

O. B. Bingham

LOBBYING AND LOBBYISTS

SEPTEMBER 30 (calendar day, OCTOBER 26), 1929.—Ordered to be printed

Mr. CARAWAY, from the subcommittee of the Committee on the Judiciary, submitted the following

PRELIMINARY REPORT

[Pursuant to Senate Resolution 20]

Your committee, named by the chairman of the Committee on the Judiciary, pursuant to S. Res. 20, having had under consideration the matter of the association of one Charles L. Eyanson, assistant to the president of the Manufacturers Association of Connecticut (Inc.), with Hon. Hiram Bingham, a Senator from that State, during the consideration by the Finance Committee of the Senate and the majority members thereof of the pending tariff bill (H. R. 2667), and having completed that phase of its work, beg leave to report as follows:

The Manufacturers Association of Connecticut (Inc.), is an organization in the nature of a trade association, the purpose of which is to promote the general interests of its members in their business, manufacturing establishments of the State of Connecticut, including the New York, New Haven & Hartford Railroad Co. Its business at Hartford, Conn., is under the immediate supervision and direction of the said Charles L. Eyanson under the president thereof, E. Kent Hubbard. Eyanson is paid a salary of \$10,000 per annum by the association. He came to Washington while the tariff bill referred to was under consideration by the Committee on Ways and Means of the House of Representatives in the early part of the present year, and aided members of the association in preparing arguments and data for submission by them to the committee referred to.

On February 25, 1929, Senator Bingham wrote to Mr. Hubbard, saying, among other things:

I am wondering whether there is anyone whom you could loan me as an expert adviser on tariff problems, particularly those in which Connecticut is interested.

In explanation of the letter Senator Bingham told the committee that the people of the State generally were vitally interested in tariff questions and that he was unfamiliar with the problems presented

by legislation of that character, having devoted much of his time while in the Senate theretofore to other subjects. A copy of the letter of Senator Bingham, referred to, is hereto attached, marked "Exhibit A," and made a part of this report.

Mr. Hubbard replied in a sympathetic way, his letter being likewise attached, marked "Exhibit B."

A copy of the letter from Senator Bingham was sent to each member of the association and the views of the members solicited. The replies were generally favorable, the treasurer suggesting that the board of directors be authorized "to utilize an amount not to exceed \$5,000 to be expended in connection with tariff work in Washington." A limitation of the amount to be expended was suggested in a number of the replies. By arrangement between Hubbard and Senator Bingham, entered into at the office of J. Henry Roraback, chairman of the Republican State Committee of the State of Connecticut, Eyanson was deputed as aid to Senator Bingham pursuant to his request, the board of directors of the association adopting a resolution as follows:

That the vote received by letter authorizing aid to Senator Bingham in protecting interests of Connecticut manufacturers be confirmed.

It was further reported that the staff of the association had been engaged in a comprehensive analysis in columnar form of the Underwood and Fordney-McCumber tariffs; the request presented before the Ways and Means Committee of the House and the schedules proposed in the House bill (H. R. 2667), now before the House of Representatives for action, and furthermore that a representative would shortly be in Washington to assist Senator Bingham personally in his office.

Eyanson came to Washington to take the position, in effect as a clerk in the office of Senator Bingham, in which he had a desk where he received callers who came to consult with him or Senator Bingham or both. He assembled material for the use of Senator Bingham in connection with the hearings before the Senate Committee on Finance and attended the hearings, occupying a seat from which he could communicate at any time with Senator Bingham and aided him with suggestions while the hearings were in progress. After the hearings were completed the majority members went into secret session for the purpose of considering the bill. At that time, at the direction of Senator Bingham, Eyanson was sworn in as clerk of the Committee on Territories and Insular Possessions, of which Senator Bingham was then and is now the chairman, displacing one Henry M. Barry, who was told by Senator Bingham that his salary would nevertheless continue. This course was pursued, the committee was told by Senator Bingham, that Eyanson might be "subject to the discipline of the Senate," the significance of the phrase being left unexplained.

After Eyanson had thus been introduced into the secret meetings of the majority members and had sat with them for some two or three days, Senator Smoot, chairman of the committee, inquired of Senator Bingham whether he, Eyanson, was an officer or employee of the Manufacturers Association of Connecticut, and being advised that he was, Senator Bingham was told by Senator Smoot that objection had been made to Eyanson's presence in the committee and intimated it would be better if he did not longer attend. Senator Bingham then inquired as to the attitude of other members of the committee and from the views thus elicited reached the conclusion that Eyanson ought not longer to attend the meetings and he did not. Eyanson

drew his salary as clerk of the Committee on Territories and Insular Possessions. At the end of his first month's service as such he turned the amount so received over in cash to Senator Bingham. The remainder of his salary while he continued on the rolls he drew and turned over to Mr. Barry, the whole amounting to \$357.50.

One of the subordinates of Mr. Eyanson, pursuant to the practice of his office, on the 30th day of August, 1929, prepared on a blank provided for that purpose a memorandum as follows:

THE MANUFACTURERS ASSOCIATION OF CONNECTICUT (INC.),
August 30, 1929.

Memorandum: To Mr. Eyanson.
From Mr. Wuichet.
Subject: Information for Senator Bingham.

In telephone conversations with Mr. Henderson of the Crescent Fire Arms Co. and Mr. Warner of the Davis & Warner Arms Co., both of Norwich, in reply to an inquiry originating with Mr. Henderson, I informed these gentlemen that Senator Bingham met with very strong opposition to the 10 per cent duty on rough-bored shotgun barrels from the Savage Arms Co. et al., and three influential members of the Senate Finance Committee, Senators Smoot, chairman, Reed and Edge; and that Senator Bingham considered it a decisive victory to have held the duty where it now stands in the House bill at 10 per cent in face of a very strong effort to raise it to 30 per cent.

It is obvious from the memorandum that Wuichet, who was in Hartford, Conn., at the time the memorandum was written, had information concerning some of the proceedings in the secret meetings of the majority members of the Finance Committee; but he informed your committee that he had no recollection of the source of his information, and while he denied that it came from Eyanson he admitted that he could assign no other source from which it could come. This witness told the committee that he is a dollar a year man of the Department of Commerce. He holds the position of foreign trade secretary of the manufacturers association of Connecticut, a position which requires him to ascertain and assemble information of value to the members of the association for the promotion of their foreign trade and to convey the same to them as an officer or employee of the Department of Commerce. Having taken as usual the official oath he gathers information in and about Hartford, as requested by the Department of Commerce, or that may be of service to it in its work, and secures information from the department of value to manufacturers in that section. In this connection your committee calls attention to the following provision of the act of 1917 (39 Stat. pt. 1, p. 1106):

That on and after July first, nineteen hundred and nineteen, no Government official or employee shall receive any salary in connection with his services as such an official or employee from any source other than the Government of the United States, except as may be contributed out of the treasury of any State, county, or municipality, and no person, association, or corporation shall make any contribution to, or in any way supplement the salary of, any Government official or employee for the services performed by him for the Government of the United States. Any person violating any of the terms of this proviso shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of not less than \$1,000 or imprisonment for not less than six months, or by both such fine and imprisonment as the court may determine.

It appeared from evidence before the committee that, in respect to 52 of the leading industries of the State of Connecticut, the pending tariff bill recommends raises in the duties on 44. With respect

to seven it remains unchanged and in one instance it provides for a decrease.

After the departure of Eyanson from Washington on the completion of his work here with Senator Bingham, the latter transmitted to him a check for \$1,000, which has never been cashed, the recipient having determined tentatively on its receipt to return it personally rather than by letter to Senator Bingham, but now remains undecided as to what disposition he should make of the check.

Senator Bingham was, at the time Eyanson came to his office, paying all the clerks sums in addition to their official salaries and would be obliged, he felt, to employ one or two additional stenographers. He hoped, when asking the assistance of the Manufacturers Association, to get a high-grade man, whose salary the Senator felt he could not pay in view of the fact that he was paying additional salary to four clerks.

As heretofore stated, the New York, New Haven & Hartford Railroad Co. is a member of the Manufacturers Association of Connecticut. A reply to one of the circular letters sent out by President Hubbard, heretofore referred to, addressed to E. G. Buckland, vice president, came signed "E. G. Buckland, chairman," which was as follows:

Answering your letter of March 5; I am strongly of the opinion that the association should leave nothing undone to assist Senator Bingham in the presentation of briefs giving the facts and arguments in favor of tariff rates such as the industries of Connecticut believe should be adopted in the new tariff bill. The fact that one of our Senators is willing to undertake this work, not only justifies but practically demands that the association should support him to the limit.

The New York, New Haven & Hartford is one of the largest contributors to the revenues of the Manufacturers' Association of Connecticut, amounting to \$100,000 annually, the contribution of the railroad company on the basis of the number of men in its service being approximately \$4,000 annually. The committee questions the propriety of the utilization of the funds of a railroad company for the payment of the services of a lobbyist in Washington. Whether such contributions are forbidden by any statute may be the subject of further communication from your committee. Meanwhile the committee recommends the adoption of a resolution by the Senate calling upon the Secretary of Commerce to furnish to the Senate a list of all officials employed by the department in the regular service of private individuals or corporations drawing a salary of \$1 a year or any other sum from the Government.

EXHIBIT A

UNITED STATES SENATE,
February 25, 1929.

HON. E. KENT HUBBARD,
President Manufacturers' Association of Connecticut, Hartford, Conn.

MY DEAR MR. HUBBARD: As you know, many matters of great importance to the manufacturers of Connecticut and our citizens generally will come up during the extra session, particularly while the tariff is being discussed in committee and on the floor of the Senate.

I am wondering whether there is anyone whom you could loan me as an expert adviser on tariff problems, particularly those in which Connecticut is interested.

It seems to me that it would be advantageous if I could have some one on whom I could rely for summaries and briefs, giving the facts and arguments in favor of such rates as the people of Connecticut believe should be adopted in the general interest.

There is no one in my office who is familiar with this general field.

Our hearings will probably begin about May 1 or 10. During the hearings many questions will arise on which I should like to have expert advice. Then when the committee begins considering the bill in executive session I ought to have a well-prepared brief on every schedule in which Connecticut is interested. Could you help me out?

Sincerely yours,

HIRAM BINGHAM.

EXHIBIT B

FEBRUARY 28, 1929.

HON. HIRAM BINGHAM,
United States Senate, Washington, D. C.

MY DEAR SENATOR BINGHAM: I was most gratified to receive your letter of February 25 in regard to the tariff.

Connecticut industry has been apprehensive ever since the announcement of Senator McLean's retirement, but with the knowledge which comes through your letter that you are planning to study the matter in your usual thorough manner, that apprehension is relieved.

Tariff and transportation are two of the most vital subjects to Connecticut manufacturers, and you may rest assured that we will arrange to provide for all the facilities for information which you may need during the hearings before the Senate Finance Committee and during the executive sessions. The person or persons whom we shall select will be representative of Connecticut industry, and will be thoroughly competent on tariff matters.

Again let me express my appreciation for your cooperation. I shall arrange to confer with you personally or, if that isn't possible, through a representative well before the date of hearings.

Very truly yours,

E. KENT HUBBARD, *President.*

