
SENATORIAL CAMPAIGN EXPENDITURES

FEBRUARY 12, 1927.—Ordered to be printed

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

PARTIAL REPORT

[Pursuant to Senate Resolution 195]

Comes now said committee and further reports to the Senate that under the authority of said resolution it proceeded to take the testimony of various witnesses touching the matters covered by said resolution. That in view of the authority contained in said resolution and of the fact that the Senate possesses the inherent power, and that it is the right of the Senate to inquire into and ascertain the qualifications of its members; and that the Senate is also charged with the duty of enacting legislation to promote the interests of the United States Government, and especially in view of the fact that section 4 of Article I of the Constitution of the United States expressly empowers the Congress at any time by law to make, alter, or change the times and manner of holding elections for Senators and Representatives, there would seem to be no doubt as to the power of Congress to ascertain all facts bearing upon any of the subject matters aforesaid.

Your committee accordingly sought within the limits of its just authority to pursue its inquiries and lay before the Senate the facts touching the nomination of candidates for the Senate, the relation of such nominations to the general election to be holden on the 2d day of November, 1926, together with such information growing out of said elections as might be of value to the Senate in framing future legislation.

All of the acts of the committee and all of the testimony by it taken are disclosed by the printed records of the hearings, which are hereby referred to and made a part of this report, as fully as though set forth herein. Likewise, said reports disclose all questions which were propounded to the witnesses, together with the refusal of certain witnesses herein named to answer the interrogatories propounded and the reasons alleged by said witnesses as grounds and reasons for such refusal; all of which appears in said printed records.

Your committee sets forth the following conclusions of fact which will be found to be sustained by said printed record:

ILLINOIS

On the 13th day of April, 1926, there was holden in the State of Illinois a primary election at which candidates for the United States Senate were to be nominated, and also certain National, State, and county officers, to wit: Representatives in Congress, State treasurer, superintendent of public instruction, State senators, State representatives, and other State officers; judges of county courts, county treasurer, sheriffs, county clerks, county commissioners, and other county officers.

The statutes of Illinois relating to primary and general elections will be found in Revised Statutes, 1925 (Smith-Hurd) (ch. 46, secs. 1 to 495), which are hereby incorporated by reference.

For all practical purposes it may be said that no candidate for the Senate at the last election in the State of Illinois could have any reasonable hope of election unless nominated in the primary by one of the regular party organizations. The intimate relation of the primary and general election and the interdependency of the latter upon the former can not be subject to any serious dispute.

The evidence discloses that Frank L. Smith and Senator William B. McKinley were the leading candidates for nomination on the Republican ticket for the United States Senate. For the purposes of this report it is only necessary to briefly refer to Senator McKinley's organization. His campaign was directed by Henry I. Greene and was heavily financed by Senator McKinley himself, all of which appears more fully in the former report of your committee (S. 1197, pt. 1), which is herewith incorporated by reference.

The campaign of Frank L. Smith was in the direct charge of his manager, Representative Allan F. Moore. The facts relating to the collection of money and the contributors and the inability of the committee to secure a full list of the contributors, is set forth at page 5 of the committee's report (No. 1197, pt. 1).

The evidence clearly discloses that the so-called Crowe-Barrett organization, otherwise known as the Republican organization of Cook County, was a powerful political organization or combination exercising great and in many instances dominant control in the various wards and precincts of Chicago.

This organization, taken as a whole, was directly interested in the promotion of the nomination of Mr. Smith for the United States Senate. It was also interested in the nomination of a county and State ticket. There were a few defections from the general course and policy of the organization, but the evidence discloses that the Crowe-Barrett organization in general exercised its powerful influence and its machinery for the purpose of promoting the nomination of Mr. Smith.

It is fair to say that without the support of that organization, Mr. Smith would probably have been defeated at the primary. The evidence sufficiently discloses that this organization expended considerable sums of money, and that the whole effect of the money received by it went, with the exceptions of the negligible defections as above stated, to promote Mr. Smith's nomination.

The foregoing facts make it manifest that it was impossible for your committee to ascertain to what extent money was used to influence the nomination of Mr. Smith, unless it could learn the amount of money expended by the Crowe-Barrett combination in conducting its general fight for the nomination of the county and State ticket—Mr. Smith being clearly a direct beneficiary of all of the influence of that organization and of all of the money by it expended.

Accordingly, your committee sought to ascertain how much moneys had been contributed to the Crowe-Barrett combination and the method of expenditure of such moneys and the benefits accruing to Mr. Smith from the work of such organization and moneys expended. At that point, the committee was confronted by the refusals of the witnesses hereinafter named to answer interrogatories put to them. The committee again refers to the entire testimony and proceedings before it and makes such testimony and proceedings a part of this report, but for convenience of the Senate, your committee herein sets forth in some detail the facts relating to the conduct of the following witnesses:

SAMUEL INSULL

Samuel Insull appeared before your committee and was sworn on July 26, 1926. He reappeared on August 4. His testimony on both dates is here reproduced:

TESTIMONY OF SAMUEL INSULL

(The witness had been previously sworn by the chairman.)

The CHAIRMAN. I believe you have been sworn, Mr. Insull?

Mr. INSULL. I have; yes, sir.

The CHAIRMAN. Please state your full name.

Mr. INSULL. Samuel Insull.

The CHAIRMAN. Your place of residence?

Mr. INSULL. No. 1100 Lake Shore Drive, Chicago.

The CHAIRMAN. Your business?

Mr. INSULL. Utility executive; and farmer, incidentally.

The CHAIRMAN. You are about the same kind of a farmer that Ike Stephenson was, are you not?

Mr. INSULL. Not quite as bad as that.

The CHAIRMAN. Senator Ike, I mean. I remember that at a time when he had one cow and about 20 banks, I think, he described himself as a farmer. Well, Mr. Insull, we all know who you are, and that is a mere pleasantry, or an attempt at pleasantry.

You have heard the testimony that has been given here to-day, I believe. You have been present?

Mr. INSULL. Yes, sir.

The CHAIRMAN. How much money did you contribute to Colonel Smith's campaign?

Mr. INSULL. \$125,000.

The CHAIRMAN. Can you give us the dates when you made the payments?

Mr. INSULL. No; I have not got the dates. I paid the money in three payments. One was toward the end of last year, \$50,000. I made another subscription—it may have been in February or March, I do not remember which—of \$50,000; and then I made a further subscription of \$25,000. I have spent some more money in connection with the matter, but that represents the money I subscribed to Colonel Smith's campaign.

The CHAIRMAN. You say you spent some more money?

Mr. INSULL. Yes.

The CHAIRMAN. In connection with Colonel Smith's campaign?

Mr. INSULL. Well, no; it affected Colonel Smith's campaign. I spent some money directly which, while I think he knows I was doing something in that direction, and I think Mr. Moore knew I was doing something, I do not think they either of them have any idea what my expenditures were in connection with it. It was in connection with the World Court agitation.

The CHAIRMAN. Since they do not know about it, will you tell us?

Mr. INSULL. I spent \$26,904.34 on a campaign against the World Court amongst the foreign-language groups, and in addition to that I spent \$2,330.85 in connection with newspaper advertising in the foreign-language newspapers.

The CHAIRMAN. For Colonel Smith?

Mr. INSULL. No. Those expenses were incurred by me in carrying on propaganda against the World Court.

The CHAIRMAN. That being an issue in the campaign, you figure that it was beneficial to Colonel Smith?

Mr. INSULL. There is no question but that it was beneficial to Colonel Smith, but I would have spent it just the same, whoever was the candidate, because I am very much concerned on that subject—on the subject of general European relations of the United States.

Then, in addition to that, I spent \$4,500 on similar propaganda, especially among the colored people. I can not give you the details of that, but in the case of all three of those items the expenditures were made at my request by Mr. Daniel J. Schuyler. I do not think you have subpoenaed him, but he will be very glad to give you the details.

Senator LA FOLLETTE. Were those moneys spent among colored people against the World Court?

Mr. INSULL. Yes.

The CHAIRMAN. Can you tell us approximately when this money—this \$26,904.34—was spent?

Mr. INSULL. Those three items were spent—more of it was spent 60 to 90 days before the primary, but the expenditures spread to a limited extent for a period a little prior to that. I would say that a small amount may have been spent in 1925, but the greater portion was spent in 1926.

The CHAIRMAN. Were there some other moneys that you spent that were of benefit, naturally, to the campaign of Mr. Smith?

Mr. INSULL. None that I am aware of, sir.

The CHAIRMAN. Did you give contributions to what is termed the organization here, the Crowe-Barrett organization, that was supporting or supposed to be mostly supporting Smith?

Mr. INSULL. I want to give you all the information I possibly can as to my operations, but there is a certain point that one gets to where one would feel he has to consult counsel as to the powers of this committee to ask for information. Now, I want to give you all the information that it is possible for me to give. I looked upon the Crowe-Barrett organization as opposed to Colonel Smith. In fact, I was in London before I knew that the Crowe-Barrett organization were likely to support Mr. Smith.

The CHAIRMAN. Mr. Insull, the committee wants to be fair with you. The committee wants to keep within the scope of its legitimate inquiry. The committee will, of course, permit any witness to consult with counsel and give him time to do it. We are not prosecuting anybody here; we are trying to find out some facts and report back to our principals.

You say to us that you understood that the Crowe-Barrett combination were supporting Mr. McKinley, and yet that you paid money to that organization?

Mr. INSULL. I did not say so, Senator. I said that before answering that question I would like to have, with your permission, an opportunity to consult counsel. I did not say whether I did or whether I did not. And yet I do not want to be in the position of refusing any information.

The CHAIRMAN. Manifestly, if you did not give any money to the Crowe-Barrett organization there would not be any embarrassment in saying "no."

Mr. INSULL. You must draw your own inferences.

The CHAIRMAN. Did you give any money to any other candidate for the Senate?

Mr. INSULL. Yes; I gave \$15,000 to my friend George Brennan; and I feel a little bit ashamed that it was not more.

The CHAIRMAN. I was going to say I do not think you treated George just right.

Mr. INSULL. If that is so, he will have to take part of the blame.

The CHAIRMAN. I want to ask you these questions. You need not answer for the present.

First, whether you gave any money to any person connected with the Crowe-Barrett combination; and if so, how much money and for what purpose it was understood to be used, if there was any understanding.

Second, whether you gave any money to any other organization than the Crowe-Barrett organization to be used in the last (April 13) primary or in the campaign preceding the primary—preceding the election; the names of the persons to whom the money was given and the purposes for which the money was paid and the amounts in each case.

I will say to you that the opinion of the members of the committee who are here is that where there was money used in this campaign where there were organizations or parts of organizations supporting either of these candidates, the money so employed necessarily affected the result; and you can have any reasonable time to talk with your counsel about that.

Mr. INSULL. With your permission, I prefer not to answer those questions until I have had an opportunity to consult with counsel.

The CHAIRMAN. That is perfectly all right, and we will excuse you for the present, so that you can have that consultation.

Mr. INSULL. Will you excuse me until to-morrow?

The CHAIRMAN. Yes; we will excuse you until to-morrow morning. Is that time enough?

Mr. INSULL. I think so.

The CHAIRMAN. Very well, to-morrow morning at 10 o'clock we will try to resume with you.

TESTIMONY OF SAMUEL INSULL—RESUMED

The CHAIRMAN. Mr. Insull, when you were on the stand before you were asked to give the names of the persons to whom you had made contributions in the last senatorial campaign. We reached the point in your testimony where you thought you wanted to advise with your attorney with reference to giving further names, and we excused you so that you could have that opportunity; and the committee is going to ask you now to please give us the names of all persons to whom you contributed in the senatorial campaign.

Mr. INSULL. As I stated on my previous examination, I contributed \$125,000 to promote the nomination at the primary of Frank L. Smith as the Republican candidate for United States Senator, and that I contributed \$32,925.19 for propaganda against the adherence by the United States to the World Court; and that policy was advocated by Mr. Smith, and, of course, he benefited to that extent. The contribution was to his benefit.

I also then stated that I had contributed \$15,000 to George E. Brennan in his campaign for nomination at the primary as the Democratic candidate for United States Senator.

I now wish to say that, so far as I recall, no additional moneys whatever were contributed by me to any organization or individual for the purpose of influencing the nomination at the primary of any person or persons for United States Senator.

The CHAIRMAN. You have been reading your answer, Mr. Insull.

Is that the result of your conference with your attorney?

Mr. INSULL. Well, yes and no. I happened to have the exact figures in the memorandum. But I conferred with my attorney, and I want to be as explicit as I can to the committee and want to answer all the questions that I can.

The CHAIRMAN. Yes.

Mr. INSULL. But so far as contributions in connection with the nominations of United States Senators, those are all the contributions I made.

The CHAIRMAN. You gave Mr. Barrett some money, did you not?

Mr. INSULL. Well, that goes into a question that, as I understand it, does not come within the range of the powers of this committee; and if it would suit your purpose better, I would like to read a statement which I would like to go into the record.

The CHAIRMAN. You can read any statement you desire.

Mr. INSULL (reading):

"As I understand it, the precise question asked me by Senator Reed at the afternoon session of the committee on July 26, and to which the committee now desires an answer, was whether or not I made any contributions to the preprimary campaign in addition to those about which I had already testified. The question embraces contributions for promoting nominations to the many local offices involved in the primary. Nominations were made at the