6 States	4,603	3,839	3,613	3,489
Total for 42 Other States	2,899	2,356	2,174	1,984
Per cent 6 States are of U. S. Total	61%	62%	62%	63%

Source: Annual Reports, Commissioner of Internal Revenue.

Volume of Production

From Table V it can be seen that the annual production of cigars during the period 1925 - 1934 follows a downward trend. Production for the year 1934 shows somewhat of an increase over that for 1933, however. The peak of production during the ten-year period was reached in 1926 and the low point in 1933. Change of consumer preference from cigars to cigarettes has con-

tributed largely to this decline.

Table V also shows production classified into the retail price groups as set up for taxation purposes by the Bureau of Internal Revenue. The percentage distributions show that there was a rapid and consistent shift of consumption from higher into lower price classes. In 1934 over 85 per cent of the total was in the lowest price class, cigars retailing at five cents or less. This compared with 41 per cent in 1925.

TABLE V

Total Annual Production of Cigars, by Internal Revenue Price Classes a/
(In millions)

Year	Total Number all Classes Cigars Produced	Class A: Retailing at 5¢ each or less		Class B: Retailing at more than 5¢ each and not over 8¢ each		Class C: Retailing at more than 8¢ and not over 15¢ each		Class D: Retailing at more than 15¢ and not over 20¢ each		Class E: Retailing at more than 20¢ each	
		Number of Cigars	Per Cent of Total	Number of Cigars	Per Cent of Total	Number of Cigars	Per Cent of Total	Number of Cigars	Per Cent of Total	Number of Cigars	Per Cent of Total
1925	6,500.8	2,673.6	41.1	1,125.0	17.3	2,515,0	38.7	146.6	2.3	40.5	0.6
1926	6,588.9	2,886.1	43.8	945.5	14.4	2,575.7	39.0	150.7	2.3	30.9	0.5
1927	6,571.4	3,175.2	48.3	747.5	11.4	2,465.3	37.5	150.3	2.3	33.1	0.5
1928	6,453.7	3,310.4	51.3	639.7	9.9	2,330.1	36.1	143.1	2.2	29.6	0.5
1929	6,551.7	3,582.6	54.7	575.0	8.8	2,221.8	33.9	145.2	2.2	27.1	0.4
1930	5,881.3	3,589.9	61.2	395.1	6.7	1,784.6	30.2	108.9	1.9	2.7	0.0
1931	5,325.4	3,713.6	69.9	173.5	3.3	1,356.0	25.3	80.5	1.5	1.8	0.0
1932	4,396.7	3,460.1	78.8	52.5	1.2	833.7	18.9	49.4	1.1	1.0	0.0
1933	4,288.2	3,671.8	85.6	27.7	0.7	553.9	18.9	32.1	0.7	4.3	0.1
1934	4,597.2	3,929.1	85.4	58.0	1.3	565.4	12.3	40.6	0.9	4.0	0.1

Source: Code Authority, Cigar Manufacturing Industry, "Historical Background and Present Condition of the Cigar Manufacturing Industry" (1935). Primary sources: 1920-1929 data, Circular #249, United States Department of Agriculture; 1930-1934 data, Reports of the Commissioner of Internal Revenue.

a/ Figures show number of cigars on which tax was paid and represent cigar shipments to the domestic trade rather than production.

Value of Production

The trend in value of production was more sharply downward than in the case of volume of production during the years 1929, 1931 and 1933. There are no data available bearing on the value of production on a state basis, but total value is given in Table VI.

TABLE VI

Value of Production
(In thousands)

Year	Value
1929	$ 311,664
1931	227,349
1933	139,372

Source: Census of Manufactures, 1933, "The Tobacco Industries," page 3.

Failures

Data on number of failures in this Industry are not available. Because of technological improvements in production methods and of the development of intensive advertising during the past 15 years, it is believed that the degree of mortality, especially in the hand manufactured field, is substantial.

CHAPTER II

LABOR STATISTICS

Number of Employees

The average number of wage earners employed during the years 1929, 1931, 1933 and 1934, and the wages paid during the same years is shown in Table VII.

TABLE VII

Wage Earners Employed, and Wages Paid

Year	Average Number of Wage Earners	Annual Wages Paid
1929	84,165	$ 67,222,000
1931	68,182	46,074,000
1933	54,558	30,061,000
1934	57,570 a/	33,701,000 a/

Source: Census of Manufactures: 1933, "The Tobacco Industries," page 3.

a/ Estimated by NRA, Division of Research and Planning, on the basis of the Bureau of Labor Statistics sample index.

Employment and Wages Paid, by States

Employment and amount of wages paid, by principal states, is shown in Table VIII, for the year 1933. The states listed accounted for 71 per cent of employment and 73 per cent of the amount paid in wages.

TABLE VIII

Employment and Wages Paid by Principal States During 1933

State	Number of Wage Earners Employed	Amount Paid in Wages (In thousands)
U. S. Total	54,558	$ 30,061
Pennsylvania	17,526	9,328
Florida	8,418	5,084
New Jersey	5,969	3,371
New York	3,744	2,682
Michigan	2,893	1,370
Total, 5 States	38,550	21,835
Total, 43 Other States	16,008	8,226
Per cent 5 States are of U. S. Total	71%	73%

Source: Census of Manufactures: 1933, "The Tobacco Industries," page 3.

Seasonality of Employment

This phase of the Industry was the subject of a special study conducted by the United States Census Bureau covering 245 establishments manufacturing 80 per cent of total production for the year 1933.

TABLE IX

Seasonality of Employment, 1933

Week Ending Nearest the 15th	Number of Employees
January	38,293
February	41,419
March	39,592
April	38,061
May	41,083
June	43,044
July	43,779
August	44,880
September	46,049
October	46,719
November	46,551
December	43,337

Source: Census Bureau: Special tabulation.

Table IX shows that the peak was reached in October, while employment was smallest in April. These periods correspond with the high point and low point of production, as revealed in a statistical report on this Industry prepared in the Research and Planning Division of the NRA, in November, 1933.

Average Weekly Earnings

Table X indicates a steady downward trend in average weekly earnings during the years 1929, 1931 and 1933.

TABLE X

Average Weekly Earnings

Year	Average Earnings per Week
1929	$ 15.36
1931	13.00
1933	10.59

Source: Code Authority, Cigar Manufacturing Industry, "Historical Background and Present Condition of the Cigar Manufacturing Industry."

Cost of Labor Compared with Value of Product

The direct relationship between value of cigars produced and the cost of labor involved in production is indicated by Table XI. Labor cost is shown to constitute about one-fifth of the total value of the product.

TABLE XI

Cost of Labor Compared with Total Value of Product (In thousands)

Year	Value of Product	Cost of Labor a/	Per Cent Cost of Labor is of Value of Product
1929	$ 311,664	$ 67,222	21.6
1931	227,349	46,074	20.3
1933	139,372	30,061	21.6

Source: Census of Manufactures: 1933, "The Tobacco Industries," page 3.

a/ Includes wage earners only.

CHAPTER III

RAW MATERIALS

Principal Materials Used

Apart from packing materials, the sole raw material ingredient of cigars is leaf tobacco, used in the form of stemmed and unstemmed leaves and cuttings, clippings, and scraps. Most of the supply of raw material is domestically grown although a small portion is imported from Cuba, Puerto Rico and Sumatra, principally for blending purposes and for use as wrappers for the higher classes of cigars.

Volume of Raw Materials

The amount of cigar leaf consumed in the production of cigars, together with the annual leaf supply are shown in the following table.

TABLE XII

Cigar Leaf Consumption, Domestic Leaf Crop
And Annual Cigar Leaf Supplies
(In thousand pounds)

Year	Cigar Leaf Consumed in Cigar Production	Domestic Leaf Crop	Annual Supply of Cigar Leaf a/
1929	150,878	182,973	135,500
1931	126,611	186,825	149,500
1933	103,954	89,402	62,500
1934	111,000	82,500	56,500

Source: Code Authority, Cigar Manufacturing Industry, "Historical Background and Present Condition of the Cigar Manufacturing Industry."

a/ Includes domestic crop plus imports.

Cost of Materials

Available data do not permit valuation by kinds of materials purchased. The value of all materials purchased is shown in Table XIII.

TABLE XIII

Cost of Materials, Compared with Total Value
of Product
(In thousands)

Year	Value of Product	Cost of Materials a/	Per Cent Value of Materials is to Value of Product
1929	$ 311,664	$ 138,354	44.4
1931	227,349	119,295	52.5
1933	139,372	72,589	52.1

Source: Census of Manufactures: 1933, "The Tobacco Industries," page 3.

a/ Includes cost of materials, containers, fuel, and purchased electric energy. Cost of internal revenue stamps included as follows: 1933, $8,599,426; 1931, $15,534,464.

Interstate Movement of Raw Materials

Cigar leaf, the principal item entering into the manufacture of cigars, is grown in restricted farming areas in which it is the sole crop. This is due chiefly to the peculiar soil characteristics required. Its growth is confined to relatively few states as shown in the following table:

TABLE XIV

Production of Cigar Leaf, by Types and by States, 1932
(In pounds)

State	Filler Type	Binder Type	Wrapper Type
Connecticut	--	22,941,000	3,722,000
Florida	140,000	--	1,972,000
Georgia	50,000	--	440,000
Indiana	225,000	--	--
Massachusetts	--	8,840,000	800,000
New York	--	1,400,000	--
Ohio	21,462,000	--	--
Pennsylvania	45,912,000	404,000	--
Wisconsin	--	36,180,000	--
39 Other States	--	660,000	--
Total	67,789,000	70,425,000	6,934,000

Source: Code Authority, Cigar Manufacturing Industry, "Historical Background and Present Condition of the Cigar Manufacturing Industry."

Table XIV shows that no one state produces all three types of cigar leaf. Pennsylvania produces 68 per cent and Ohio 32 per cent of the filler type leaf; Wisconsin produced 51 per cent and Connecticut 33 per cent of the binder type while this same state produced 54 per cent and Florida 28 per cent of the wrapper type leaf.

Every cigar contains filler, binder and wrapper leaf (except a limited quantity having no binder). It is apparent, therefore, that the manufacture of cigars is dependent for its raw materials on a number of states, since no single state produces all three types. Consequently, cigar production must entail extensive interstate transactions.

CHAPTER IV

PRODUCTION AND DISTRIBUTION

Geographical Distribution of Production

Although cigars are produced in every state in the union, there is a high degree of concentration of production in a relatively small number of states. Table XV shows that approximately 80 per cent or more of total production co from the eight states listed, with Pennsylvania producing about one-third of total output.

TABLE XV

Production of Cigars, by Principal States
(In thousands)

State	1929	1931	1933
U.S. Total	6,518,500	5,347,900	4,300,000
Pennsylvania	2,294,000	1,782,900	1,615,600
New Jersey	797,700	712,300	443,300
Florida	617,600	542,300	465,900
New York	576,800	476,100	266,400
Ohio	446,900	352,200	213,600
Virginia	376,700	227,000	150,200
Michigan	289,200	247,100	195,900
Indiana	194,700	118,500	65,300
Total for 8 States	5,593,600	4,458,400	3,416,200
Total for 40 Other States	924,900	889,500	883,800
Per Cent 8 States are of U. S. Total	86%	83%	79%

Source: Annual Reports, Commissioner of Internal Revenue.

Actually, concentration is carried on to an even greater degree than ind cated above, because of specialization of certain districts in special types cigars. Pennsylvania, for example, produces for the most part cheaper cigars selling at less than five cents each. In general, Florida produces a higher grade of cigars, using imported Cuban tobacco, while Ohio specializes in "stogies."

It will be seen from the above that, with three exceptions, the eight states preserved the same order during the sample years shown. One exception occurred in 1931 when Michigan produced more cigars than Virginia and the oth exceptions occurred in 1933 when Florida outranked New Jersey as a producer a Michigan again assumed the lead over Virginia.

Interstate Movement of Finished Product

The Code Authority has stated that the consumption of cigars in various states is roughly in direct proportion to their population. However, certain districts have preference for a certain price class or type of cigar. "Stogies" for example, are preferred in the Midwestern States.

The interstate movement of cigars can be gauged by a comparison of production and consumption by individual states. Table XVI shows the percentage relationship between state production of cigars and state population for the year 1932.

TABLE XVI

Relationship Between Cigar Production and Population, for Principal Producing States, 1932

State	Production of Cigars (000)	Per Cent of Total Production	Per Cent of Total Population
U. S. Total	4,382,723a/	100.0	100.0
Pennsylvania	1,509,282	34.4	7.8
New Jersey	555,623	12.7	3.3
Florida	473,387	10.8	1.2
New York	372,744	8.5	10.3
Ohio	268,121	6.1	5.4
Michigan	199,401	4.6	3.9
Virginia	194,090	4.4	2.0
Other 41 States	810,075	18.5	65.9

Source: Code Authority, Cigar Manufacturing Industry, "Historical Background and Present Condition of the Cigar Manufacturing Industry;" population from 1930 census.

a/ This figure does not check exactly with that given in Table V. See footnote a/ to Table V.

On the assumption that consumption is roughly proportional to population, Table XVI shows that the larger portion of cigar output is consumed in states other than those in which the manufacturing occurred. Pennsylvania, for example, produced 34.4 per cent of the cigars in 1932, but consumed only 7.8 per cent, while New York, which produced 8.5 per cent, consumed more than 10 per cent of the cigars manufactured. The group of 41 unnamed states produced 18.5 per cent and consumed 66 per cent, or about three and one-half times the number of cigars it manufactured.

It is believed, therefore, that the interstate movement of cigars is an extremely heavy one.

In addition, there are interstate transactions attached to the movement of the heavy imports of cigars, chiefly from the Philippines. Imports from this source in 1932 were estimated to be 500,000,000 cigars.

Advertising

The Cigar Manufacturing Industry is an industry which spends large sums in advertising through the media of newspapers, magazines, and the radio. The amount so expended by the leading manufacturers (according to the Statistical Report for this Industry, prepared by the NRA, Research and Planning Division, November, 1933) was $2,300,000 in 1931, and $1,300,000 in 1932.

Distribution of the Product

It is estimated by the Code Authority that cigar wholesalers number approximately 6,000 and retailers upward of 600,000.

CHAPTER V

TRADE PRACTICES

The Pre-Code Situation

It is the opinion of the Code Authority that in addition to the uncontrollable factors causing the decline of the Cigar Manufacturing Industry -- particularly the changing of the public taste and demand for the product -- the most important detrimental influences were those arising out of disorganized merchandising.

Chief of the so-called disorganized merchandising problems was price cutting which resulted in the Industry being brought to a serious state of emergency at the time of NRA inception. The affects of this practice on cigar sales and in turn on cigar manufacturing, as outlined by the Code Authority, are reviewed in the following paragraphs.

Influence of Price Cutting on Cigar Sales. - Price cutting reduces the number of retail outlets and available selection by driving the smaller retailer out of business, or by compelling him to abandon the cigar brands upon which there is no profit.

Lack of profit on price-cut brands causes the retailer to display them less prominently, or not at all, which in turn has an unfavorable effect upon their sales.

Lack of profit on well known price-cut brands induces the retailer to display prominently and push cigars of inferior quality yielding exhorbitant profit margins. This is bound to affect adversely the entire consumer demand for cigars.

Price confusion, such as placing odd price marks upon individual brands and implied cheapening of quality by reduction of price, has an unfavorable influence upon cigar sales by destruction of established goodwill. The price cutting of cigars does not increase their sale in the same manner as it does other trade marked products. The consumer does not necessarily prefer to buy the out-price cigars. However, the consumer might object to paying regular prices for cigars which have been sold at cut-prices.

Effect of Price Cutting Upon Interstate Commerce and Upon the Industry. - As explained in the foregoing paragraphs, the Code Authority feels that price cutting practices unquestionably cause a reduction in manufacture and consumption of cigars, thereby directly affecting the volume of interstate commerce inasmuch as every cigar is a product of interstate transactions.

Apart from this ultimate result, the Code Authority feels that certain intermediate and contributing conditions arise which interfere with the flow of interstate commerce. These conditions, as outlined by the Code Authority, are summarized in the following paragraphs:

Price cutting definitely tends to reduce the number of retail outlets in communities where it is extensively practiced. This reduction might affect all cigars in the aggregate or only the brands which are particularly exposed to price manipulations. In either case, it definitely represents restraint of interstate trade since every cigar retailer is supplied with the products of other states in some form or to some extent.

Price cutting creates differences in both retail and wholesale price between localities in different states which might be near or adjoining. This condition invites jobber shipments outside the jobbers' appointed territories, and thus increases friction and unfair competition between distributors.

Consumers travel between localities in different states, in which, on account of price cutting, different retail sales prices of the same brands and class of cigar might exist. Consequently, the smokers may buy in one locality in preference to the other, thereby causing a shift of trade from one state to another.

Corrective Measures Under the Code

The Code Authority reports that after careful study of the effects of price cutting and its allied abuses, the Industry decided that some method for price control was the key to the rehabilitation of the Industry. It was felt that price control was the most important single factor necessary to such rehabilitation.

As a result the Cigar Merchandising Plant (Schedule I of the Code) was adopted by the cigar manufacturers. This plan originated with cigar retailers and was adopted by the wholesalers and later by the manufacturers. Briefly, the plan provides for the retail sale of cigars at prices not less than those declared by the manufacturer for each of his products and, further, prescribes maximum discounts allowable by manufacturers or wholesalers from those declared prices.

Mr. William Best, Sales Manager, General Cigar Company, who was the chairman of the Trade Practice Complaints Committee, stated that while the plan did not work out as a cure-all for the troubles of the Industry, and while he did not agree wholly with some of the plan's provisions, he did feel that the plan had gone a long way toward rectifying existing abuses.

CHAPTER VI

GENERAL INFORMATION

Foreign Competition

Imports during 1932 amounted to approximately 20 million pounds of filler and binder types and two million pounds of wrapper type.

Directory of Members of Code Administration Agencies and List of Experts

A directory of the names and addresses of the members of the Code Authority, Trade Practice Complaints Committee, Labor Complaint Board and Label Review Officers is set forth in the following groupings.

It is believed that Mr. William Best, Sales Manager, General Cigar Company and Chairman of the Trade Practice Complaints Board; Mr. H. L. Hirst, Treasurer, Bayuk Cigar Company, Philadelphia, and Chairman of the Code Authority; and Mr. I. M. Ornburn, International President of the International Cigar Makers Union and member of the Labor Complaint Board are especially qualified through training and experience to be called experts in the operations of the Industry.

DIRECTORY OF MEMBERS - CODE AUTHORITY

Mr. H. L. Hirst, Chairman,
c/o Bayuk Cigars, Inc.,
9th St. and Columbia Ave.,
Philadelphia, Pa.

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Schwab, Davis and Co.,
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J. J. Hast,
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D. Emil Klein,
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J. Mazer Sons Cigar Co.,
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New York, N. Y.

W. Forrest Norton,
Consumers Advisory Board,
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Washington, D. C.

T. E. Brooks,
T. E. Brooks and Co.,
Red Lion, Pa.

T. Jackman,
Teggs-Jackman Cigar Co., Inc.,
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Detroit, Mich.

Walter Popper,
E. Popper and Co.,
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New York, N. Y.

I. M. Ornburn,
Carpenters' Building,
1003 K St., N. W.,
Washington, D. C.

Arthur Schwarz,
Max Schwarz,
2nd Avenue and 54th St.,
New York, N. Y.

Frank P. Will,
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