

SENATORIAL CAMPAIGN EXPENDITURES

DECEMBER 22, 1926.—Ordered to be printed

Mr. REED of Missouri, from the Special Committee Investigating Expenditures in Senatorial Primary and General Elections, submitted the following

PARTIAL REPORTS

[Pursuant to Senate Resolution 195]

The Special Committee Investigating Primaries and General Elections submits the following partial reports touching the senatorial primary campaign in the State of Pennsylvania; senatorial general election campaigns in the States of Oregon and Washington; and the charges made by Harry R. Walmsley, of Kansas City, Mo:

✓ PENNSYLVANIA SENATORIAL PRIMARY ELECTION

CANDIDATES

(Republican)

George Wharton Pepper, United States Senator, incumbent; Gifford Pinchot, governor; William S. Vare, Member of Congress, first district of Pennsylvania.

(Democratic)

William B. Wilson, ex-Secretary of Labor.
 Primary: May 18, 1926.

✓ *Vote received*

William S. Vare.....	596, 928
George Wharton Pepper.....	515, 502
Gifford Pinchot.....	339, 127
William B. Wilson.....	153, 750

THE PENNSYLVANIA GUBERNATORIAL NOMINATION AND THE TICKET COMBINATIONS

The contest between Pepper and Vare was a factional contest for political control of the State, waged by Republican politicians in western Pennsylvania, dominated and led by the Mellon family

and its interests, against the Republican machine of Philadelphia, which William S. Vare controlled and operated as an inheritance from the late Senator Penrose.

Added to this purely political contest was the determination on the part of the Pennsylvania Manufacturers' Association, a powerful amalgamation under the leadership of its president, a wealthy manufacturer of eastern Pennsylvania and an experienced lobbyist, Joseph R. Grundy, to elect John S. Fisher, a corporation and railroad attorney, and to defeat Edward F. Beidleman for the Republican gubernatorial nomination, and thereby prevent the repeal of an excise tax on coal mined in the State, as advocated by Beidleman, and insure the manufacturing interests continued freedom from all State corporate taxation.

THE PEPPER-FISHER DEAL

About a month before the primary, W. L. Mellon, nephew of the Secretary of the Treasury, met Joseph R. Grundy by appointment in the Bellevue-Stratford Hotel in Philadelphia. As a result of this conference, Mr. Grundy, who had previously been opposed to Senator Pepper's candidacy, pledged support in exchange for the active support of the Mellon family and allies in western Pennsylvania for his candidate, State Senator Fisher. The diplomatic talents of Cyrus E. Woods, former minister and ambassador to Portugal, China, and Japan, were then enlisted by these two gentlemen to consolidate the ticket and insure harmony.

Concerning the influence of Mr. Grundy, the following extract from the testimony of Mr. Woods is of interest:

Mr. WOODS. There was some friction between Mr. Grundy, who was interested in Mr. Fisher, and Senator Pepper.

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The CHAIRMAN. Was he quite an important factor in politics?

Mr. WOODS. He is.

The CHAIRMAN. And he was for Fisher?

Mr. WOODS. He was for Senator Fisher. Originally not for Senator Pepper; but after this he joined in this consolidation.

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The CHAIRMAN. Do you know whether he had announced for any other candidate for the Senate?

Mr. WOODS. No; I do not think he had.

The CHAIRMAN. Your effort with him was to get him to agree to support Pepper along with Fisher?

Mr. WOODS. Yes; he was in favor of this consolidation.

The CHAIRMAN. Is he what you would call a political leader in his part of the State?

Mr. WOODS. I would say so.

The CHAIRMAN. Would you say that he is what is generally designated as the "boss" of his part of the State—political boss? I am trying merely now not to use an offensive term, but to distinguish it. He was a man who occupied some position of prominence whose word generally was taken as the finality?

Mr. WOODS. I would say he was one of the leaders of the Republican Party in Pennsylvania.

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The CHAIRMAN. What part of the State was Mr. Grundy particularly employed in?

Mr. WOODS. The eastern part. His office was in Philadelphia, I think. I know he has an office in Philadelphia. He is a manufacturer.

The CHAIRMAN. What is his business?

Mr. Woods. He is a textile manufacturer, and he is also president of the Pennsylvania Manufacturers Association.

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The CHAIRMAN. Was there any other important man that you got lined up?

Mr. Woods. No; not of that importance.

The CHAIRMAN. Well, of any importance?

Senator LA FOLLETTE. It seems to me it is rather strange you can remember Mr. Grundy's name, but you can not remember any other person's name of importance who went over on the proposition.

Mr. Woods. I remember Mr. Grundy's name because it was of very great importance (pp. 83 and 84).

After the emergence of this ticket the candidacy of Senator Pepper was synonymous with that of State Senator Fisher.

The Pepper-Fisher ticket was simply a coalition to win of selfish and none too compatible elements. The argument offered to voters to line up with it is perhaps best presented by Mr. Woods:

Mr. Woods. My argument was that we wanted to make this a ticket proposition; that it was going to win and that we wanted them as men who were interested in politics to go along with us.

The CHAIRMAN. To be on the band wagon?

Mr. Woods. To be on the band wagon.

The CHAIRMAN. There was not any moral ground offered?

Mr. Woods. No, not especially (pp. 82 and 83).

From the testimony of witnesses the Vare-Beidleman ticket seems to have been formed as an offensive and defensive alliance against and after the Pepper-Fisher coalition.

Governor Pinchot made his campaign without a running mate.

The primary election resulted in the nomination of State Senator Fisher and Representative Vare for governor and United States Senator, respectively.

The foregoing brief recitation of the relation which existed between the several senatorial and gubernatorial candidates is necessary for an understanding of the campaign contributions and expenditures as hereafter set out.

LAWS OF PENNSYLVANIA RELATING TO PRIMARY AND ELECTION CONTRIBUTION AND EXPENSES

The laws of Pennsylvania do not limit a candidate to the expenditure of any specific amount.

A few months before the primary Governor Pinchot convened the Legislature of Pennsylvania in special session to consider a general revision of the election laws of the State as embraced in 12 bills which he submitted. Harry Mackey, manager of the Vare campaign in Philadelphia, charged in his testimony before your committee that the special session of the legislature had been called to promote the candidacy of Governor Pinchot for the Senate. According to the statement of Governor Pinchot, the extra session had been authorized by him "primarily for the purpose of securing such revision of the election laws as would make fraud less easy than it is now."

Governor PINCHOT. * * * Eleven of them were beaten. One was emasculated and then passed. * * *

Senator LA FOLLETTE. Do you care to state what was the nature of the opposition to the passage of these bills?

Governor PINCHOT. It came largely from the two cities of Philadelphia and Pittsburgh, and from machine senators. The bills were killed in the Senate from various other parts of the State.

* * * * *
 Senator KING. Did any political organization, as such, register its opposition to those measures?

Governor PINCHOT. The city committee of Philadelphia sent its attorney to Harrisburg to fight the two bills at a hearing.

Senator KING. You mean the Republican City Committee?

Governor PINCHOT. The Republican City Committee.

Senator KING. Did that committee support Mr. Vare or you?

Governor PINCHOT. Yes; supported Mr. Vare, naturally.

Senator KING. Then the legislature was not responsive to your recommendations respecting these measures?

Governor PINCHOT. It was not.

Previously, at the regular session of the legislature in 1922, Col. Charles C. McGovern, who later became Governor Pinchot's senatorial primary campaign manager in Pittsburgh, had sponsored a series of election reform bills which he stated as a sworn witness "were defeated largely under the leadership of Senator Vare."

The important changes which these measures sought to effect were:

- (a) To place a stated limit on campaign expenditures;
- (b) To abolish the system of paid partisan watchers at the polls; and
- (c) To provide for an official pamphlet devoted to political publicity and published by the State.

The laws of Pennsylvania relating to campaign expenditures were all considered in evidence by your committee.

The act of March 5, 1906, in so far as it directly bears upon this investigation, is as follows:

NOMINATION AND ELECTION EXPENSES

[Act of March 5, 1906]

SECTION 1. The term "election expenses," as used in this act shall include all expenditures of money or other valuable things in furtherance of the nomination of any person or persons as candidates for public office, or in furtherance of the election of any person or persons to public office, or to defeat the nomination or election to public office of any person or persons.

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 SEC. 4. No candidate, and no treasurer of any political committee, shall pay give, or lend, or agree to pay, give, or lend, either directly or indirectly, any money or other valuable thing for any nomination or election expenses whatever, except for the following purposes:

First. For printing and traveling expenses, and personal expenses incident thereto, stationery, advertising, postage, expressage, freight, telegraph, telephone, and public messenger services.

Second. For dissemination of information to the public.

Third. For political meetings, demonstrations, and conventions, and for the pay and transportation of speakers.

Fourth. For the rent, maintenance, and furnishing of offices.

Fifth. For the payment of clerks, typewriters, stenographers, janitors, and messengers, actually employed.

Sixth. For the employment of watchers at primary meetings and elections, to the number allowed by law.

Seventh. For transportation of voters to and from the polls.

Eighth. For legal expenses, bona fide incurred, in connection with any nomination or election.

SEC. 5. Every candidate for nomination at any primary election, caucus, or convention, whether nominated thereat or not, shall, within fifteen days after

the same was held, if the amount received or expended shall exceed the sum of fifty dollars, and every candidate for election at which such candidate was voted for, or with which such political committee was concerned, if the amount received or expended shall exceed the sum of fifty dollars file with the officers hereinafter specified a full, true and detailed account, subscribed and sworn or affirmed to by him, before an officer authorized to administer oaths, setting forth each and every sum of money contributed, received, or disbursed by him, for election expenses, the date of each contribution, receipt and disbursement, the name of the person from whom received or to whom paid, and the object or purpose for which the same was disbursed. Such account shall also set forth the unpaid debts and obligations of any such candidate or committee for election expenses, with the nature and amount of each, and to whom owing. In the case of candidates for election who have previously filed accounts as candidates for nomination the accounts shall only include contributions, receipts, and disbursements subsequent to the date of such prior accounts. If the aggregate receipts or disbursements of a candidate or political committee, in connection with any nomination of election, shall not exceed fifty dollars, the treasurer of the committee or candidate shall, within thirty days after the election, certify that fact, under oath, to the officer with whom the statement is filed, as hereinafter provided.

SEC. 6. Every such account shall be accompanied by vouchers for all sums expended exceeding ten dollars in amount. It shall be unlawful for any candidate, or treasurer of a political committee, or person acting as such treasurer, to disburse any money received from any anonymous source.

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SEC. 7. It shall be unlawful to administer the oath of office to any person elected to any public office, until he has filed an account as required by this act, and no such person shall enter upon the duties of his office until he has filed such account nor shall he receive any salary for any period prior to the filing of the same.

Expenditures in behalf of Gov. Gifford Pinchot

(Cents omitted)

State committee.....	\$113, 324
State committee, unpaid bills.....	4, 124
Pinchot for Senator, western committee (Pittsburgh).....	4, 085
County committees.....	21, 729
Personal expenditures by Governor Pinchot.....	43, 767
	187, 029

CONTRIBUTIONS TO PRIMARY CAMPAIGN OF GOV. GIFFORD PINCHOT

In addition to Governor Pinchot's personal contribution of \$43,767, his wife contributed \$40,000, and his aunt, Mrs. Charles B. Wood, of Washington, D. C., \$50,000; Amos Pinchot, \$10,000; George B. Woodruff, attorney general of Pennsylvania, appointed by Governor Pinchot, \$17,600. The total contributions made by members of the Pinchot family represent more than 70 per cent of the total expenditures.

EXPENDITURES IN BEHALF OF THE PEPPER-FISHER TICKET

It is impossible to state these expenditures accurately because of the uncertainty in amounts of unpaid bills, notes, and obligations, because of the mixed character of the campaigns conducted directly in Senator Pepper's behalf and for the whole ticket, and, finally, because of the possible overlapping of expenditures by State, regional, county, and special organizations.

However, the following compilation, based on the figures presented in evidence and in the official reports to the secretary of state of

