86TH CONGRESS
2d Session

SENATE

REPORT
No. 1139

FINAL REPORT

OF THE

SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

UNITED STATES SENATE

PURSUANT TO

S. Res. 44 and 249

86th Congress

PART 1

FEBRUARY 26 (legislative day, FEBRUARY 15), 1960.—
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SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

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CONTENTS

FOREWORD

The Senate Select Committee on Improper Activities in the Labor or Management Field presents herewith the first part of its final report, covering a portion of its activities during 1958 and 1959. This volume of the final report includes factual summaries and findings on four matters into which the committee inquired: (1) Secondary boycotts; (2) certain activities of the Sheet Metal Workers International Association in the Chicago area; (3) the Newspaper and Mail Deliverers' Union of New York and Vicinity; and (4) political campaign contributions by labor and management.

The remaining parts of the committee's final report will be filed with the Senate in the near future. These will include sections relating to other matters investigated by the committee during 1958 and 1959, specifically: (1) James R. Hoffa and the International Brotherhood of Teamsters; (2) Teamsters Local 777 in Chicago and its president, Joseph P. Glimco; (3) the criminal syndicate; (4) the United Automobile Workers, with particular reference to (*a*) the strike against the Kohler Co. of Kohler, Wis.; (*b*) the strike against the Perfect Circle; and (*c*) UAW Local 12 and its president, Richard T. Gosser; and (5) certain aspects of the coin-operated amusement and vending machine industry.

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Mr. MCCLELLAN, from the Select Committee on Improper Activities in the Labor or Management Field, submitted the following

REPORT

SECONDARY BOYCOTTS

Down through the years the complexities of secondary boycotts have triggered great controversies involving labor, management, the public, legislative bodies, administrative agencies, and the courts.

The problems associated with secondary boycotts were productive of complaints of improper activities on the part of both management and labor which led the committee to inquire into three specific situations over a period of 6 days in November 1958. Testimony adduced at the hearings demonstrated that the secondary boycott had been resorted to by some unions and that it had been accompanied in these cases by violence and other criminal activities. The boycotts, as well as the criminal activities associated with them, have resulted in economic loss to both employers and employees.

The criminal activities, of course, fall within the jurisdiction of State and local authorities, but the whole issue of secondary boycotts perpetuates a conflict between two basic philosophies. Deeply interwoven are the rights of workingmen and workingwomen to act in concert for their own protection and the betterment of their wages and working conditions. Basically, it has been the position of labor that anyone doing business with an establishment where a labor dispute exists becomes, in effect, an ally and in fact strengthens the hand of the struck employer against the union. Management, on the other hand, holds that these are neutral parties and in no way associated with the actual dispute and should not become the targets for penalizing action. The public interest frequently is submerged in the clash of these two philosophies, and legislative bodies, administrative agencies, and the courts have struggled for a judicious balance of the rights inherent in both.

Primary boycotts have been recognized under both common and statute laws and have been defined as a refusal to deal with or patronize a business.

But much of the difficulty with secondary boycotts arises from a lack of precise legal definition applicable to the varying techniques

in employment of the device, which is rooted, of course, in resort to economic pressure. In its simplest definition, a secondary boycott has been described as a boycott of one who is not a direct party to the principal dispute and as a combination to influence a principal by exerting some sort of economic or social pressure against persons who deal with the principal.

There have been judicial determinations that secondary boycotts are in the nature of conspiracies in restraint of trade and there are a number of States which have laws specifically making them illegal.

Under the Sherman Antitrust Act of 1890 the courts prohibited secondary boycotts as a restraint of trade in interstate commerce (*Danbury Hatters* case, 208 U.S. 274, and *Gompers* case, 221 U.S. 418).

The Congress, by the Clayton Act of 1914, specifically exempted normal, legitimate union activities from the Sherman Act, but even under the exemptions the Supreme Court of the United States ruled that certain union actions constituted an illegal secondary boycott (*Duplex Printing*, 254 U.S. 443).

Again in 1932 Congress, enacting the Norris-LaGuardia Act, gave unions broad protection against injunctions in secondary boycott cases, the principal effect being to deprive victims of secondary boycotts of the right to seek injunctive relief in the Federal courts.

When the Congress passed the Labor-Management Relations Act of 1947, commonly known as the Taft-Hartley Act, certain restrictions and bans against use of secondary boycotts by unions were incorporated in it.

The pertinent provisions are contained in section 8(b) which provides that—

> It shall be an unfair labor practice for a labor organization or its agents—
>
> (4) to engage in, or to induce or encourage the employees of any employer to engage in, a strike or concerted refusal in the course of their employment to use, manufacture, process, transport, or otherwise handle or work on any goods, articles, materials, or commodities or to perform any services, where an object thereof is—
>
> (A) forcing or requiring any employer or self-employed person to join any labor or employer organization or any employer or other person to cease using, selling, handling, transporting, or otherwise dealing in the products of any other producer, processor, or manufacturer, or to cease doing business with any other person;
>
> (B) forcing or requiring any other employer to recognize or bargain with a labor organization as the representative of his employees unless such labor organization has been certified as the representative of such employees under the provisions of section 9; * * *

The Taft-Hartley Act modified the possibility of injunctive relief to prevent irreparable injury, in that applications for such relief may be made, but only by the General Counsel of the National Labor Relations Board. At the same time, the Taft-Hartley Act, by reason

of the doctrine of Federal preemption applied to it by the Supreme Court, effectively prevents persons subject to secondary boycotts from obtaining injunctive relief in State courts.

The use of "hot cargo" clauses, especially by the Teamsters Union, has been one important method by which that organization has continued to use secondary pressure against certain employers for the purpose of carrying on its organizational efforts with respect to other employers. Essentially the "hot cargo" clause is an agreement between a union and a unionized employer that his employees shall not be required to work on or handle "hot goods" or "hot cargo" being manufactured or transferred by another employer with whom the union has a labor dispute or whom the union considers and labels as being unfair to organized labor. A considerable amount of litigation has arisen out of the Teamsters' effort to enforce these clauses by strikes. The "hot cargo" clause has been invoked on many occasions to prevent the transshipment of goods hauled by a trucking concern with which a union has a labor dispute or which it is trying to organize.

The committee selected seven cases for study. In these the Teamsters Union emerged as the predominant offender in all but one. In every case heard by the committee the boycotts were used to coerce workers into joining unions which they did not want to join. In none of these instances was the secondary boycott used for legitimate union purposes.

However, this is a most complicated subject. The committee felt it was difficult to insure that all points would be covered in the brief time allotted to this case. The committee does not contend that the following is an adequate discussion of the secondary boycott problem or of "hot cargo," but the testimony does serve to clarify some of the problems in this area.

As a preliminary to exploration of the secondary boycott problems, the committee heard testimony by James V. Constantine, Solicitor of the National Labor Relations Board, explaining some of the intricacies of the Taft-Hartley Act which are encountered in its administration.

Pressure to induce employees to strike is illegal, the Solicitor said, but when it is limited to the employer it is not. Pressure may even go so far as to threaten management with a strike or picketing, but the mere threat is not, in itself, violative.

One is not an employer under the act unless there are employees, the Solicitor explained, and excluded from "employees" are agricultural workers, railroad workers, Government employees, domestics, and independent contractors. Thus, if there is a union entirely of agricultural workers which engages in conduct barred by the act as an illegal secondary boycott, it would not be a violation because such a union is not a labor organization within the meaning of the act. Since Government employees are not under the act, the Government is not an employer. The same holds true in the case of a railroad.

With reference to the "hot cargo" clause, the NLRB has held that an employer may abide by it and that the union may approach the employer but, if he elects not to abide by the clause, the union may not tell the employees not to handle the "hot goods" or engage in a strike to enforce the clause. Constantine conceded that the NLRB viewpoint differs from that of the ICC, which has taken the position that the clause will not defeat an action for reparation by an injured carrier

and that any common carrier is required to receive and transport anything tendered to him by anybody if he has the facilities.

Constantine discussed the "common-situs" cases, which concern picketing at a site where persons or concerns having no connection with the labor dispute are also engaged in business, such as several tenants in a building, or several contractors and subcontractors on a building project.

Constantine said the Board rule covering these situations was that where A and B are together, and the union has a dispute with A, it may picket A, provided that it follows the rule in the *Moore Drydock* case which provides generally that (1) A must be engaged in his usual business at the site; (2) the picketing must be confined to the times when A is engaged in business; (3) the picketing must be as close as can be to A's place of business; and (4) the picket signs must clearly show that the dispute is with A, and A only. If these four conditions are observed the picketing is permissible even though its effect is adverse to B or C or any other person who is innocent and on the premises.

> Mr. KENNEDY. What about the situation regarding ambulatory picketing, where the pickets follow a truck and start picketing the business where the produce is being delivered?
>
> Mr. CONSTANTINE. Ambulatory picketing is another form of the common situs problem. In other words, the truck of an employer with whom the union has a dispute happens to be at the premises of an employer with whom the union does not have a dispute. In general the rules as to common situs picketing are applicable to ambulatory picketing, with this exception: If the primary employer has a place where the union can effectively picket, then the union may not engage in ambulatory picketing away from that place.
>
> Let us take an example: Employer A has a place whose employees are in dispute. If the union can effectively picket at the premises of A they may not follow that truck and picket while that truck is at the premises of B. If, however, on the facts—and it is usually a factual question—the union cannot effectively picket at the premises of A either because the employees rarely show up at that place or for other reasons, the Board has said that the union may follow those trucks and picket the truck, not the employer at place B, provided it conforms to the rules of the *Moore Drydock* case, which is that they shall stay as close as they can to the truck, the sign shall specifically say that the dispute is with the truck owner, and not the employer at B, and that they shall stop picketing as soon as the truck leaves (p. 15377).

The Solicitor explained also that an issue is presented as to when the picketing is "effective." The U.S. Court of Appeals for the Fifth Circuit has not accepted the Board rule in this regard. Thus the Board follows the court's decision in the fifth circuit but applies the Board rule in other circuits. The Board also has been confronted with the problem that two different panels of circuit judges within the same circuit will rule in different ways on the same question. This poses a real problem for the Board, particularly when the Supreme Court denies certiorari, as sometimes happens.

The Board has also taken the position, the Solicitor said, which has been upheld by the courts, that pressure applied to employees of a secondary employer not to cross a primary picket line is not a violation. He cited the example of a strike by a union at the Pure Oil Co. in Cleveland where the union wrote to employees of a shipping company in Buffalo asking them not to dock in Cleveland with any oil for Pure Oil. As a result of the letters, the ship did not leave Buffalo and the seller of the oil and the transporter were victims.

The Solicitor explained the nuances of a "consumer boycott." A store may be doing business with a mill with which the union has a dispute. A request by the union to the store not to handle the products of that mill is not a violation. If the union pickets the store with signs merely stating that any personnel entering the store is urged not to purchase the mill's products, that is a "consumer boycott" and is legal, but if the picket signs charge the store with being unfair, then the picketing is not lawful.

Another case, the Solicitor said, where there is no relief under the statute concerns so-called "allies." Ordinarily when A deals with B they are dealing at arm's length and picketing of B when there is a dispute with A is a violation, but sometimes the relationship between A and B may be so close that B is considered an ally of A. In that case, picketing of B also would be primary and protected.

> Senator CURTIS. Now, there is a situation where it is unlawful to apply pressure on several or a group of employees of a neutral employer but the law does not prohibit applying pressure on a few single key individuals that might bring about the same result, isn't that correct?
>
> Mr. CONSTANTINE. Well, the law says "employees," using the plural, must be induced. Obviously, if you induce only one employee or call him out on strike, it is not a violation.
>
> Senator CURTIS. Well, the law does have the words "concerted refusal," doesn't it?
>
> Mr. CONSTANTINE. "Concerted refusal," which means you have to have two employees. "Concerted refusal in the course of their employment," I think that is the phrase.
>
> Senator CURTIS. But a refusal on the part of one key employee might bring about the same result, from a practical standpoint?
>
> Mr. CONSTANTINE. It could, but it would have to be just one, because the Board has taken the position, Senator, that even though there is only one employee at one place, if there are employees at other places, the other employees may be added to that one to find a secondary boycott, and they look at the overall pattern and not just this one employer where there is only one employee induced (p. 15374).

The Solicitor also explained that if the "concerted refusal" occurs, as it sometimes does, outside "the course of their employment," then no violation results.

Roy J. Gilbert, president and owner of Southwestern Motor Transport, Inc., a common carrier freight line which operates in the southwestern part of Texas with headquarters in San Antonio, has been engaged in a running fight with the International Brotherhood of Teamsters for 8 years, he told the committee. Gilbert has been in

the trucking business since 1927 and, at the time of his appearance before the committee, operated about 135 pieces of equipment.

Gilbert's first labor trouble occurred in the latter part of 1950 when a picket line appeared outside the company terminal in San Antonio. After the picketing had continued for about a week, Gilbert said, a group of 8 to 10 men appeared one night at the terminal and attacked his on-duty employees, one of whom was Gilbert's son, then about 16 or 17 years of age. Gilbert testified he went looking for the man who attacked his son and the pickets did not appear after that.

> Senator GOLDWATER. Were these pickets men of your own employ?
> Mr. GILBERT. No, sir.
> Sentor GOLDWATER. They were pickets from outside?
> Mr. GILBERT. Yes, sir (pp. 15498–15499).

Gilbert was not bothered again until August of 1953, when he received a demand that he sign a contract from Raymond C. Shafer, business manager and recording secretary of Local 657 of the Teamsters, who claimed that the union represented a majority of his employees. Gilbert said he obtained a restraining order from the court in San Antonio and, during a hearing in the injunction proceedings, an agreement was made for a National Labor Relations Board election which was held on September 22, 1953, and resulted in a vote of 47 to 4 against the Teamsters.

For a year after, Gilbert said, he had no further trouble with the Teamsters, but on September 14, 1954, Shafer contacted J. C. Chandler, vice president and traffic manager of the company, asking for a reinstatement of M. F. Tijerina, an exconvict, who was a member of his local. At about that time, Gilbert said, he was extending the company's operations and—

> Shafer represented to Chandler if I would sign a contract, we would get a large amount of tonnage from the union-affiliated companies operating into San Antonio from the north.
>
> * * * * *
>
> Senator CURTIS. Did he imply that the union could direct freight where it should go?
> Mr. GILBERT. Yes, sir; he did.
> Senator CURTIS. I thought the shippers were supposed to have something to say about that.
> Mr. GILBERT. Well——
> Senator CURTIS. But nevertheless that took place?
> Mr. GILBERT. That took place. Under their agreement with the shipper, the union and the shipper, or the union and the operating trucklines, the shipper doesn't seem to have much to say about it.
> The CHAIRMAN. It was a kind of a hot-cargo contract?
> Mr. GILBERT. I believe that is what they call it.
> The CHAIRMAN. That is what it amounted to?
> Mr. GILBERT. Yes, sir.
> The CHAIRMAN. And if you would sign up, they could divert some of that business to you?
> Mr. GILBERT. That is right.

The CHAIRMAN. Otherwise you wouldn't get any of it, that was the implication?

Mr. GILBERT. That is right (pp. 15499–15500).

Three days after the Shafer-Chandler conversation, Gilbert said, a picket line appeared around the San Antonio terminal at a time when he was hospitalized. On September 20, 1954, Gilbert said, he went back to the terminal and Shafer told him "he had instructions to get a contract or else" (p. 15500). Shafer warned him, Gilbert said, not to put back to work 10 or 12 employees who had left their jobs or he would file an unfair labor practice charge.

Gilbert testified that he knew most of the men who left their jobs when the picketing started did so "on account of fear" and he said he asked Shafer to agree to an NLRB election but Shafer told him he would not consent to one "as he didn't have to." Gilbert went into court and got a 10-day restraining order, but as soon as the temporary order expired the picket line was back again. It took him more than a year before he was able to get the court to enjoin the union again.

While this was going on, Gilbert testified, Shafer told him that the Teamsters Union—

> could make me or break me. Mr. Shafer told us that the picketing was for recognition. Of course, we understood from this that they wanted a contract signed even though he admitted that the union did not represent a majority of the employees (p. 15500).

When the picketing started, Gilbert said, drivers for connecting carriers refused to cross the lines to pick up freight, so Southwestern had to go to the docks of the other carriers to effect the transfer of freight to and from Southwestern.

This, Gilbert testified, brought about ambulatory picketing where union men followed Southwestern's trucks to a customer's place of business and picketed the truck trying to pick up frieght, an obvious attempt to discourage customers from shipping via Southwestern. This was discontinued after NLRB investigation of a complaint Gilbert filed against the union.

Gilbert said the secondary boycott arising from the "hot-cargo" clause began on May 18, 1955, and halted interlining of shipments between Southwestern and Alamo Motor Lines, Best Motor Lines, Brown Express, East Texas Motor Freight Lines, Lee Way Motor Freight, Roadway Express, Southeastern Plaza Express, Strickland Transportation, Sunset Motor Lines, and Yellow Transit Co.

Attacks on Southwestern equipment began after the picketing started in September 1954, but the campaign of violence, sabotage, and terror became much worse after the "hot-cargo" clause was invoked on May 18, 1955.

Gilbert recited the facts of 17 specific instances of violence which occurred between May 26, 1955, and August 18, 1955, most of them designed to wreck Southwestern trucks and trailers in transit over Texas highways. The attacks consisted principally of throwing large rocks, Coca-Cola bottles or what Gilbert described as "flame bombs" at the windshields of the trucks or tractors from automobiles proceeding toward the trucks from the opposite direction. In one case, Gilbert

said, a large rock smashing through the winshield embedded glass in the eyes of the truckdriver and gashed the head of another driver riding with him, putting both men in a hospital.

On two other occasions, Gilbert asserted, rifle slugs were fired into the oncoming trucks. In one case splinters from a bullet struck the driver in three places, and in the other the bullet ripped through the radiator and timing-gear case, completely disabling the vehicle.

The August 18 incident, the last in the series, was the firing of three trucks at the McAllen terminal, a clear case of arson where a combustible fuel was poured on the ground beneath the trucks and then set afire.

Gilbert said he met Shafer the morning after his two drivers were injured by the large rock hurled through the windshield. Gilbert told him:

> I have two boys hurt last night and you know it. I want to tell you one thing, I have one son and he is driving those trucks sometimes at night. If that boy is maimed in any way, I am not going to ask nobody any questions. I am going to come down there and do something to somebody. I am going to get somebody (p. 15508).

Gilbert said the attacks on the moving trucks with rocks and fire bombs ceased as of that moment but that the shooting incidents and the burning of the trucks at McAllen occurred later.

One of the 17 incidents described by Gilbert was a severe beating administered to one of his employees for refusing to join the Teamsters. Two others concerned his dock foreman, John B. Morton, who was forced to call police for protection after Teamster members threatened to "get" him and warned him to quit his job and leave town.

The shooting stopped, Gilbert said, after the Texas Rangers came into the picture, and some of the marauding Teamster officials from other localities left the Rio Grande Valley for other parts. There were some arrests and the defendants are now awaiting trial.

> Mr. GILBERT. I would like to state that there have been others acts of sabotage which I have not recorded as to the dates when they took place. Several of our radios were damaged, cables, wires, and things were cut as well as ignition wires on our pickup and delivery trucks.
>
> The dirt and gravel was found in our gas tanks and motors.
>
> Several windshields on trucks parked on our lot at the San Antonio terminal were broken.
>
> As closely as I watched my personal car it got doped. On one occasion some marijuana cigarettes were planted on one of my employees' cars one night, and I can't help but think they meant that for my son.
>
> One night there were 38 tires with holes drilled in them. It looked like they had been drilled with a half-inch drill possibly, it looked like a brace and bit, wood bit, the way they jerked out the rubber and fabric.
>
> One tire was found with part of a 3/8-inch drill broken off. We found several trailer hitches disconnected, light wires cut in other trucks.

The CHAIRMAN. You have had many anonymous disturbing telephone calls?

Mr. GILBERT. Yes, sir.

The CHAIRMAN. You finally had to restrict your home telephone number?

Mr. GILBERT. I did, sir.

The CHAIRMAN. Proceed.

Mr. GILBERT. We have a 200-foot radio tower down there. I would get calls, saying "Mr. Gilbert," friendly calls, "They are going to do this to you, or they are going to do that to you."

Employees, former employees' wives, would slip around and would call us. Their husbands would hear some things that they were going to do to the Gilberts, like cutting these cables, putting acid. If they would cut those cables and have that tower fall that could kill a lot of people.

Senator CURTIS. Where would they get this information? Would it be talked down at the union hall, or where the Teamsters men would congregate?

Mr. GILBERT. That is my understanding; yes, sir. A lot of these calls we would get were pretty rough, threats and every other thing (pp. 15510–15511).

Gilbert estimated the damage to his equipment by reason of the violence and sabotage at $10,000 or $15,000" and his loss of profits from 1954 to 1958 at "a good million dollars" (p. 15512).

Senator CURTIS. To boil it down, the reason for all of this, in your opinion, is because you would not sign a contract putting your drivers into the Teamsters Union when they didn't want to go in; is that right?

Mr. GILBERT. That is correct.

Senator CURTIS. Now, at any time, in your opinion, have the Teamsters represented a majority of your drivers?

Mr. GILBERT. They have not.

Senator CURTIS. How many elections have you had?

Mr. GILBERT. Only one.

Senator CURTIS. And at that time they only got four votes?

Mr. GILBERT. Yes, sir; that was in 1953.

Senator CURTIS. Have the Teamsters at any time asked for an election?

Mr. GILBERT. Not since then; no, sir.

Senator CURTIS. They agreed to that one?

Mr. GILBERT. Yes, sir.

Senator CURTIS. You were the first one to propose that; were you not?

Mr. GILBERT. Yes, sir.

Senator CURTIS. They got licked and only got four votes and since that time they have never asked for one?

Mr. GILBERT. No, sir.

Senator CURTIS. They have carried on this armed conflict with rocks, guns, gasoline, setting fires, and so on?

Mr. GILBERT. Yes, sir.

Senator CURTIS. How about these companies that boycotted you? In your opinion, were all of these unionized transportation companies and warehouses that refused to turn over freight to you, were they willing participants, do you think?

Mr. GILBERT. Well, some of them will tell you yes, but they would blame it on their drivers, their union contract, which had the hot-cargo clause.

Senator CURTIS. Were there any instances there where a shipper had sent some freight and had labeled it, or otherwise directed it over your specific routes that they would not give you?

Mr. GILBERT. Thousands of times.

Senator CURTIS. Still they would not give it to you?

Mr. GILBERT. Would not give it to me.

Senator CURTIS. They went along from 1954 up to the present time?

Mr. GILBERT. The hot cargo was applied in the middle of May and we got a restraining order in the State courts, in the early part of December.

Senator CURTIS. Of what year?

Mr. GILBERT. 1955.

Senator CURTIS. Then has there been a boycott since 1955?

Mr. GILBERT. Since we have had this restraining order they have had to accept our freight. It was served papers by the court.

I will say this: we sure have to fight to get our freight from them even now. You know, they cooperate with us 5 percent or 10 percent. The court says they are supposed to cooperate with you and give you freight, but you still can't make them.

I definitely think if it had not been for all this trouble we would be hauling two or three times the freight we are hauling today (pp. 15512–15513).

Gilbert testified that he sustained an operating loss of $37,838.72 for the last 7 months of 1955. After the restraining order was obtained from the Dallas court he was able to show profits of $6,232.73 in 1956, $34,443.49 in 1957, and $71,661 for the first 9 months of 1958.

Senator CURTIS. Your employees remained loyal to you and wanted to continue to work without a union?

Mr. GILBERT. I never lost a road driver.

Senator CURTIS. I believe you said you have really had more men than needed because you wanted to hold your people and provide them with jobs; is that right?

Mr. GILBERT. Yes, sir; they had been with us for so many years.

Senator CURTIS. I think that is commendable.

* * * * *

Mr. GILBERT. I would like to make a statement. I hope that if I do my boys dirty, I hope the good Lord strikes me down because they have stayed with me and I am thankful and grateful (p. 15515).

Testimony by Buck Owens, an assistant shop foreman for the United Concrete Pipe Corp. in Odessa, Tex., but for 10 to 15 years before that an employee of various unions, established for the committee the mechanics of the campaign of vandalism and terror perpetrated against Gilbert's freight carriers by the Teamsters Union.

Owens said that when Bob Kimbrell, an organizer for the Operating Engineers, moved from Odessa to San Antonio to take a job as an organizer for the Teamsters, he went with him, as did Kimbrell's nephew, William R. Springer. Upon arrival in San Antonio they were told by Raymond C. Shafer of the Teamsters that "the only way they could get the SMT to sign a contract would be to destroy the property, their trucks, or anything that belonged to the SMT Motor Lines" (p. 15517).

A plot was hatched, Owens testified, to plant Springer in Gilbert's organization—

> for the purpose of finding out the layout of the building, or to try to find out how to destroy merchandise, freight, with acid, pouring acid on the freight and ruining the freight and also to find out how would be the best way to bomb the building, blow it up, or burn it (p. 15517).

Owens said Shafer gave him the assignment to wreck trucks.

> Mr. KENNEDY. How were you to wreck trucks?
> Mr. OWENS. To throw bombs into the windshields of oncoming trucks, or rocks, or anything that would go into the windshield; or hand grenades, magnetic hand grenades, and stick them on the side of the truck. They would be driving down the road and it would blow up and explode (pp. 15517–15518).

Owens quoted Shafer as wanting to know where he could get some dynamite to blow up SMT, that he had some acid—"which he did have, I saw it"—that he wanted to use to damage merchandise, and he also wanted to knock an employee in the head some night "and write across his forehead" with acid.

Owens also testified that Shafer wanted him to shoot Gilbert.

> He said, "I have a rifle in Louisiana." He said it had a silencer. There was shrubbery and trees around Mr. Gilbert's home and a person could get in there and shoot him and kill him and they would never hear the shot. * * * I told him I would not do that, that nothing was worth a man's life (p. 15518).

Owens declared Shafer also offered him $200 "plus any financial cost I might have" if he would beat up Gilbert's son, and also talked about setting the Lee Way Freight terminal on fire because Lee Way Freight "was giving freight to the SMT Motor Lines and he didn't like that" (p. 15519).

At Shafer's request, Owens asserted, he stole 32 cases of dynamite from a powder magazine outside Odessa, with the help of his father-in-law, C. J. Deason. There were approximately 60 cases left in the magazine, Owen said, so he and his father-in-law set a long fuse and blew up the magazine to cover up their theft of the 32 cases which then were stored in a barn "in back of my mother's home." Owens

said Shafer paid him $800 for the dynamite and "evidently it must have come out of the union because he said he didn't have that kind of money" (p. 15520).

Owens testified he stole the dynamite on the night of December 26, 1954, and called Shafer the next morning to tell him he had some "rope and pencils and erasers" which he said referred to fuse, dynamite and caps. Shafer sent Springer to Odessa with a pickup truck, the dynamite was loaded into it and the cargo was camouflaged to make it look as though furniture was being transported.

Owens said the truck loaded with dynamite was parked in the yard of his home until Shafer rented a garage apartment on Summer Street in San Antonio from one Frank Gensberg under an assumed name. The dynamite was unloaded and "we put it in the shower, and we put some on the bed, and we had a big cabinet and we put a lot of it in there" (p. 15522). A special lock was put on the door.

Not long after that, Owens said, he learned that some Teamster officials in Louisiana needed dynamite, and 29 cases were loaded into a U-Haul trailer and turned over to two men Owens identified as R. B. Bunch and E. F. "Foots" Johnson at the El Montan Motel. This was the night, Owens said, when he received the $800 and he quoted Shafer as saying that he was keeping $200 for himself. Shafer then wanted to get rid of the remaining three cases, Owens testified, and "a boy named Eddie Hass" told Shafer he could get rid of it in Daingerfield, Tex. However, before it was taken to Daingerfield and buried, some of it was put to use.

Owens told the committee that plans were made to set fire to the terminal of Lee Way Freight and to dynamite the terminals of Alamo Freight Lines and Gilbert's SMT line. "We were to go to Austin and buy some whisky and get a cash ticket for it and be seen in Austin, and then come back to San Antonio and burn and bomb these places, and then return to Austin," Owens said (p. 15524).

This procedure was followed but the results were not as spectacular as anticipated, according to Owens' testimony. Hass almost was burned himself while setting the blaze at Lee Way but employees extinguished the flames before too much damage was done. They passed up the SMT terminal because there was too much light and they could not get near enough without risking detection, and when they threw the dynamite into the Alamo Freight Lines it did not explode because, Owens said, he purposely crimped the fuse so that it would not go off.

> Mr. KENNEDY. What was the reaction the next day, about the bomb not going off?
>
> Mr. OWENS. Well, Mr. Shafer said that the bomb did not go off, but it scared them enough that he thought he would get a contract out of them (p. 15525).

Owens said the dynamite was tied together with string taken from the venetian blinds at the apartment where the dynamite was stored.

Twelve other sticks of dynamite were used in an abortive attempt to bomb "some kind of a mercantile building" in Houston. This did not go off, Owens stated, because the fuse broke when it hit the sidewalk.

Owens testified that he participated in another dynamiting at a place called the Austin Fireproof Building in Austin but the same dynamite was not used for this job. The explosive in this case, Owens asserted, was supplied by Bob Kimbrell and Pat Davis, identified by Owens as an organizer for the Operating Engineers. Not much damage resulted, Owens said, because "the concussion of the dynamite went out instead of going in" (p. 15526).

Owens acknowledged that he had participated in the attempts to wreck Gilbert's trucks by throwing rocks and bottles "or whatever we may have in our hand" through the windshields of the trucks moving along the highways. He said the highway sorties were carried out in the cars of Shafer and Hass and that Shafer was along on several occasions as was Kimbrell.

> Senator CURTIS. Where did you get these hand grenades you were talking about?
>
> Mr. OWENS. Well, sir, Mr. Shafer told me he was getting them from Fort Sill, Okla.
>
> Senator CURTIS. From the Army?
>
> Mr. OWENS. Yes, sir; from a supply sergeant (p. 15527).

While he never saw Shafer with a grenade, Owens declared that Shafer at one time told him he wanted a grenade thrown into the home of Roy Gilbert. Owens also stated that he saw acid in the back end of Shafer's car on one occasion, and that he had been told that the throwing of rocks and bottles into the windshields of passing trucks was a tactic used in Louisiana and Tennessee. He remembered that one conversation dealt with a fatality that resulted in Louisiana.

Paul E. Kamerick, assistant counsel to the committee, interposed at this point with testimony that he inquired into this situation and learned that there was such an accident on the outskirts of Shreveport, La., on August 28, 1953. A bottle was thrown through the windshield of a truck, which then went out of control and crashed into an oil tanker proceeding in the opposite direction. The driver of the tanker managed to avoid a head-on crash and the impact ripped his tractor loose. By the time he was able to stop the tractor and return to the scene of the accident, the wreckage was in flames, and the driver of the truck, Billy Charles Greenwood, was trapped in his burning cab and died in the fire.

Owens disavowed any connection with the shooting of rifles at the trucks although he said he knew of the incidents.

> Mr. KENNEDY. Now, you testified in the trial of Mr. Shafer; did you not?
>
> Mr. OWENS. Yes, sir; I did.
>
> Mr. KENNEDY. It was in connection with Mr. Shafer in the possession of some of the dynamite; is that correct?
>
> Mr. OWENS. Yes, sir.
>
> Mr. KENNEDY. And he was acquitted; was he not?
>
> Mr. OWENS. Yes; he was.
>
> Mr. KENNEDY. During the period of time that you started cooperating with the Texas Rangers, while you were still carrying on, or Mr. Shafer thought you were friendly, during that period of time were there arrangements made for tape recordings of your conversations with Mr. Shafer?

Mr. OWENS. Yes, sir; there was.

Mr. KENNEDY. Now those tape recordings have never been used?

Mr. OWENS. No, sir; they have not (pp. 15529–15530).

The tape recordings were placed in evidence during the testimony of Shafer, who invoked the fifth amendment and pleaded possible self-incrimination after identifying himself as business agent for local 657 of the Teamsters in San Antonio. The recordings were identified by Zeno Smith, one of the Texas Rangers who furnished splendid cooperation to the committee during the course of the staff investigation. Ranger Smith said the recording of the conversation between Owens and Shafer was made on September 15, 1955, and the one between Owens and Hass was made on September 30, 1955, after arrangements had been made for Owens to cooperate with the rangers to break up the terrorism. The voices in the recordings were identified by Owens as being those of Shafer, Hass, and himself. In general, they fully supported Owens' testimony before the committee.

Shafer declined to answer when asked if he knew Dusty Miller, head of the Southern Conference of Teamsters, or if he had had any conversations with Miller about enforcement of the "hot cargo" clause in Texas.

Mr. KENNEDY. What I am asking you is whether the violence that has taken place in Texas and in Tennessee, and the fact that individuals who have gotten into difficulty in the Eastern Conference of Teamsters and in the Central Conference of Teamsters, who got into difficulty in their own locals, have ultimately ended up in the Teamsters positions of authority in Teamster locals in Miami, Fla. I am asking you if you know whether Mr. Miller is responsible for that.

Mr. SHAFER. I refuse to answer on the ground that the answer may tend to incriminate me.

* * * * *

Mr. KENNEDY. According to the testimony we had yesterday, one of the suggestions that you made to Mr. Owens, according to Mr. Owens' testimony, was that he take one of the employees of the trucking company and knock him unconscious, then take some acid and write the word "rat" across his forehead with the acid.

Did you make that suggestion?

Mr. SHAFER. I respectfully decline to answer on the ground my answer may tend to incriminate me.

The CHAIRMAN. Don't you agree with me that anyone who would give such orders as that is a "rat" himself?

Mr. SHAFER. I respectfully decline to answer on the ground my answer may tend to incriminate me.

The CHAIRMAN. Did you have any opinion as to what character of man that would be that would give such an order?

Mr. SHAFER. I respectfully decline to answer on the ground my answer may tend to incriminate me.

The CHAIRMAN. I think the word "rat" would be complimentary, don't you?

Mr. SHAFER. I respectfully decline to answer on the ground my answer may tend to incriminate me.

Senator ERVIN. It would be insulting to the rat, Mr. Chairman (pp. 15333–15334).

One of the recordings covered the origin of the dynamite used by Owens in the Austin Fireproof Building blast as follows:

Mr. OWENS. Where did you get the dynamite?

Mr. SHAFER. I think it came out of Tennessee.

Mr. OWENS. Tennessee?

Mr. SHAFER. I think so; I believe that's where it come from.

Mr. OWENS. Did Johnson bring it down to you?

Mr. SHAFER. No; one of the boys over at Tennessee brought it to me on that particular deal (p. 15549).

Committee counsel asked Shafer if it was Glenn Smith or Hard-of-Hearing Smitty who brought the dynamite to him. Shafer declined to answer.

Mr. KENNEDY. When we had the Smiths up here before the committee, we heard testimony about them going into North Carolina and into Kentucky, as well as Louisiana when they were involved in violence and dynamitings. Now, we find that they also went into Texas, and that you sent some of your dynamite down into Louisiana as well. This was sort of an operation that covered the whole of the South; is that right?

Mr. SHAFER. I respectfully decline to answer on the grounds my answer may tend to incriminate me (p. 15550–15551).

Another of the recordings reflected an admission by Shafer to Owens that he had paid a Mexican $25 to set fire to Gilbert's trucks at the McAllen terminal and the remark that for $50 he could get a murder committed.

The CHAIRMAN. Are you willing to pay $50 of your own money or of the union's money to have someone killed that may be in the way of the progress of the union's objectives?

Mr. SHAFER. I respectfully decline to answer on the ground that it may tend to incriminate me (p. 15559).

Part of the recording of the conversation between Owens and Shafer was the disclosure by the latter to Owens that the dynamite sold to Bunch and Johnson subsequently blew up in Louisiana.

Bunch and Johnson also invoked the fifth amendment when summoned to testify after Shafer left the witness stand. They refused to answer when asked about their signatures on the register at the El Montan Motor Court on January 4, 1955, or the U-Haul trailer lease contract dated the same day and signed by Johnson. The address given for Bunch and Johnson at the motor court turned out to be the headquarters of the Teamsters Union in Shreveport. The trailer was leased in San Antonio and returned to U-Haul at Shreveport. Owens had testified that he loaded this trailer with 29 cases of dynamite.

Paul E. Kamerick, assistant counsel to the committee, identified a report from the sheriff at Shreveport which described a "gigantic, mysterious explosion" on February 3, 1955, which left nothing but a hole in the ground near Summer Grove, about 100 yards south of Dead Man's Curve on old U.S. Highway 171. Neither Bunch nor Johnson would answer when asked if this was the same dynamite that they had transported from San Antonio, or if they knew who was responsible for throwing the bottle through the windshield of a Red Ball Freight Lines truck which resulted in the burning to death of Billy Charles Greenwood, its driver, in the subsequent crash with the oil tanker.

> Mr. KENNEDY. Could you tell us if the Teamsters Union was having a dispute with the Red Ball Truck Lines at that time?
>
> Mr. JOHNSON. I respectfully decline to answer on the ground of possible self-incrimination (p. 15567).

About the only information elicited from Bunch and Johnson was that the former is an organizer for the Southern Conference of Teamsters and the latter is business agent for local 568 at Shreveport.

The testimony of Owens was further corroborated by William R. Springer, the nephew of Kimbrell, who said Shafer arranged for his release from work on December 27, 1954, so that he could join Owens at Odessa and bring the stolen dynamite back to San Antonio. About 2 weeks later Shafer gave him $50, Springer said.

After the dynamite was in San Antonio, Springer said that Shafer remarked, "We can give SMT hell now." He also confirmed Owens' statement about the hand grenades and said he heard Shafer declare, "Well, I have some hand grenades coming in that I think we can get from Fort Sill, Okla." (p. 15572).

> Mr. KENNEDY. What did he want you to do with the hand grenades?
>
> Mr. SPRINGER. He wanted to use them on Roy's trucks, his equipment, and he wanted Buck to take one and throw it into Roy's home.
>
> Mr. KENNEDY. Roy being who?
>
> Mr. SPRINGER. Roy Gilbert (p. 15572).

Springer also testified that he heard Shafer make the proposition to Owens for the shooting of Gilbert with the rifle Shafer said he would get from Louisiana and he quoted Owens as replying, "None of this is worth taking a man's life."

Springer said he helped "case" the Lee Way, Alamo and SMT terminals for the arson and dynamiting jobs but managed excuses that kept him out of actual participation, with the one exception of the Austin dynamiting where, he said, he drove the car. He also confirmed Owens' testimony that Shafer sent him to work for Gilbert to find ways and means of damaging Gilbert's business. Springer said, however, that Shafer forgot to tell Charlie Trevino, a union organizer, about the plot and Trevino ordered him to quit a couple of hours after he went to work. Springer asserted that he did not participate in the smashing of windshields with rocks, bottles and fire bombs.

> The CHAIRMAN. How did you come to get mixed up with this fellow Shafer and undertake to do his dirty work?

Mr. SPRINGER. Well, it is kind of—I think the biggest thing is I didn't have guts enough to go against it and bear up to it, that is the real reason.

The CHAIRMAN. Were you ordered to do these things?

Mr. SPRINGER. In a roundabout way; it was either do the things, or I was out of a job, or I could have possibly been hurt, and there were some people that have been molested and some of their family have been hurt over those things. I was scared, to be honest with you.

The CHAIRMAN. When they ask you to do these things, they make a pretty strong suggestion, if you show any reluctance?

Mr. SPRINGER. They leave an impression that it is not easy to miss.

The CHAIRMAN. You don't misunderstand them?

Mr. SPRINGER. No, sir.

The CHAIRMAN. So you got in by reason of that and got out of it as quickly as you could; is that what you are trying to say?

Mr. SPRINGER. Yes, sir; I did.

The CHAIRMAN. Do you want to have any part in bombing business places and trucks and burning them or killing anybody or hurting anybody? Did you want to have any part in that?

Mr. SPRINGER. No, sir; I didn't. I couldn't see it from the start, but I just got told to do it or pulled into it, you might say, in one way or another, and another thing, I blame myself for not standing up then and telling them what I thought about it.

The CHAIRMAN. You don't look like one of these muscle thugs that they send around to do these things. You don't look like that kind of a character. You know plenty of them, I guess, do you?

Mr. SPRINGER. Yes, sir; I know them, and I have seen a few of them around.

The CHAIRMAN. You have seen them, a few of them around here since you have been in this witness room?

Mr. SPRINGER. Yes, sir; that is right (p. 15577).

Edward Hass, summoned to the stand after Springer completed his testimony, identified himself as a truckdriver for the Strickland Transportation Co. and said he resided in Dallas. He then proceeded to invoke the fifth amendment.

Ranger Smith identified the recordings of the conversations between Hass and Owens which he said were made at the Eastern Hills Motel in Dallas on September 30, 1955. In substance they corroborated Owens' testimony that Hass had been his partner in crime in the arson and dynamiting campaign.

Smith also identified pictures of the dynamite uncovered near Daingerfield where Owens said it was buried. Smith testified that Owens also pointed out to him the garage apartment where the dynamite was stored in San Antonio before it was taken out and buried.

Assistant Counsel Kamerick placed in the record an affidavit secured from Frank Gensberg, owner of the property, which described how Shafer rented the place under an assumed name and identified

Shafer and Owens, who also used an alias, as the men he had seen and talked with. The affidavit also placed the U-Haul trailer at the apartment and related how Gensberg found the venetian blind cord missing after the apartment was vacated. This confirmed Owens' testimony that he used such a cord to tie together the dynamite that was thrown into the Alamo Freight Lines terminal.

Another Texas trucker, who spent almost 4 years in a continuing battle against the Teamsters and the "hot cargo" clause before a governmental agencies and the courts, testified at length before the committe. He was Desmond A. Barry, president of Galveston Truck Lines, a small, irregular route common carrier with headquarters in Houston and a terminal in Oklahoma City. He became president after his father's death in the fall of 1954 and almost immediately became a target for Teamster demands.

Local 886 in Oklahoma City demanded a contract covering his pickup and delivery drivers, Barry said, and he went to Oklahoma City where he had only one driver and signed a contract for him.

In February of 1955, Barry said, he was surprised to learn from his general manager that the company had been paying dues to local 968 in Houston despite the fact that there was no contract covering his Houston employees or the over-the-road drivers. He ordered the payment discontinued. Within a short time, Barry declared, "a contract was thrown on our desk and we were told to sign it." But Barry balked in the absence of any proof that the union did represent the employees. He said he did agree to a meeting with the union at the Southern Conference of Teamsters headquarters in Dallas and was served with an ultimatum that a signed contract had to be delivered by the following Tuesday morning at 8 o'clock.

Meanwhile, Barry testified, Randy Miller of local 968 and W. W. Teague from the Southern Conference headquarters were invited to a meeting of his employees. Barry asserted that "at that meeting they told the employees they didn't care what they wanted, that they were signing a contract with me, not them" (p. 15600).

> Senator ERVIN. That may be orthodox unionism, but it certainly is peculiar law, that the agent of the principal does not care what the principal wants, but the agent makes a contract irrespective of the wishes of the proposed principal.
>
> Mr. BARRY. I was very naive in those days, but even then it looked peculiar to me.
>
> * * * * *
>
> Mr. BARRY. During that meeting I asked any of our employees if they wished to question those members of the Teamsters Union that were making these demands. They did not seem to wish to, so I asked the specific question: "What will happen if one of my employes does not desire to belong to the Teamsters Union?"
>
> He said, "Then he wouldn't haul any freight for Galveston."
>
> I said, "Whoa, wait a minute. What about the Texas right-to-work law?"
>
> He said, "Well, I didn't mean it that way. What I meant was that he would probably have trouble loading or unloading in Oklahoma."

He said, "You must remember, we are working very closely with the Stevedores Union, and they are a mighty tough bunch."

So to the demands we now had some very thinly veiled threats. Nevertheless, they left when they saw that our drivers were getting a little unhappy with them.

I asked my employees if they wanted the union to represent them. They said, "We do not."

I said, "That is all I need to know. I will not force you into a union against your will."

The CHAIRMAN. About how many employees were at that meeting?

Mr. BARRY. There were, I would imagine, about 15 or 16 at that time.

The CHAIRMAN. What was the total?

Mr. BARRY. Our total driver employment at that time, over-the-road drivers, would be somewhere in the vicinity of 20 or 25 drivers.

The CHAIRMAN. There was a majority present?

Mr. BARRY. Correct, sir.

Following that we began to get additional demands for us to sign a contract, but we ran into a peculiar circumstance. These demands were no longer coming from the local 968 in Houston, our corporate headquarters, but suddenly were beginning to come to us exclusively from local 886 in Oklahoma City. At that time I knew of no employee of ours who belonged to local 886.

The demands continued. They were accompanied by threats of economic pressure.

I had my attorney, Jim Saccamanno, send a letter to them, suggesting to them that they petition for a representation election, and if that election indicated that they did represent our employees I would sit down and bargain in good faith.

That letter was first sent to 968 in Houston. A duplicate of the letter was later forwarded to local 886 in Oklahoma City, and neither one has yet been replied to.

Nevertheless, on April 18, 1955, a secondary boycott was invoked against us at Oklahoma City.

On the previous day, the one pickup and delivery driver that I referred to, who was contracted to the local in Oklahoma City, was instructed by the union not to report to work. As soon as that was reported to me, I told my Oklahoma City manager to get him on the phone and tell him to get to work and start hauling freight.

He immediately followed those instructions, and did work from then on. My employees in Houston kept right on operating.

The secondary boycott was invoked against us under the "hot cargo" clause, of course, but to me there were very peculiar circumstances to the invoking of that boycott. There was no notice officially put out by the Teamsters Union, to any of the motor carriers that were involved in the boycott (pp. 15600–15601).

Barry explained that his company's operation called for interchange or interline of freight at Oklahoma City where it was destined for points beyond that city, but all carriers there refused to accept freight tendered by his company. He said he personally went to Oklahoma City and "I started at the bottom and worked up. I took every employee on every dock of every truckline, went to his supervisors, to his manager, and got to the vice president of the company, if he was present. In each instance the refusal was by each individual" (p. 15602).

> Mr. BARRY. On tenders that I made to Chief Freight Lines, for example, I had visited some of the other motor carriers. I was being refused here and there. I was attempting to get some carriers to accept the freight so that I could immediately phone the rest and say, "Do you want your competitor to get all your business?"
>
> We took an 82,000-pound shipment over to Chief. They accepted the 82,000-pound shipment after they had refused many smaller less-than-load shipments. I then demanded that they take the less-than-load shipments, ordered my office to send the truckloads back there with every pound of freight that would go over the lines to that carrier. They said they couldn't take it. And this was the vice president of the company, Mr. Hoffheintz, that was making the statement.
>
> I said, "Why can't you take the freight?"
>
> He said, "We have a real, tough dock steward."
>
> I said, "I am not tendering it to him. I am tendering it to you."
>
> He said, "We can't take it."
>
> I said, "Let me suggest, sir, that you carefully look into what you are doing, because you are obviously discriminating one shipper against the other. This is not our freight. This is the public's freight that we are hauling. Your refusals, therefore, are not only a secondary boycott of us, but to the shippers who are tendering the freight to us as the originating carrier. I would suggest to you that you now get your attorney and have him advise you properly."
>
> He went to the telephone and called, and came back laughing, and said, "The Teamsters Union said it is OK for me to take it."
>
> I am sorry, but I blew up. I said, "Who in hell is running your truckline, you or the Teamsters Union?"
>
> Nevertheless, I pointed out to him then what he was getting into. He said, "What are you going to do, sue me?"
>
> I said, "I will do what my attorney suggests under the circumstances. I am just getting the facts." I said, "Now, I want to know why you will take one shipper's goods and refuse another."
>
> He said, "Well, I will tell you why I am doing it. The union says I can take the last shipments that were on the road."
>
> I said, "For your information, the shipment that you have accepted has a later date than all of the other shipments I am tendering to you. Now, will you accept the earlier shipments?"

He said, "No, I am not going to accept them."

I said, "That is all I want to know, sir."

Senator ERVIN. These companies base the boycott of the freight handled by your company on the hot-cargo clause in their contracts with the Teamsters?

Mr. BARRY. Correct, sir.

Senator ERVIN. And the Teamsters apparently invoke these hot-cargo contract provisions solely because of the fact that you had refused to compel your employees to join the Teamsters?

Mr. BARRY. I would say it probably is a great deal more serious than that, sir.

Since then, innumerable individuals, including members of the Teamsters Union involved in our case, have advised me, "We did not go after you to organize you. Your competitors forced us to" (pp. 15603–15604).

Barry testified that the "hot cargo" secondary boycott was in effect from April 18 to 29 before the Teamsters sent a notice to the motor carriers that Galveston Truck Lines had been declared officially unfair although—

not a single employee of Galveston Truck Lines was on strike, not a single one ever went on strike or on the picket line. We had no picket line. (pp. 15604–15605).

Early in May, Barry declared, he launched a two-pronged attack against both the union and the carriers. He filed an unfair labor practice charge against local 886 of the Teamsters with the NLRB regional office at Fort Worth and secured emergency temporary authority from the Interstate Commerce Commission to provide the service that the other carriers were refusing to provide in the boycott area, and followed up with a formal complaint charging the boycotting carriers with a violation of their certificates "in that they were refusing to provide a continuous adequate service to the public. That was filed with the Interstate Commerce Commission here in Washington. It was sent back as being 'improperly prepared'" (p. 15605).

On May 9, Barry said, he received a query from M. & D. Motor Freight Lines at Oklahoma City as to whether Galveston Truck Lines was being picketed. This aroused his curiosity and he learned from other conversations that the information had been transmitted to Dallas, then to the chairman of the association negotiating committee who was supposed to contact Hoffa in Chicago. Barry said he alerted the NLRB. The next morning pickets showed up.

Next, Barry declared, the ICC notified him that the emergency temporary authority was not going to be extended so he flew to Washington where he filed a petition for reconsideration and refiled his complaint against the carriers. This won him another 15-day emergency temporary authorization. At the same time the NLRB instructed the regional office at Fort Worth to proceed against the Teamsters at Oklahoma City in an injunction suit.

A week later, Barry said, the Teamsters and the NLRB reached a settlement agreement under which the Teamsters "would cease and desist from the illegal practices that they were denying they had en-

gaged in." Barry said he refused to sign the stipulation because he was after a court test of the legal issues involved, including the validity of the "hot cargo" clause, but the NLRB dismissed his formal protest against acceptance of the settlement agreement.

Barry testified that the ICC did set up a hearing on his formal complaint that the motor carriers who were refusing Galveston's freight were violating their certificates. An examiner recommended in 1956 that a cease-and-desist order be issued. The opposition resorted to various appeal procedures and the issue finally came before the entire 11-man Commission in the fall of 1957. The ICC, by unanimous decision, upheld the examiner's recommendations in a decision in December, Barry asserted, which held that a common carrier may not contract away its duties and obligations to the public and thereby relieve itself of such duties and obligations, but that further than that there is an absolute requirement that a motor carrier provide service for any circumstance short of an act of God or the common enemy.

Barry said the decision "was the finest Christmas present that the shipping public of this Nation ever got," and was followed by comparable decisions by several State regulatory bodies. But, declared Barry, the carriers involved fought to restrain the cease-and-desist order in the Federal courts. The issue is now headed for the Supreme Court of the United States on appeal.

Barry also testified that a damage suit was filed against the offending carriers in which—

> we alleged that there was a conspiracy and collusion in restraint of trade or commerce in that a group of motor carriers had banded together and had, together, negotiated a contract with the Teamsters Union with the hot-cargo clause, and that their actions in so doing were a restraint of trade or commerce, particularly when they then did invoke that boycott. That was heard in the Federal district court in Oklahoma City. On the basis of law, the decision was that we had not proven that a conspiracy existed in fact, but that we had proved an illegal act on the part of the carriers, and should proceed for simple damages against them.
>
> We were and are particularly anxious for a decision that this sort of practice is a restraint of trade or commerce, in violation of the Sherman Act, because then subjecting the pocketbook of those who would restrain trade or commerce to treble damages would certainly make them think twice before they would invoke such a boycott action (p. 15611).
>
> * * * * *
>
> Senator CURTIS. May I ask at this point, this question: This ruling of the ICC in effect says that the hot-cargo clause in contracts is invalid; is that correct?
>
> Mr. BARRY. Correct, sir.
>
> Senator CURTIS. In just what way does that ruling, standing alone, fail to meet the problem without some implementation by some other source, from a practical standpoint?
>
> Mr. BARRY. I think it fails completely.
>
> Senator CURTIS. I want that in the record and your reason.
>
> Mr. BARRY. My reason for so stating is because any victim

of a "hot cargo" secondary boycott such as we were inflicted with must pursue the same tactics that we have in the manner of a formal complaint which must be investigated. A hearing must be held. The defendant carrier naturally must be entitled to his opportunity to say "yea" or "nay," this did or did not happen.

In the meantime, the freight of the shipper is cut off and he goes broke. What protection is there? I think there have been many instances where victory has been won after the man has been out of business for years.

Senator CURTIS. I know of a number of cases of that, and that is what I wanted the record to show, that while it is a decidedly important decision that was made, it still leaves individual, small business concerns and business concerns of all size, of either submitting to the demands or spending months and years and thousands of dollars to resist only to find that their business is gone by the time they win a victory; is that correct?

Mr. BARRY. That is correct, sir, and I might go further, Senator, and say that the little Galveston Truck Lines is a small corporation. As a small businessman, I know the burden financially of one of these fights. We have enjoyed the scrap but we sure couldn't afford it (pp. 15612–15613).

Barry declared that the secondary boycott invoked against his company cut its business by half and charged further that—

> even today shippers who desire to use our services will route movements for interline with us at Oklahoma City going to Houston and we never get them. The originating carrier delivers it to a competitor and ignores the routing on the bill of lading (p. 15614).

To support his charge, Barry introduced an affidavit he obtained from Ray J. Hughes, a former organizer for Teamster Local 886 in Oklahoma City, in which Hughes related that a group of carriers was responsible for the Teamster campaign to force Galveston into a contract. Barry blamed the antagonism of the opposing carriers on the fact that Galveston refused to go along on freight rate increases before the tariff bureau.

Mr. KENNEDY. Certainly it has been a trend of the Teamsters Union to move against the small trucking companies in the United States. Most of the larger trucking companies are signed up. So, if these small trucking companies go out of business, that just means more business, perhaps, for them. At least from our investigation we haven't found that they have been reluctant to enforce the "hot cargo" clause.

Mr. BARRY. It might be interesting to pursue how many small carriers have been forced into mergers with the larger carriers by collusion and conspiracy between the larger competitor and the union.

Mr. KENNEDY. I think that is particularly true, from what we have found, at least, in the Central Conference of Teamsters, where many of the small trucking companies in the United States are going out of business.

Mr. BARRY. This is one that likes this business. Even if we don't make any money out of it, we are having a lot of fun.

Senator CURTIS. Before we leave the court decisions and the ICC decisions, though we could go on indefinitely discussing the details of it, the fact remains that neither the courts nor administrative agencies have provided an adequate remedy and protection of the premises, have they?

Mr. BARRY. I think that is quite obvious.

Senator CURTIS. I wanted the record to have your opinion on that because, after all, our purpose in gathering this information is for legislation purposes.

Mr. BARRY. Correct, sir. Well, my appearance here is for the specific purpose of pointing out that we pursued every legal remedy that we knew of, and still have not outlawed the practice. I think it is an interesting point. The reasons for the boycott are a little bit more complex, but I think it is important also to bring out, because I have been charged by many people of being antiunion.

I am not antiunion and never have been. I would stand up at any time and protect the rights of an individual not to belong to a union, if he so desires. But I will also stand up and fight for his rights to belong if he wishes to belong. That is his individual choice and he has that right (pp. 15622–15623).

Barry concluded his testimony by telling the committee that Galveston Truck Lines, after receiving a request from a group of shippers in St. Louis, filed an application for certification to provide the service that the boycotting carriers were refusing in an area "roughly equivalent to the Louisiana Purchase."

We wanted general authority to serve towns over all of those highways where these carriers would not serve. We put this clause in the application, that if the carriers presently certificated to serve this area will certify to the Commission to provide the service authorized by their certificate, we will amend or withdraw this application.

Not one of them certified to the Commission that they would serve. The Commission set up a prehearing conference on that issue. Some 150 motor carriers were in appearance or represented by counsel at that hearing in Dallas, Tex. Not one single carrier at that time, as represented by Counsel, would say that they would serve.

That hearing, though, has never been set on that application (p. 15624).

The committee found a tragic contrast with Barry's case, however, in its review of the case of Tom Coffey, former owner and operator of Coffey's Transfer Co., with headquarters in Alma, Nebr. Coffey, too, fought the secondary boycott imposed by the Teamsters, won every legal battle before the courts and the NLRB, but lost the war—and his business—as the morass of litigation slowly strangled it to death.

Coffey started his company as a one-truck operation in 1929 and increased the scope of its operations to the point where it was serving

small towns in the western part of Nebraska and Kansas by bringing freight from Omaha, Lincoln, and Hastings. By 1955 he was employing more than 20 drivers and his payroll was the biggest in Alma, a county seat town of 1,750 persons. In addition, he was a sizable purchaser of supplies, important to the general economy of the community.

Coffey testified that the Teamsters Union first contacted him in August 1955 with a claim they represented a majority of his employees. He agreed to meet with union representatives and told them to bring with them the evidence of representation. He met on August 24 with William Noble, official of the Teamsters in Grand Island; Albert Parker, official of local 554 in Omaha; and Robert Barney Baker, the behemoth from the international who is one of President Hoffa's chief lieutenants. They produced seven cards, or about one-third of the total of his drivers.

Coffey said he pointed out this lack of majority but—

> they gave me to understand that that didn't make any difference, and they didn't have time to sign up my men and they were going to organize me from the top down (p. 15626).

Coffey told them he would insist on an NLRB election, according to his testimony, and—

> they informed me that if I did, that they would stall any election that I might insist on until I was bankrupt anyhow (p. 15626).

Coffey asserted that two employees whose signature cards were presented by the union later told him they never signed the cards. "The others I did not question, and they didn't volunteer any information. I don't know but what part of them were good and part of them were probably forgeries," he added (p. 15629).

On or about September 17, Coffey said, he was contacted by a reporter for the Omaha World-Herald who quoted Baker as having said, "If Coffey isn't here by tomorrow morning and signed up, we are going to strike." The only meeting between him and the union representatives had been the one on August 24. On the morning of September 20, three pickets showed up in front of the company's establishment in Omaha. The secondary boycott went into effect shortly after that, followed by vandalism and threats.

Coffey testified:

> We had tires slashed, punctured with ice picks or similar instruments, and we had the wiring torn out of trucks, and king pins were pulled so that you would drop trailers, and on one occasion a load of butter was raided inside of a public garage and the contents was scattered all over the floor.
>
> * * * * *
>
> The telephone calls were principally to my employees and to the wives of my employees. They were threatening my employees' children, for instance, "If John doesn't quit working for Coffey's Transfer, something is liable to happen to that kid of yours as he comes home from school," and that sort of thing (pp. 15627–15628).

On September 26, Coffey said, he filed a petition with the NLRB requesting an election, to which the Teamsters objected.

Then began a long series of maneuvers in keeping with the Teamsters' threats to stall. On October 11, the NLRB regional director sent out a notice postponing a hearing on the petition from October 20 to October 25. The next day, October 12, brought a visit by Dick Kavner and Pete Capellupo of the Teamsters local in Lincoln, Coffey said, with a proposal that he sign a contract covering only the Lincoln and Omaha phases of his operation. Two days later, Coffey declared, he filed an unfair labor practice charge against the union because the secondary boycott had, by this time, reduced the amount of freight his line was handling almost to the zero point.

Coffey testified that the union next called a strike against Darling Transfer in Kansas City because it had continued to turn freight over to his company "and there was a strike in Minneapolis against the Des Moines Transportation Co. for the same reason." Both of these strikes ended when the companies agreed to suspend any further interlining of freight with Coffey Transfer.

A hearing on the petition for a representation election finally was held on October 25 and by this time the union was demanding that it be confined to Omaha only. Meanwhile, the NLRB investigation of the unfair labor practice charge was being conducted. On December 7, the Teamsters agreed with the NLRB not to induce its members to engage in the secondary boycott activity, and on December 19 all parties agreed to an election covering Omaha on December 29, Coffey asserted.

But the election timetable took another buffeting in the meantime as Coffey and Clark Bros. Transfer Co., of Omaha, notified the NLRB that the Teamsters Union was violating the settlement agreement signed on December 7, and the union countered on December 27 with a charge against Coffey that he had committed an unfair labor practice. This postponed the election, but the NLRB found on January 18, 1956, that the allegation against Coffey had not been substantiated and the election was held on January 24.

Coffey said that, although he had tried for an election covering his entire operation, the NLRB held the election only for the Omaha phase. This resulted in four votes against the union, none for the union, and three challenged votes that were not counted.

On January 27, 1956, the union requested a review of the regional director's decision relating to the unfair labor practice charge against Coffey, and on February 16 the NLRB General Counsel in Washington upheld the regional director's findings that the charge had not been substantiated.

On that same day, Coffey testified, the regional director found that the union violated the boycott provisions of the Taft-Hartley Act and sent a complaint to the Board in Washington which was first set for a hearing on March 13 but later postponed to April 17.

In addition, the Teamsters Union fought a delaying action on two other fronts by throwing the election issue into the courts. On January 26, 1956, they secured a temporary restraining order in the U.S. District Court in Nebraska to halt the processing of the election results by claiming that the provisions of the Taft-Hartley Act barring strikers from voting in a representation election were unconstitutional.

This action was dismissed on February 13, but the Teamsters then turned to the U.S. District Court for the District of Columbia, which issued another temporary restraining order. The terms of this order allowed the Board to go ahead with the counting of the votes but enjoined any certification.

Coffey testified, however, that he went out of business on March 1 and liquidated by March 30, realizing about one-third of the value of his business. He estimated that his loss was about $50,000 on top of his operating loss by reason of the secondary boycott and his loss of future earnings. The NLRB ruling that the Teamsters Union had received no votes was handed down on April 3.

Mr. KENNEDY. So you were sustained both in the election and in the secondary boycott, but both of these decisions came to you after you were out of business?

Mr. COFFEY. That is right. I never lost a case before a Federal court or before the NLRB, but I lost my business.

Mr. KENNEDY. You won everything, but lost your business?

Mr. COFFEY. That is correct.

Mr. KENNEDY. That was because of the various appeals and the various delaying tactics of the Teamsters Union during this period of time. They were found wrong in everything but they were able to put you out of business?

Mr. COFFEY. That is right, because of the effectiveness of their boycott while they were stalling, just exactly as they promised me they would do (pp. 15639–15640).

* * * * *

Senator CURTIS. Do you think that if efforts to organize and to be recognized and enter into contracts had been left to the people who actually worked for you, that you would have found a satisfactory solution to every problem raised?

Mr. COFFEY. Yes, sir.

Senator CURTIS. It was the outsiders, such as Barney Baker, Dick Kavner, and others, who came in and caused the trouble?

Mr. COFFEY. That is correct.

Senator CURTIS. That is all I have, Mr. Chairman.

Senator ERVIN. I have heard the poet report that wretches hang so that jurors may dine. You would just starve to death while justice was traveling on leaden feet, despite the fact that you had a just cause that ought to have been adjudicated by any man with the intelligence of the grade of a moron in not over 30 minutes. That is the tragic commentary on the way justice is administered in the industrial field in the United States in this particular case. I trust the others are not as bad.

The CHAIRMAN. The Chair would make this observation along the line of what Senator Curtis said. Let us assume for the moment that the Board was diligent in exercising all of its powers, which may not be correct; but assuming that for the moment, there is something wrong with our laws when the Teamsters Union can by these methods completely destroy a small business enterprise. It is a tactic that is reprehen-

sible. It will eventually lead, if followed to its logical conclusion, in a civilized society and in a Government such as ours, back to the law of the jungle. If the responsibility is on Congress, it is the duty of this committee to find it out. If we have failed in legislation, we will soon have an opportunity to remedy that condition by the enactment of laws that will protect innocent business people and their employees and communities from this sort of an abortion.

Mr. COFFEY. That is particularly true in the light of a threat or remark made to me by Barney Baker at our meeting in Alma, which I spoke of. He informed me that I just happened to be in the road——

The CHAIRMAN. That what?

Mr. COFFEY. That I just happened to be in the road. That it was the intention of the Teamsters Union, through these tactics, to organize everybody in the State of Nebraska, clear on down to what he called the prune peddler, referring to the grocery store clerks. "First we will get you and all the rest of the truckers. Then we will get the warehousemen, and then we will get every grocery store and hardware store in the State of Nebraska through the same methods."

That was their plan at that time.

The CHAIRMAN. We have had Mr. Barney Baker before us, and he is a flagrant example of just what any American citizen shouldn't be, in my opinion.

Mr. COFFEY. I concur, sir (pp. 15641–15642).

After hearing the testimony of Coffey, the committee requested NLRB officials to appear and give explanation for the delay extending from September 26, 1955, when Coffey's petition for an election was first filed, until April 3, 1956, when the results of the election finally were made official showing no votes for the Teamsters, more than a month after Coffey had been forced out of business.

To the hearing room came Boyd Leedom, NLRB chairman, Frank Kleiler, executive secretary, and James V. Constantine, solicitor. Senator Curtis summarized the situation by telling how the union representatives, accompanied by "one of their famous goons," the 380-pound Barney Baker, threw down a contract and demanded that Coffey sign it; that Coffey from the very first said, "Let's hold an election" and "these goons wouldn't do it," and that it was the announced plan of the Teamsters Union, "one of the richest and most powerful vested interests in the country," to drive out of business "a little businessman" employing 22 people, "which they did."

Chairman Leedom declared that, admittedly, the union took advantage of the Board's rules of due process to delay the case as long as it could, but he insisted that basically the injunctions in the Federal district courts in Nebraska and the District of Columbia kept the Board from counting the seven votes involved and declaring the results.

Senator CURTIS. These were not employees. These were outsiders that butted in.

Mr. LEEDOM. As quickly as we got a chance to adjudicate the case, that is what we held (p. 15680).

Solicitor Constantine said the Nebraska restraining order was issued without the NLRB being notified, carried no terminal date but was "effective until further order of the court," and was respected although no member of the Board was within the jurisdiction of the court.

Senator Ervin observed that "there is no excuse for that kind of a restraining order to be issued by any court," and that the judge should have required the presentation of evidence to support the application for the restraining order "within 3 or 4 days." He also suggested that situations like this were less likely to happen if district attorneys undertook to prosecute people "who make false allegations in applications for injunctions."

The three Board officials collectively traced what they said was an expeditious handling of the case, taking into account the injunctions which limited Board action. The Nebraska injunction was not dissolved until February 13. The regional director passed on the challenges and sent his report to Washington on February 17. Meanwhile, the union's request for review of the regional director's decision holding that the charge of employer misconduct was unsubstantiated had been disposed of by a Washington ruling on February 16 sustaining the regional director.

Under the Board rules, the union had a right to file exceptions to the regional director's findings on the challenges, and the union did file such exceptions on February 23. There was a referral of the papers to a legal assistant of the Board for review and preparation of a draft of a decision. This was completed, the Board officials said, on March 14 and then circulated to the other Board members prior to the final decision on March 21, which sustained the regional director's findings as to the challenges. The issue then was sent back to the regional director who ordered the votes counted on March 31, and the result was certified as of April 3.

Senator CURTIS. The sad situation here is that that date, March 31, was 20 days after Coffey went out of business.

Mr. LEEDOM. That is right. While our processes in this case were as fast, really, as you could expect, in view of all the circumstances they weren't fast enough to save this employer.

Senator ERVIN. Your time limits as fixed by your regulations I can't quarrel with because they seem to be about as short, most of them, as you could well be. I don't know what the remedy is in this field.

Of course, in ordinary elections, most States have a law that whoever gets the majority vote gets the certificate of election, and then the results of the election carried into effect, and the party who contests the election has the burden of proof.

There might be some disadvantages to that in this situation; I don't know. But it seems to me as if Congress is going to have to step in and pass some kind of a law to give a man a right of action, where any party takes and maliciously abuses the adjudicatory processes under the National Labor Relations Board.

I don't know whether there is any other remedy or no. That occurs to me as one possible remedy.

I say no person ought to be allowed to do that.

Under this kind of a situation, the first court should have told you to go ahead and count the votes, but not to certify the results officially. Then, if the court had gone through and had a hearing after a few days, and made them come in with the evidence, the court could have said that there was no probable cause for issuing an injunction and dissolved it.

A lot of these things could be handled rightly if the men in the Federal courts have enough discretion to exercise the discretion which the law imposes on them. I realize they have a lot of work to do, and all of that. But where seven people vote in an election, it seems to me that a court, before the court issues an injunction for more than 3 or 4 days, that by the process of an order to show cause can make the parties come in with that evidence, and ascertain whether or not the injunction instead of preventing irreparable injury is going to cause irreparable injury, in his discretion he could deny it.

I would like to ask this question along this line: Do you think there is any kind of a process by which the exercise of the powers of the National Labor Relations Board can be decentralized, something like the system, for example, of the circuit courts, giving the regional directors more power and converting the Board itself largely into an appellate body?

Mr. LEEDOM. I think there is a possibility of action in that area, Senator. I think there is.

Senator ERVIN. Of course, under the law, as I understand it, the duty to make decisions is vested fundamentally in the Board as a board?

Mr. LEEDOM. That is right.

Senator ERVIN. They could not do too much toward decentralization without further authority from Congress, as I understand it?

Mr. LEEDOM. That is right. The way the law is written now, we are charged with the decisions on these elections here in Washington, but I think that it might be improved in another way (pp. 15686–15687).

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Mr. KENNEDY. Certainly your procedure, Mr. Leedom, and maybe it is the rules that have been in effect a long period of time, but certainly that procedure increases the delay a number-fold, because you have the period of time they have allowed for briefs, and then your own review and the review by the board above that. Even at best this would have taken 6 or 8 weeks and by that time the man is out of business, in the case of a lot of small businesses.

Mr. LEEDOM. Of course, the Labor Board may not be fully armed to deal with ruthless treatment either by an employer or by a union. Maybe that is what Congress has to do, figure out a new set of rules.

Mr. KENNEDY. No one knows that better than the National Labor Relations Board, which is an independent body, dealing with these subjects all of the time. If there is a problem there it would seem incumbent upon the Board to suggest what should be done in order to deal with it.

Mr. KLEILER. I want to point this out, that the National Labor Relations Board headed by five men in Washington must handle thousands of cases throughout the country. Wherever Congress vests the power to decide in the five men in Washington, there are ineffectible limits to the amount of unreviewable delegations to people throughout the country. The alternative, it would seem to me, is approximately this: Do we want to delegate with no review by the Board in Washington, to people out in the field, the authority to decide these cases so that they can be decided quickly. If you do delegate within the spirit of the law as we now have it, you simply have to provide some channels for review of what might be arbitrary or capricious action or even inconsistent action by regional offices throughout the country.

So you have provided at the top a system of review and ineffectibly it looks like redtape to a union or an employer which feels frustrated by the delays. But what is one man's redtape is sometimes the other man's due process. That, it seems to me, is the dilemma which you have throughout this labor relations field (p. 15691).

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Senator CURTIS. I want again to repeat that certainly I wish to make no criticism of individuals at all. We are dealing here with a system, and a procedure, and it doesn't spring up overnight, but it springs up over many years. As to my own views on it, I feel this way: There was a time many years ago where the judicial processes, some of the laws and the administration of them, leaned over very heavily in favor of management.

Then we went into an era where the reverse was true. Immunities and special privileges were given to unions. I feel that what we should strive for is neither one of those. We should strive for an adherence to the good old American principle of equality before the law. I think both are strong enough that neither should have any special immunities or privileges and certainly Government agencies should not be used to advance the cause of either one. I am not convinced that that hasn't been done over the last quarter of a century. The power of government has been used to advance the cause of unions.

I don't think it should be used to retard them, but I think that it should be used to be fair to both parties.

I do want to ask this: Would it require a change in the statute or merely a change in your rules to do away with the procedure that the mere filing of charges of unfair labor practice hold up an election?

Can you change that, that there must be a finding of at least probable cause that unfair labor practices exist? Would that require a change in statute or a change in regulations?

Mr. LEEDOM. That would require a change in regulations only.

Senator CURTIS. I want to also ask this question: In this case, or in a similar case, do you, and can you, take judicial notice of the conduct of the parties? In this case they were conducting a secondary boycott. Can you take judicial notice of that in determining the speed with which you move as well as the good faith of the parties?

Mr. LEEDOM. Yes; we can and we do.

Senator CURTIS. If someone boasts that they are going to drive somebody out of business, and then they proceed to boycott that person—in one case we took evidence yesterday where the effects of that boycott were directed even from New York City that goods shouldn't be shipped over the Clark Bros. Transfer in Norfolk, Nebr. Notice of that was served by the AP office in New York City.

This is a little concern that employs 35. When a great and powerful group openly declare that they are going to drive somebody out of business and they resort to those things, they are not coming before any courts or any Government agency with clean hands. And they are not entitled to all of the delays where there is, in good faith, a genuine dispute of facts and laws that takes a lot of time to determine.

Whether or not, when we get all through with this in the weeks and months that lie ahead, the remedy is in regulation changes or statutory changes, chances are it will take both. But citizens can't be very happy about the practical results that come about in some of these things.

Mr. LEEDOM. I agree with you, Senator. I would just like to say in connection with that that the Labor Board took notice of what appeared to be misconduct on the part of the union in this case, and prosecuted that vigorously to the full extent of our power so that we now have criminal contempt proceedings pending in court against this union in this instance (pp. 15694–15695).

Glen Coffey, formerly terminal manager for Coffey Transfer in Omaha, identified John Bridge, executive chairman of the Motor Carrier Labor Advisory Council in Chicago, as the author of notices sent out to various motor carriers blacklisting truckers who were having trouble with the Teamsters Union.

Glen Coffey described instances where management representatives refused to do business with Coffey Transfer because they had received notices from Bridge that they would have trouble at terminals outside the State of Nebraska unless they refused to do business "with Coffey or Clark Transfer."

Mr. KENNEDY. Did you learn of his relationship with Mr. Hoffa? Did you know of any relationship that he had with Mr. Hoffa?

Mr. GLEN COFFEY. Well, he appeared to be working hand in hand with Mr. Hoffa. All directives seemed to be from him, but they all were in favor of the Teamsters Union, and it appeared, as near as we could see, that he was working more for Mr. Hoffa and the Teamsters Union than he was for the carriers.

* * * * *

The CHAIRMAN. As I understand it, Bridge presumably was representing management?

Mr. GLEN COFFEY. He claimed to be, as near as we know, and we understand that he was on the payroll of some of management. However, his letters went out to companies that he did not represent at all. Anyone that had a union contract received these letters from Bridge, whether he represented them or not. He still mailed the letters to them.

The CHAIRMAN. In other words, there was collusion between management and the union to put you out of business?

Mr. GLEN COFFEY. It appeared that way.

* * * * *

Mr. KENNEDY. There was a blacklist, and each week a notice would go out from John Bridge's office, telling the various trucking companies that they shouldn't do business with the following companies; isn't that right?

Mr. GLEN COFFEY. That is right.

Mr. KENNEDY. Under the hot-cargo clause of the contract, and otherwise they themselves would be in difficulty with the Teamsters Union, and each week the list would change.

Mr. GLEN COFFEY. That is right.

Mr. KENNEDY. It was no more nor less than a blacklist which was arranged between Mr. Bridge and the Teamsters Union, and the companies that paid Mr. Bridge?

Mr. GLEN COFFEY. It was referred to as the union's blacklist.

* * * * *

Senator ERVIN. And they were sent by a man who, so far as you have been able to ascertain, had no connection whatever by contract or otherwise with some of the people he was sending the letters to?

Mr. GLEN COFFEY. That is right (pp. 15643–15646).

W. Foy Clark, copartners in Clark Bros. Transfer Co., Omaha, gave testimony almost identical in character to that of Tom Coffey. He said that he too would have been forced out of business if it were not for the fact that a large percentage of the company's total volume was intrastate local business which the Teamsters did not control as tightly as they did interstate shipments. He could not invoke NLRB election procedures because his interstate volume was below the criteria fixed by Board rules.

Clark explained that his operations were completely inside Nebraska, with the home office at Norfolk and the western point at Ainsworth. He testified that he refused to sign a contract with the Teamsters in August 1955 in the absence of proof that a majority of his 35 employees wanted the union. The union called a strike only at Omaha, where 4 out of 7 employees walked out. The secondary boycott went into effect September 14, 1955, and the campaign of sabotage began soon thereafter. "We had one or two pieces of equipment on which the motors had been filled with sugar or some chemical which bound them up. We had tires ruined by sharp instruments, and on May 12, 1956, we had a fire which burned almost completely one truck, and two others were damaged extensively and our terminal

at Omaha was burned considerably," Clark said (p. 15648). The fire department listed the origin as arson.

> Senator CURTIS. Now, all of this equipment was located on your own property?
> Mr. CLARK. Yes, sir; it was.
> Senator CURTIS. It was private property?
> Mr. CLARK. Yes, sir (p. 15648).

Clark estimated the damage from the blaze at "around $5,000," and testified that all of the trouble was centered in Omaha. "One of the boys who lived at Council Bluffs, a town next to Omaha, took his wife and family to her mother's home in a town downstate until the trouble seemed to be quieted down," Clark said (p. 15649).

> The only coercion or intimidation that was told to me personally by one of the employees was one of our employees who was on a strike line, or picket line, who came to me and volunteered the information that he had been forced to go on the picket line, that two representatives from the union had come to his home the night before and asked him if he was going to go along with them or get his head beat off, and he asked me, "What would you do?" (p. 15649).

Clark said that the same companies that were boycotting Coffey Transfer were also boycotting him. Clark also had experiences where shippers specifically designated his line to carry the freight, but other carriers refused to turn the freight over. The boycott has cut the company's volume in half and is still going on, Clark declared.

> Mr. KENNEDY. And during this time your employees showed or evidenced no interest in wanting to join the Teamsters Union?
> Mr. CLARK. Sometime in October of 1955, they voluntarily printed in our home daily paper that they were loyal to our company and didn't wish to be represented by any union (p. 15652).

Clark presented to the committee a brief chronology showing—

> how much we have done from a legal angle to gain relief and I will submit very little relief has been obtained.
> Mr. KENNEDY. You don't feel under the laws as they are presently written that there is much relief for somebody in your position?
> Mr. CLARK. That is correct (pp. 15651–15652).

The chronology presented by Clark evidenced the continuation of the boycott and other pressures by the Teamsters in spite of cease-and-desist orders and a court injunction, violation of which resulted in criminal contempt proceedings against Albert Parker and Leslie Tieson, agents of local 554 in Omaha. The chronology follows:

> August 18, 1955: Teamsters Union representatives called upon us at Norfolk, Nebr., claiming to represent our employees as bargaining agent in the matter of wages, hours, etc.
> September 1, 1955: The Nebraska State Railway Commission granted Nebraska carriers a 10-percent rate increase in intrastate traffic.

September 7, 1955: Clark Bros. employees received a 10-percent across-the-board wage increase.

September 14, 1955: Four of seven employees appeared on a picket line at our Omaha terminal. Concerted action was taken by employees of unionized carriers to divert business normally tendered to our line away from us to other carriers. Also shipments originating in Omaha, at various companies, were rerouted away from us to other carriers.

October 13, 1955: Much evidence was gathered showing unlawful secondary boycott by the Teamsters Union and on this date our attorneys filed unfair labor practices charges with the National Labor Relations Board, case No. 17–CC–43. A field examiner for the NLRB made an investigation.

December 8, 1955: A settlement agreement between the union and the National Labor Relations Board was signed stating that the union admitted to no violations of the Taft-Hartley law, but agreed not to violate it any more. This agreement was signed and posted on the above date. This settlement agreement had some effect to reestablish our interline business with some of the larger carriers almost to normal.

January 10, 1956: A picket line of one man appeared at the dock and terminals of Des Moines Transportation Co., with whom we were doing extensive business since the signing of the settlement agreement. As a result we were no longer able to do business with Des Moines since the threat heretofore made by the union, that any company doing business with Clark Bros. Transfer Co. would be struck, was carried out.

January 27, 1956: We exchanged a load of freight in the forenoon of this date at Omaha with Darling Transfer. In the afternoon of this date a 3-hour strike occurred at their terminal in Kansas City.

February 3, 1956: Our attorneys filed, in our behalf, an injunction under section 10 of the National Labor Relations Act, with trial commencing March 15, 1956.

May 2, 1956: A hearing before the NLRB trial examiner.

May 12, 1956: A fire occurred in our Omaha terminal burning in part three trucks and damaging our terminal building to the approximate extent of $5,000.

July 18, 1956: The trial examiner filed an intermediate report recommending the issuance of a cease-and-desist order against local 554.

July 30, 1956: Injunction granted.

December 26, 1956: The cease-and-desist order above recommended was issued. Later taken to court of appeals for review and cross petition. Still pending to date.

January 29, 1957: National Labor Relations Board filed criminal contempt proceedings against two agents of local 554, who were ordered to show cause why they should not be held in contempt of court by April 9, 1957. This case has not been tried to date.

January 30, 1957: One-day strike occurred at Bos Truck Lines and Burlington Truck Lines in Des Moines, Iowa, for

no apparent reason other than that they had been interlining freight with Clark Bros. at Omaha.

December 27, 1957: A complaint was filed with the National Labor Relations Board charging that a secondary boycott still continued.

February 11 and 12, 1958: Hearing before a trial examiner in Des Moines, Iowa, to answer above complaint.

August 28, 1958: A cease-and-desist order was issued by the National Labor Relations Board. Attorneys for the union have filed petition for review and at this time is still pending.

H. Dean Joy, comptroller of the Darling Transfer Co., Auburn, Nebr., told the committee that the company's terminal in Kansas City was struck by Teamsters Local 41 on January 27, 1956. A representative of the local, he said, appeared at the terminal and ordered the company's drivers off the job without giving any reason for the action.

Joy said he called John Bridge at the Motor Carrier Labor Advisory Council in Chicago and Bridge told him that the strike had been called because Darling ignored previous warnings not to exchange freight with the Coffey and Clark companies. Joy quoted Bridge as telling him that if Darling would agree not to do any more business with Coffey and Clark he would contact Jimmy Hoffa and see what could be done about lifting the strike. Later, Joy said, Bridge called back and instructed him to contact Frank Fitzsimmons at the Teamster headquarters at Detroit, which he did. After exacting an agreement that Darling would cease doing business with Coffey and Clark, Fitzsimmons called Roy Williams, president of local 41, and the drivers returned to work the following Monday, Joy testified.

Mr. KENNEDY. I would like to point out, Mr. Chairman, that this took place starting on January 27, 1956, just about 1 month after the agreement had been signed by local 554 with the National Labor Relations Board that this secondary boycott would be discontinued against Clark and Coffey. This all took place after the agreement had been signed that they wouldn't do this any more.

Senator CURTIS. Mr. Counsel, do you know whether the International Teamsters Union was a party to the agreement?

* * * * *

Mr. KENNEDY. In answer to your question, Senator, it was signed by the secretary-treasurer for the local and the attorney for the international.

Senator CURTIS. Who was the attorney?

Mr. KENNEDY. David D. Weinberg. He signs himself as attorney for the international union.

Senator ERVIN. Can you think of any purpose for a hot-cargo clause in a contract other than the fact that it arms the Teamsters with a weapon to make third persons with whom they have no contract relations subject to their demands?

Mr. JOY. I can think of no other purpose.

Senator ERVIN. In other words, it doesn't really have any place in governing relations exclusively between the Teamsters and the company that agrees to the hot-cargo clause?

Mr. JOY. That is right. It only gives the unions, or the Teamsters in this case, an organizing tool.

Senator ERVIN. It gives them a club by which they can compel the company which contracts with them to bring pressure upon third parties which is calculated to cause the third parties that have no contractual relationship with the Teamsters to submit to the will of the Teamsters?

Mr. JOY. That is correct.

I would like to add a little bit more on the feeling of our company, or Mr. Darling and myself, in regard to agreeing to such a thing.

Kansas City is our major point, our major revenue point. The bulk of our revenue comes from Kansas City. We are a short-haul carrier between Kansas City and Omaha, and without being able to pick up or deliver freight in Kansas City we are out of business. So a strike in Kansas City is a strike at the heart of our business. I would say that this particular short strike probably cost our company in the neighborhood of $5,000.

The CHAIRMAN. Why do you sign one of the hot-cargo contracts in the first instance? You obligate yourself then to do their bidding in order to hurt innocent people, innocent businesses. Why do you sign it in the first place?

Mr. JOY. As concerns us, we have no recourse except to sign it or go out of business.

The CHAIRMAN. Why do you have to belong to an association where you don't have any voice in what kind of a contract they are negotiating for you?

Mr. JOY. Well, it is either that or go to Chicago ourselves and try to negotiate a separate contract which, under the conditions in the past several years, has been impossible.

Senator ERVIN. In other words, you are saying in effect that under the practical operation that exists in law, that instead of putting the employees on the equality of bargaining power with the employer, which it is designed to do, that the Teamsters Union, under existing law, has a disproportionate bargaining power under which they can virtually dictate the terms of the contract or put a trucker out of business entirely?

Mr. JOY. Yes. They can do that with the divide-and-conquer concept of setting up one company or a small group of companies and through a competitive necessity, they all go along.

Senator ERVIN. From an economic standpoint, a small trucker has to succumb to the demands of the Teamsters when they insert their hot-cargo clause in their contract, or go out of business; is that true?

Mr. JOY. Yes; that is true (pp. 15658–15659).

Other variations of the secondary boycott activity of the Teamsters were outlined to the committee by Albert E. May, Omaha attorney.

May put into the record a recital of the experience of the Ford Storage & Moving Co., which also operated warehouses in Omaha and Council Bluffs.

May testified that Albert S. Parker, secretary-treasurer of Teamsters local 554, sent a letter on April 19, 1956, to the Ford concern requesting that it agree to adopt the wage scale and conditions of employment in force in other collective-bargaining agreements in the area. The letter stated that—

> we wish it specially understood that this letter is not a request for union recognition, nor does it constitute a request or demand that your employees become members of the undersigned union. Your company is not being requested to force or require your employees to join our union (p. 15661).

One week later two pickets appeared outside one of the company's warehouses carrying signs reading: "Ford Storage & Moving Co. refuses to pay union wages and conditions."

Concurrently with these developments, May testified, some Omaha truckers met with Mr. Ford "and told him they wanted him to sign the contract because the union was insisting upon organizing him."

> Senator CURTIS. Other carriers did that?
>
> Mr. MAY. Carriers, yes. And they weren't going to be able to do business with him unless he did.
>
> They tried to tell him that he would get a lot more business if he went along, because if he didn't go along he wouldn't be able to deliver merchandise or to get merchandise from them (p. 15661).

May testified that a month later Parker called Ford and asked him what he was going to do about the contract, to which Ford replied, "Nothing." Ford, May said, had conferred with his men and "none of them wanted to belong to the union. They weren't interested."

The picketing continued for a full year, May declared—

> and there was one instance where a rock was thrown at Mr. Ford's son. There was another instance where a trailer, which was attached to one of Ford's tractors, I think it was a Clark Bros. trailer, was burned in the rear parking lot of the Ford area (p. 15662).

The committee was told by May that Missouri Pacific and Union Pacific Railroad crews refused to push cars past the picket line and supervisory personnel had to bring the freight cars in. The railroads quoted a provision in the rules of the ICC that they said relieved them from the obligation of delivering or receiving merchandise from someone on strike but—

> Ford was not on strike. There was no strike at his place of business. There was no labor trouble between him and his employees. There were merely some pickets who had some signs on walking up and down in front of his place (p. 15662).

The pickets were not Ford employees but were imported.

May explained that the ICC rule was promulgated by the railroad companies and automatically becomes part of the tariff after publication in the Federal Register unless an objection is filed.

> Senator ERVIN. I thought the Interstate Commerce Commission was empowered to regulate the railroads. It seems that the railroads regulate the Interstate Commerce Commission in their interpretation unless some third person, stirred up by something he reads in the Federal Register, protests (p. 15663).

May declared that there were many instances where merchandise came into Omaha consigned to Ford but Ford never received any notification that the merchandise was there. One such shipment, May said, consisted of 141 cartons of millwork consigned to Ford which was received by Merchants Motor Freight, Inc., and was kept in its warehouse for 2 or 3 weeks. Ford went for the shipment and delivery of it was refused.

May said he went with Ford the next morning, after notifying the police to be on hand, and demanded the goods. The manager again refused to surrender possession and May said he told him,

> "The merchandise is consigned to Ford, and we are entitled to it and it is our merchandise and we have the bills of lading and we are willing to sign a receipt for it, and under the law, the Interstate Commerce Act, you are required to deliver merchandise to any person who it is consigned to" (p. 15664).

May said he told the manager he was going to take it by force, if necessary, and he gave the same message to the union steward when he tried to stop them from loading it. He and Ford took the merchandise and left.

May testified he had a similar experience with Clark Bros., to whom 135 transformers had been consigned by a power company. The transformers were kept by Independent Truckers, Inc., and Clark was told by G. Howard Johnson, owner of Independent, that he could not turn them over—

> because the union wouldn't let him and they would strike every terminal he had and every place he had if he delivered that merchandise to him, and he just couldn't do it (p. 15665).

May asserted that he notified the police to have a cruiser car at the Independent establishment and he repeated his performance of taking the shipment "by force," if necessary. After Johnson sold his business, May added, "we had a like experience with the new management on a shipment of oil" (p. 15666).

The other part of the pattern, May testified—

> is where that merchandise would come in consigned to customers and routed to Ford Bros. The carriers would hold that merchandise in their warehouses and they would write a letter to the consignor stating that Ford Bros. were on strike and asking for disposition of the merchandise. We wrote to a great many of those concerns telling them that Ford was not on strike and there was no reason at all why our merchandise shouldn't have been delivered to us (p. 15666).

May declared that the only answer he ever got from shippers refusing to deliver merchandise was—

> "We can't do it because the union is insisting that if we do they will strike us" (p. 15667).

In the line of legislative relief, May recommended that the Taft-Hartley Act be amended "to prevent coercion against employers as well as employees" (p. 15668), and pointed out that the present law limits the bringing of an injunction action in the Federal courts to the National Labor Relations Board.

> Senator ERVIN. In other words, we have an act from the Congress, the effect of which is to prevent a man from protecting his own legal rights notwithstanding the fact that we have a Constitution that says that the Federal Government shall, in effect, not deny any man due process of law.
>
> Mr. MAY. Senator, we attorneys that went to school and practiced law—it seems like the Supreme Court has repealed a lot that we have known in the last 30 years.
>
> Senator ERVIN. They certainly have reversed about everything that I was taught and everything that I read in the decisions until lately (p. 15669).

There was also a recommendation by May that steps be taken to eliminate the "no man's land" presently existing in the matter of jurisdiction over labor cases, and that labor unions "be made amenable to the Sherman antitrust law, just as any other individual" (p. 15672).

May declared that it seems to be "a very simple and elementary proposition" that an employer should be permitted to go into the Federal courts and get a temporary restraining order that would remain in effect until the NLRB could act.

> Senator ERVIN. In other words, your position is that if the law is amended to allow the person whose business or situation was threatened by some proposed action to go into court, either Federal or State, and get a temporary injunction to maintain the status quo until an inquiry could be made with the National Labor Relations Board, that that would prevent injuries of the type we have seen here, even in cases where the man ultimately won a victory but his victory was a barren victory because he was bankrupt before he got that.
>
> Mr. MAY. Exactly. I think that is a simple proposition and not too much to ask (p. 15673).

G. Howard Johnson, the former owner of Independent Truckers, Inc., told the committee his firm had a contract with the Teamsters Union and that, as a former president of the Nebraska Motor Carriers Labor Advisory Council, he had considerable contact with John Bridge in Chicago. When the "hot cargo" clause in the Teamsters' contract was invoked, the notices usually came from Bridge "advising us that we should not do business with certain firms" (p. 15705).

Johnson said that Bridge—

represented certain firms in Chicago as a middleman, so to speak, with Mr. Hoffa * * *. Primarily he was acquainted with Mr. Hoffa, and most of us were not. He was closer to the source and, naturally, what Mr. Hoffa said was the law.

Mr. KENNEDY. It was that he could go directly to Mr. Hoffa; is that right?

Mr. JOHNSON. That is correct.

Mr. KENNEDY. And he would not have to go through the usual grievance machinery and deal with the local union officials and local business agents?

Mr. JOHNSON. That is correct.

Mr. KENNEDY. If you got into any business difficulty, Mr. John Bridge could take your problem right to Mr. Hoffa, right to the top?

Mr. JOHNSON. Yes, sir.

Mr. KENNEDY. And it was this relationship with Mr. Hoffa that led these trucking companies to join up with John Bridge, was it not?

Mr. JOHNSON. Yes, sir.

Mr. KENNEDY. You have a uniform contract, is that right, the trucking companies?

Mr. JOHNSON. Yes, sir.

Mr. KENNEDY. After you have a uniform contract, the big question is the enforcement of the contract, is it not?

Mr. JOHNSON. Well, the contract is one thing, and interpretations of the contract are something else.

* * * * *

Mr. KENNEDY. But it is generally accepted in the trucking business that certain companies do not have their contracts with the Teamsters Union enforced as strictly and vigorously as others?

Mr. JOHNSON. Yes, sir; that happens.

* * * * *

Mr. KENNEDY. On the question of these letters that went out and the enforcement of the "hot cargo" clause, it was to the advantage of the union more than to a company, was it not?

Mr. JOHNSON. Definitely (pp. 15706–15707).

Johnson said that the notices from Bridge were never supplemented by anything in writing from the union. He said Bridge had been introduced to him as being "a capable person to handle labor problems for us in Chicago."

Mr. KENNEDY. Was his relationship with Mr. Hoffa explained to you at that time?

Mr. JOHNSON. It was explained that he knew Mr. Hoffa very well.

Mr. KENNEDY. And was it explained that he could go directly to Mr. Hoffa on the interpretation of the contracts and on the grievances?

Mr. JOHNSON. Yes, sir.

Mr. KENNEDY. That is a tremendous advantage; is it not?

Mr. JOHNSON. Yes; it is. I mean from an economic standpoint and also having somebody who can talk to the man (p. 15709).

* * * * *

Senator CURTIS. So far as you know, did you or other truck operators, unionized or not, have any desire on your own part to cease doing business with Coffey, Clark Bros., or any other licensed operator?

Mr. JOHNSON. Very definitely not. As a matter of fact, the short-line carriers in Nebraska are valuable to the long-line carriers inasmuch as they act as feeders either in distribution of the freight or in bringing freight from out of State, which is very costly for a long-line operator.

Senator ERVIN. And they do serve small communities, in rural areas, and long hauls under different economic conditions than the individual who is transporting freight between large metropolitan centers?

Mr. JOHNSON. That is correct. However, the unions have insisted that even though they come from Norfolk or Alma, Nebr., that they sign the same contract that is in existence, or with the same terms and conditions, that exists in Detroit and Chicago, and pay the same salaries, which these small lines just can't afford to do. There is not that much money in the business.

Senator ERVIN. And these small lines, I believe you said, handle business to the advantage of the public which the larger lines could not economically afford to handle; is that true?

Mr. JOHNSON. That is correct (p. 15710).

When Albert S. Parker, secretary-treasurer of local 554 in Omaha, was summoned to the stand, his counsel asked that interrogation be postponed until after disposition of the criminal contempt charge against him in the U.S. district court in Nebraska. Committee members pointed out that Parker was charged with disobedience of a court order and this could not act as a bar to interrogation about his conduct before the issuance of the court order.

Senator Ervin observed that he was unaware of "any procedure by which a man can be charged with contempt of court for disobeying a statute or regulation," and Senator Curtis mentioned that the interrogation of Parker might well encompass acts not now prohibited by the Taft-Hartley Act.

The chairman ultimately ruled that interrogation could proceed as to matters which preceded the issuance of the court order Parker was accused of violating, but not as to matters which occurred subsequent to the issuance of the order.

Parker then joined the long list of Teamsters Union officials who have invoked the fifth amendment on the ground of possible self-incrimination.

John Bridge, the executive chairman of the Motor Carrier Labor Advisory Council in Chicago, traced his connection with the trucking

industry back to 1932 when he was an officer of Interstate Motor Freight System Lines of Detroit and Grand Rapids, Mich. Later he operated Bridgeways, Inc., also of Detroit, which he left in 1949 for health reasons. Subsequently he represented Ringsby Truck Lines, Denver, Colo.; Watson Bros., Omaha, Nebr.; and Pacific Inter-Mountain Express, Denver and Chicago, before becoming identified with the advisory council in 1953.

In response to a series of questions, Bridge denied that he had ever made any payments, directly or indirectly, to any union official; he denied having given instructions to any of his employees to make any payments, directly or indirectly, to any Teamster officials, or that he had any knowledge of any such payments, "except perhaps some entertainment, which was common practice."

Bridge declared he had known Hoffa since 1935 but never had any financial dealings with him, nor any social contacts with the exception of one visit to Hoffa's summer place "to talk to him about a grievance matter." He identified William O. Bridge as a son who operated Baker's Driveaway in Detroit but insisted he had only "heard" that Baker's Driveaway rented trucks from Hoffa's company when he was in the trucking business, and had no knowledge of the fact that his son purchased Hoffa's company for $10,000 "at the time it was worth minus $4,000" (p. 15716).

Bridge did not recall whether he discussed with Hoffa the setting up of the labor relations consulting business at the time Hoffa was president of the Central Conference of Teamsters. He testified that "very frequently union business agents or officers" furnished the names of companies violating the "hot cargo" clause of the Teamsters' contracts, and this information was transmitted by him to other carriers as a protection against possible interruption of service.

> Mr. KENNEDY. Did you also send out lists of carriers whose freight could be handled, a sort of white list in contrast to the black list?
>
> Mr. BRIDGE. I may have advised these carriers that there were specified organized carriers who were serving certain communities, certain areas.
>
> Mr. KENNEDY. Why would you do that?
>
> Mr. BRIDGE. Well, as a matter of assisting them in selecting facilities to take care of their disputes.
>
> Mr. KENNEDY. Did you ever inquire into finding out what the nature of the labor dispute was, as to its merits, to find out whether the employees of this other carrier were interested in joining the union?
>
> Mr. BRIDGE. No.
>
> Mr. KENNEDY. You did not feel that was part of your job?
>
> Mr. BRIDGE. The only thing I did was to find out whether or not, from sources that were available to me, usually the management of the company, whether or not they were in violation of article 9.
>
> Mr. KENNEDY. When you send out a list, for instance, the Coffey Trucking Co., did you determine whether the employees of the Coffey Trucking Co. were interested in joining the Teamsters?
>
> Mr. BRIDGE. I did not.

Mr. KENNEDY. Didn't you feel that was an important matter?

Mr. BRIDGE. No (p. 15717).

Bridge was confronted with a copy of a letter he dispatched by air mail special delivery on June 27, 1955, the effect of which was to urge carriers he represented to line up with the Teamsters Union in legal maneuvers in Nebraska to forestall the possibility that a State court there might rule that the "hot cargo" clause was invalid. He defended his action on the ground that "I was only trying to protect the carriers who are vulnerable in more than one State."

Senator ERVIN. But you were interested in a suit which involved carriers in Nebraska who operated in Nebraska?

Mr. BRIDGE. Yes, and outside.

Senator ERVIN. How in the world could a suit involving carriers who operated in Nebraska affect carriers who operated in other States?

In other words, you profess to be adverse to the hot-cargo contract, and yet you advised these carriers to make a common cause with the union to keep the carriers that only did business in Nebraska from getting a possible adjudication that the clause was null and void as against public policy.

Mr. BRIDGE. No; that wasn't the purpose of my letter, and that wasn't the purpose of my advice. I said to you and I say again, I am opposed to the "hot cargo" clause. I always have been. But those who were negotiating the contract for the Central States and for many other areas in the United States, I think it is almost unanimous in every contract now, consented to it under pressure perhaps from union negotiators.

Having consented and including it in the contract, I felt obligated to comply with it (p. 15719).

Testimony was received earlier by the committee showing that the Teamsters Union had signed a stipulation with the NLRB agreeing to end the secondary boycott of the Coffey Transfer Co. on December 7, 1955, and permit that company to resume interlining of freight with other carriers. Notices in accordance with the stipulation were posted in Nebraska terminals.

Three days later, Bridge sent a letter to Howard Johnson, president of the Interstate Truckers, Inc., Omaha, warning him that regardless of the notices there was no change—

in your status with regard to interchange of the freight with these carriers. I am reliably informed that your interstate motortruck operations outside of the State of Nebraska will be subject to economic action or interruption of service if you decide to resume interlining of freight with these intrastate carriers (pp. 15720–15721).

Bridge contended that the "cease and desist" stipulation was limited to Omaha and Teamsters Local 554.

Mr. KENNEDY. This is posted in the places of business of the Coffey Transfer Co. It doesn't say it is limited to

Nebraska. It is posted through an action of the National Labor Relations Board, and it is signed by the attorney for the International Brotherhood of Teamsters. It is obvious from the face of it that it involves the Teamsters Union generally. Then after that agreement was made by the Teamsters, where their word should be good, you send out a notice to the carriers and tell them not to pay any attention, they are going to be in difficulty anyway.

Mr. BRIDGE. It applies to Nebraska only and does not apply to operations outside the States.

Mr. KENNEDY. Why did the International Brotherhood of Teamsters attorney sign it?

Mr. BRIDGE. That is my interpretation.

Mr. KENNEDY. I say that you were working along with Mr. Jimmy Hoffa and the International Brotherhood of Teamsters in order to enforce this clause in the contract, and in order to put these small carriers out of business.

Mr. BRIDGE. I was not. I was trying to help the carriers and prevent an interruption of their service, and I mean the members of our council. That was my sole purpose in sending out the letters or verbally advising or taking any similar activity.

Mr. KENNEDY. Would you identify this?

Senator ERVIN. Incidentally, the paper was signed not only by the officials of the local, but it was signed by the International Brotherhood of Teamsters themselves by the attorney for the international union and it has, so far as I can determine, no limitation on time or space. The limitation is that they will not bring economic pressure on these various carriers not to refuse to handle the goods of Coffey Transfer, until such time as the Teamsters may become the bargaining representatives of Coffey. So it is apparently unlimited as to time and space, and it binds both the international as well as the local.

The only limitation is that it is to exist, apparently, until they become bargaining agent for the employees of Coffey.

Mr. BRIDGE. I don't believe the officers of the unions in Nebraska or anywhere else so interpreted it. That isn't my impression.

Mr. KENNEDY. The officers of the union?

Mr. BRIDGE. In Nebraska or elsewhere.

Mr. KENNEDY. That is why you were working directly and completely with the union?

Mr. BRIDGE. I was in very close touch with the situation to prevent any interruption of service to our carriers.

Mr. KENNEDY. It is obvious from these letters, Mr. Bridge, you were only interested in helping the Teamsters Union enforce their contract.

Mr. BRIDGE. That may seem obvious to you, but it was not the intention.

Mr. KENNEDY. Certainly from the letter that was written on the Nebraska court decision, and this letter here, which would both have given two outs to the enforcement of the

contract, you bend over backward in your notification to all of the contractors that they better live up to the agreement anyway, and in the case of the Nebraska court they should take certain positive action to go in with the unions, that their attorneys should join with the union attorney.

Mr. BRIDGE. I will admit bending over backward to prevent any interruption on the part of members of our council (pp. 15722–15723).

* * * * *

Senator ERVIN. Did you ever inquire as to seeing what the object of these boycotts were?

Mr. BRIDGE. Did I ever inquire to see what?

Senator ERVIN. To see what the object of the Teamsters was in demanding that these carriers that you represented and these other carriers boycott Clark and Coffey?

Mr. BRIDGE. I think it has always been my opinion that the enforcement of article 9 as it is covered in the area at the time you are talking about was for the purpose, on the part of the unions, to help them in organizing. There is no denying that.

Senator ERVIN. To help them organize?

Mr. BRIDGE. Yes.

Senator ERVIN. You understood that it was to compel or coerce or persuade, whatever the term you want to use, Coffey and Clark and similar companies to make their employees join the Teamsters, do you not?

Mr. BRIDGE. I think that is the contention. But that doesn't change the position of our members. They are still vulnerable. My purpose was not to help them. The union may have wanted to do it, but that wasn't my purpose.

Senator ERVIN. Do you not know that the Taft-Hartley law prohibits an employer from trying to compel his employees to join any union?

Mr. BRIDGE. Yes; I think I understand that.

Senator ERVIN. So you were advising your clients to honor the so-called hot-cargo agreement with knowledge of the fact that that agreement was being utilized by the Teamsters as a device to coerce these third parties, these third-party carriers, to violate the Taft-Hartley by compelling their employees to join the union?

Mr. BRIDGE. That knowledge, sir, was incidental. The real purpose was to protect the carriers from an interruption of service.

Senator ERVIN. Anyway, you did have that knowledge, whether it was incidental, or accidental, or what.

Mr. BRIDGE. Sure, I am not denying that (pp. 15728–15729).

Bridge was also called upon to explain a letter dated June 13, 1957, which he wrote to John L. Keeshin, of Eagle River, Wis., owner of Conklin Freight Lines, who once lent Hoffa $5,000 in cash, in which he said:

> So far as I know now, our friend will go on trial on Monday, June 17, at Washington with conditions somewhat more

favorable for him. The various contacts suggested at our meeting at the Bismarck Hotel have been concluded with favorable results.

Bridge admitted that "our friend" was Hoffa and "I agreed to get in touch with certain carriers who I felt were friendly to our industry and see if anything could be done." One of the objectives, Bridge testified, was "to contact certain people in the press" and "to try and put a better light on what he was doing." Bridge identified the truckers he contacted as William Wilson of Wilson Truck Lines, Sioux Falls, S. Dak., and Stanley Wassie, president of Merchants Motor Freight.

Wilson, Bridge testified, was supposed to contact some friends in the press and "he was going to say to them probably that the press that Mr. Hoffa had had up to that time wasn't very favorable and wasn't entirely free from prejudice" but Bridge said he didn't know the identity of Wilson's contacts.

As for Wassie, "we talked about public relations and Hoffa's press being unfavorable" and Wassie was supposed to contact "some reporters in the Minneapolis area."

Mr. KENNEDY. What sort of things did you want to get out?

Mr. BRIDGE. Well, I would say that the idea was to have the press understand that he wasn't as bad as he looked in the papers as many areas were trying to make him out.

Mr. KENNEDY. How was that going to help in his trial in this bribery case in Washington?

Mr. BRIDGE. Unfortunately I think the press does have an influence.

Mr. KENNEDY. On the jury?

Mr. BRIDGE. Well, I don't know about juries but on the public and juries are the public.

Mr. KENNEDY. How is an article in Minneapolis going to affect the jury here in Washington?

Mr. BRIDGE. The press in Minneapolis is represented in Washington.

Mr. KENNEDY. So they were going to bring pressure on the reporters here in Washington?

Mr. BRIDGE. I don't know (p. 15725).

Bridge identified those who attended the Bismarck Hotel meetings as Keeshin and Mickey Krupinsky, representing Union Freightways, Omaha. Krupinsky had been mentioned earlier in the testimony of Attorney May as one of the group of carrier representatives who brought pressure on Ray Ford in Omaha to sign a contract with the Teamsters. Krupinsky, according to Bridge, was supposed to contact the press in the Omaha area.

Mr. KENNEDY. You have been successful in getting the press to change their mind about Mr. Hoffa?

Mr. BRIDGE. I was told that some good work along that line was being done.

* * * * *

Mr. KENNEDY. You think very highly of Mr. Hoffa, don't you?

Mr. BRIDGE. Yes. I think he has been very helpful to our industry.

Senator CURTIS. To whose industry?

Mr. BRIDGE. To the motortrucking industry.

Mr. KENNEDY. Do you think he was helpful to Mr. Coffey?

Mr. BRIDGE. Well, this is not speaking of any specific company but in the overall experience in negotiations I found him to be reasonable. He is a hard bargainer but I think he is fair.

Senator CURTIS. Do you think he was helpful to Mr. Coffey? You have been sitting here; you have heard his story of what happened.

Mr. BRIDGE. I don't think that I have any right to criticize Hoffa for upholding the contract and I don't think I have any right to criticize him for attempting to organize drivers engaged in the industry.

Senator CURTIS. I know, but his men came into Nebraska and they went down into this little town of Alma, marched into a place of business, and said, "Sign or else. If you ask for an election we will delay it until we break you."

Mr. BRIDGE. No; I don't condone that.

Senator CURTIS. Do you condone what he did to Clark Bros.?

Mr. BRIDGE. No; I don't condone any of that sort of pressure of that kind.

Senator CURTIS. Do you think it was a good thing for the shippers, the consumers?

Mr. BRIDGE. Well, I would say this, since you have raised the question of shippers and consumers, that in the State of Nebraska the freight rates—talking about intrastate rates now—are about 25 percent below those of neighboring States and in my opinion it is largely due to the fact that unorganized carriers have kept those rates down.

Senator CURTIS. That is to the advantage of consumers?

Mr. BRIDGE. Advantage to the consumers but at the expense of the drivers and the other employees.

Senator CURTIS. Now, I am not at liberty to disclose these names but I know of a situation where the trucking company is organized, they are a small segment, Mr. Hoffa has openly told them repeatedly they ought to go out of business, that he doesn't want to bother them because they are small. This whole program of driving these small businesses out of existence ends up with each one of them selling their rates to one of the many larger transportation companies in the country.

That is one of the strongest factors in accentuating monopoly and merger in the country. I am astounded that you appear here as supposedly a representative of management and state that Mr. Hoffa has acted for the good of the industry. How can any organizers that will not disclose what they do, where somewhere between 95 and 100 of them have come before this committee and declined to testify on the grounds that their testimony might incriminate them—I can't understand how you would say that what they are doing is good for the industry.

Mr. BRIDGE. I believe you are Senator Curtis, from Nebraska.

Senator CURTIS. That is right.

Mr. BRIDGE. Senator, let me inform you that I made some observations and studies of wage conditions in your State and I found that unorganized carriers were paying as low as a dollar and a quarter, a dollar and a half an hour, and working the men 50 to 55 hours a week when our people who were organized were paid $2.50 an hour or more and were working 40 hours a week and overtime beyond 40.

That is the reason, in my opinion, that rates in Nebraska are lower, and it is not conducive to the higher standard of living.

Senator CURTIS. Those things are not the companies that we are talking about. Furthermore, those facts are often challenged. Mr. Clark testified that he was offered a contract that actually meant lower wages for the employees. In the one case that I mentioned Mr. Hoffa has openly told these people that they ought to get out of business, that they are too small; he would rather deal with one major than two or three small ones.

Mr. BRIDGE. Senator, Mr. Hoffa in making that statement, in my opinion, was very indiscreet, but I don't condone it.

Senator CURTIS. You don't think that the head of a union who has 95 or 100 of his hired men refuse to testify on the ground that their testimony might incriminate them is acting for the good of the industry; is that still your opinion?

Mr. BRIDGE. Senator Curtis, no, and let me add this, that I have so informed Mr. Hoffa, that I think he ought to clean house. I don't hesitate to tell him.

Senator CURTIS. Well, your original statement, in the light of all of this record, in the light of the violence that has occurred and the way workers' money has been loaned and spent, that Mr. Hoffa is acting for the good of the industry, is the most astounding statement that I have listened to before this committee.

Mr. BRIDGE. I do not wish to withdraw that statement. I still say that in the overall good of the industry Mr. Hoffa has been helpful.

Mr. KENNEDY. For the people he represents (pp. 15726–15728).

Bridge denied that the movement to get "a better press" for Hoffa was undertaken to influence the jury but was instead a quest for "better public relations" and creation of an atmosphere more favorable "for Hoffa generally."

Mr. KENNEDY. You were working on behalf of Mr. Hoffa?

Mr. BRIDGE. Well, we feel that he has been a help to the industry, and it is natural that we would try to cooperate with him (p. 15731).

Bridge acknowledged that he had met Barney Baker "in Nebraska some 2 years ago, probably," and that he had intervened during the war to secure the release from jail of Baker's friend and associate on

the New York waterfront, Cockeyed Dunn, who eventually went to the electric chair for murder. Bridge said that the intervention occurred at a time when he was in Washington in an advisory capacity for the armed services.

> Mr. KENNEDY. He had been for 20 years one of the most notorious gangsters on the New York waterfront, this man that you intervened for.
>
> Mr. BRIDGE. Well, let me say this to you, Mr. Kennedy: If I had had my way and we weren't at that time afflicted with the loss of ships between the Atlantic seaboard on our side and the European side regularly in convoys, through submarine action, if it were not for that sort of thing going on, and there was some idea that he could be helpful in spotting the unfortunate people who were betraying us, I would have said, and I said so at the time, I not only would keep him in jail, but I would throw away the key. I didn't do it out of any good will on my part (p. 15733).

Bridge next was interrogated about a letter he wrote on February 22, 1957, to Keeshin which said: "John T. 'Sandy' O'Brien will instruct the officeworkers' organizer, Bill Joyce, to defer his organizing activities in relation to C. A. Conklin Truck Line and Truck Rail Terminals, Inc."

> Mr. KENNEDY. What was that about?
>
> Mr. BRIDGE. Well, the Teamsters Union in Chicago had a drive on to organize clerical help. In the case of Conklin at that time, he was reorganizing or dividing his work between the Teamsters and the railroad operation, and he was to have the organization activities delayed until he had it separated. They have since joined the union.
>
> Mr. KENNEDY. You were able to get the Teamsters to defer their organizational drive against Mr. Keeshin?
>
> Mr. BRIDGE. I have often used my influence with them to work out satisfactory arrangements, and I will again. That is part of my job, to take care of the people I represent.
>
> Mr. KENNEDY. I am sure of that.
>
> Mr. BRIDGE. Let me add, though, since you made that last comment, I have never worked out or concluded what are commonly referred to as sweetheart contracts. The concessions I have obtained, so far as contracts are concerned, have been under collective bargaining, approved by the Drivers Council and the joint committee. Every one of them.
>
> Mr. KENNEDY. As this truckowner said this morning, it is a question not of the contract itself, but it is a question of the enforcement of the contract. And you were able to go over the heads of the local union officials and the business agents, right to Mr. Hoffa, which was a great advantage.
>
> Your description of this letter is that you were able to get for Mr. Keeshin an organizational drive called off. I think your power was immense, and I don't blame you for liking Mr. Hoffa.
>
> Mr. BRIDGE. It is always very good when you win, but when you get on the other side of it they are not nearly so happy with you.

Mr. KENNEDY. When you lose, let me know.

Senator ERVIN. The evidence would indicate that when you wanted an organizer of the Teamsters called off for one of your clients that the Teamsters obliged by calling off the organization of the drivers.

Mr. BRIDGE. Temporarily.

Senator ERVIN. And when the Teamsters wanted to coerce the employers of an unorganized company to compel their employees to join the Teamsters that you returned the compliment by even writing their parties, not only your clients, but third parties, advising them to take steps whose effect could only be to assist the Teamsters in the accomplishment of their objective.

Mr. BRIDGE. No; that is not true. The effect is to protect the carriers.

Senator ERVIN. Incidentally, that was one of the effects?

Mr. BRIDGE. That was not my purpose.

Senator ERVIN. You did that with knowledge of the fact that that would be one of the effects; did you not?

Mr. BRIDGE. I have been accused of helping to organize, but I have not.

Senator ERVIN. That is not my question. I said you gave this advice not only to your clients but to these third persons with knowledge of the fact that one of the results of the action you advised them to take would be to assist the Teamsters in accomplishing their objectives?

Mr. BRIDGE. It could help. You don't put much weight on my statement that I am trying to protect my carriers (pp. 15733–15734).

Bridge denied that he had ever received any income or gifts from the Teamsters Union or any officers thereof.

Testimony received by the committee also established that the Teamsters Union figured prominently in a secondary boycott situation involving the Waldorf-Astoria Hotel, Terminal Barber Shops, Inc., and the Journeymen Barbers, Hairdressers, Cosmetologists & Proprietors International Union of America, AFL–CIO.

Jay S. Bauman, of Rye, N.Y., president of Terminal Barber Shops, told the committee that his corporation early in 1956 was operating 21 establishments in New York, Baltimore, and Pittsburgh, most of them located in New York. The corporation had a contract with an independent union known as the Terminal Barbers Guild, which represented "the 200-odd barbers and 100 manicurists in the 14 barbershops in New York City" (p. 15384).

Bauman testified that he received a visit early in 1956 from Robert Verdina, an international representative of the Barbers Union and also secretary of local 706, who said he wanted to represent the Terminal employees. Bauman declared that when he pointed out that the employees already were organized, Verdina replied that the Barbers Union did not recognize "company unions." Bauman said that Verdina also pointed out to him that Terminal had lost shops in the Palmer House in Chicago, the Book-Cadillac in Detroit, and other cities in the Midwest.

After the Verdina visit, Bauman said, he conferred with the Guild officers, including Charles Zirpola, the president, and "I told them that our position, as long as we could maintain it, would be neutral." The Terminal employees, the barbers, thereafter met, Bauman testified, and sent word back to Bauman that they did not take Verdina seriously and were not going to join the union for the time being.

Terminal also had a lease at the Commodore Hotel, Bauman testified, which expired January 31, 1956, and it was his understanding that the Barbers Union contemplated picketing there but it never materialized. The Commodore eventually renewed the lease but not during the period of the labor dispute.

Bauman asserted that Verdina gave him about a week's notice of the union's intention to picket the Waldorf-Astoria, and he notified the hotel management, which in turn advised him that the hotel did not intend to get involved in the labor problems of its concessionaires. The picketing started on March 1. It had no noticeable effect for the first few days, Bauman said, but then the deliveries to the hotel suddenly stopped and this precipitated the crisis. His company went to the New York Supreme Court on March 9 and obtained a temporary restraining order, but this was recognized as only a temporary expedient because the company knew that the picketing would start at some other location where Terminal had a shop—

> and it was a question as to whether we would get a restraining order in each one of these. So there would have been continuous labor problems from our point of view (pp. 15388–15389).

Terminal, Bauman said, realized it was in a spot because its lease at the Waldorf-Astoria was due to expire in June and there was apprehension over the possibility of losing the lease. A meeting of all Terminal employees was called and—

> we advised them it was a very, very serious situation, and that this was just one of a series of picketings and it would be of terrible consequence to lose our largest and the shop with the most prestige (p. 15388).

The employees then voted to affiliate with the Barbers Union.

> Senator CURTIS. And in order to buy industrial peace for the Waldorf and other businesses transacted in there, it became necessary for these barbers to abandon the Guild and join the other union?
>
> Mr. BAUMAN. That is correct.
>
> Senator CURTIS. And was it your opinion that that was an unwilling act or a choice they did not want to make?
>
> Mr. BAUMAN. Well, they were just about put in a position where they had no alternative.
>
> Senator CURTIS. It wasn't a free choice, then?
>
> Mr. BAUMAN. There was as much pressure as could possibly be put on there, and these people worked 25 years at the Waldorf-Astoria and some of the men had been on the job 25 or 30 years and it is not unusual at all, and here their security actually was being threatened.
>
> Senator CURTIS. You are referring to general employees of the Waldorf?

Mr. BAUMAN. No, I am talking about the barber employees. Many of the barbers had been there since the shop was built, when the Waldorf was built. They wanted to stay there, and they really had no alternative but to become members.

Senator CURTIS. What I mean is it wasn't a free choice, and they could not prefer whichever bargaining agent they wanted?

Mr. BAUMAN. That is right.

Senator CURTIS. They were compelled to take a union that was not their first choice?

Mr. BAUMAN. That is right.

Senator CURTIS. Or the barbershop could have been closed?

Mr. BAUMAN. That is right.

Senator CURTIS. And this picketing was not effective until it was honored by the Teamsters Union, and affecting the supplies coming in the hotel?

Mr. BAUMAN. That is right. There were other unions that did cross the picket lines. The musicians I believe crossed, and the hotel employees were all organized and they crossed the picket lines to my knowledge, and of course Mr. Verdina could testify better than I, but the only union that did not come in was the Teamsters.

Senator CURTIS. And the hotel itself would have remained neutral if the Teamsters Union had not supported this picket line?

Mr. BAUMAN. I am not in a position to answer that.

Senator CURTIS. Well, they were neutral up until the Teamsters did enter the picture?

Mr. BAUMAN. Yes.

* * * * *

The CHAIRMAN. So in effect, this was raiding a union by coercion and compelling a segment of that guild to transfer their membership and their allegiance in one union to the other. Is that what it amounted to?

Mr. BAUMAN. I believe so.

The CHAIRMAN. I am just speaking in practical terms, and not necessarily legal terms, but that was the practical effect of it?

Mr. BAUMAN. That is right.

The CHAIRMAN. And that effort on the part of the AFL Barbers Union was having no effect until the Teamsters stepped in and supported it by refusing to deliver goods to the entire hotel?

Mr. BAUMAN. That is right.

The CHAIRMAN. Not just refusing to deliver merchandise or consignments to the barbership but to the entire hotel?

Mr. BAUMAN. That is correct.

The CHAIRMAN. I think that is all.

Senator ERVIN. Did the barbers who worked in the Terminal Barber Shops at other points in New York City have to go into the AFL union, also?

Mr. BAUMAN. Yes, sir.

Senator ERVIN. How many altogether were transferred from the guild to the AFL union?

> Mr. BAUMAN. Well, there were a little over 300 in New York City that eventually did, maybe 40 in Pittsburgh, and 1 beauty salon (pp. 15389–15390).

The position of the Waldorf-Astoria was explained to the committee by Joseph P. Binns, executive vice president and general manager, and John H. Sherry, the hotel's attorney.

Binns testified that the hotel was aware of the impending clash between the Barbers Union and Terminal and said his own barber had expressed himself as being unhappy over the prospect of changing his membership and had told him the other employees felt the same way. But, Binns said, "I refused to be drawn into it until such time as the pickets actually appeared" (p. 15392).

Sherry said that Verdina called on him with a request "for cooperation" but "our position was that we did not want to interfere in an internal situation between a barbershop and its employees."

Then, Sherry declared, Verdina came to him again—

> and made a suggestion that perhaps our lease could be somewhat amended so that we would be in a position to lock out the tenant in the event of a strike of its employees, or in the event of picketing of the shop, or labor dispute developing between the tenant and ourselves or its employees, rather.
>
> * * * * *
>
> Mr. KENNEDY. So that you would cease the relationship with that company?
>
> Mr. SHERRY. So that we could exercise police powers and terms of perhaps cooperation (pp. 15392–15393).

Sherry said he told Verdina "we had a valid lease and that any breach of that lease would result in damages against us, and that I was neither sympathetic to the proposal nor would I have the legal power to comply with it."

Binns testified that when the picketing started it was conducted at several of the entrances. Eventually it was concentrated at the service delivery entrance, and the hotel then began to experience trouble as vital supplies were cut off.

> Mr. BINNS. You can imagine a very large organization doing something like $25 million worth of business a year and not having any garbage disposal. That has to go out of there every morning in the early morning hours. We have to have fresh produce. We are out of business if we do not have deliveries and removals. It is perfectly obvious. We average maybe 2,500 guests, between 2,000 and 2,700 employees, and this activity concerning the barbers began to so seriously restrict the normal business of this institution and in some instances could have caused some danger to elderly people who live in the hotel. Certain people have to have their meals in, and so forth. It became a critical situation to us. I was not about to have 40 barbers' and manicurists' activities and problems result in the closing down of the Waldorf-Astoria. That is the real situation that resulted by virtue of the fact that we could not get deliveries, not by virtue of anything that had to do with the barbershop.

Mr. KENNEDY. The picket line in and of itself was not effective, as I understand. It was just the cutting off of the deliveries and the pickups that was effective.

Mr. BINNS. We work very closely with some very fine labor people. We have a very fine labor contract for almost all of our employees with an AFL union in the city of New York. Those people came in and out of the building as they do every day and disregarded the picket lines. The customers of the barbershop did not pay any attention to the pickets. The only problem came when we were unable to get deliveries as I have outlined. That is a fatal problem.

Mr. KENNEDY. It could have closed you down.

Mr. BINNS. It was a matter of a few more days and we would have had to eliminate our services and maybe gradually begin to evacuate the building.

The CHAIRMAN. That is the power that is now reposed in the Teamsters Union. That is a demonstration or illustration of the extreme powers they have over the economy of any area or business where they desire to make use of or employ that power.

Mr. BINNS. This is a very simple but powerful example.

The CHAIRMAN. How many employees would you say you have at the hotel?

Mr. BINNS. As I said, Senator, we run between 2,000 and 2,700 employees. Because we have a large group of what we call temporary employees or extra waiters and extra people sometimes 500 or 600 a day.

The CHAIRMAN. But your employees exceed 2,000.

Mr. BINNS. They exceed 2,000.

The CHAIRMAN. And practically all of them, I assume, are members of unions?

Mr. BINNS. They are all members—they happen to be all members of the AFL—except some white-collar workers and office workers and some miscellaneous classifications. I would say 95 percent are members of organized labor groups.

The CHAIRMAN. They who are members of the AFL in other unions who were employees of the hotel did not honor the picket line?

Mr. BINNS. That is right, sir. They came to work.

The CHAIRMAN. They continued with their work.

Mr. BINNS. That is right (p. 15394).

* * * * *

Senator CURTIS. I would like to ask the attorney, you would regard the action of the AFL Barbers Union representatives when they called on you in your capacity as representative of the Waldorf as applying pressure, would you not?

Mr. SHERRY. It might be so characterized, although it was done in a reasonably tactful manner.

Senator CURTIS. The fact that someone is polite and their words are well chosen and their voice is not raised does not

lessen the implications of what they can do and what they are informing you they might do; is that correct?

Mr. SHERRY. That is correct.

Senator CURTIS. In that sense, as I understand you, are you not stating that they got rough, so to speak, but they did inform you of harmful consequences that could come if these men did not ultimately get into their union?

Mr. SHERRY. They made that absolutely clear to me.

Senator CURTIS. It is also very evident that your client, the Walforf-Astoria Hotel, was definitely a neutral; was it not?

Mr. SHERRY. Yes; absolutely a neutral. Incidentally, it was so recognized by the Barbers Union—I must give them credit for it—they apologized for the consequences that they forecast would ensue (p. 15398).

When Verdina was summoned to the witness stand, it developed at the outset that he had some complaints of his own about the lack of democracy within the Barbers Union. He identified himself as secretary of local 760, but testified that he and eight other international representatives had been fired by General President William C. Birthright the day after the international convention at Indianapolis adjourned on September 15, 1958.

Verdina said that he and some of the other organizers unsuccessfully fought at the convention for separation of the offices of general president and general secretary-treasurer, both of which were held by Birthright. He said Birthright was reelected and he and the others were fired the next day "without any notice whatsoever."

The CHAIRMAN. That is what you call liquidating your opposition; is that correct?

Mr. VERDINA. That is correct (p. 15400).

The separation proposal, Verdina said, was defeated in a "voice vote" and that a "fast gavel" overruled a motion for a secret vote. He also declared that "a good majority of the delegates" depended on Birthright for their jobs, that appointed international representatives have the same vote in the convention as a duly elected delegate from a local, and that there is no limit on the number appointed.

Verdina also testified that—

> we submitted changes and amendments to the constitution which were cast aside by the law committee. He appoints the law committee, too. Every amendment or resolution that is submitted by local unions is reviewed by the law committee, and if there is anything in these resolutions that would upset him personally, it goes into the wastebasket. It never comes up on the convention floor (p. 15407).

Verdina conceded that the Terminal Barbers Guild was a "strictly independent" union and not company dominated at the time he started his organizing campaign early in 1956. He said he contacted the Commodore Hotel because he was instructed to do so by Birthright. When he approached Mr. Hickey, the vice president of the Commodore, Hickey wanted to know if George Meany, AFL–CIO president, was aware of what was going on, Verdina said.

Hickey called Meany in Florida, Verdina testified, and Birthright, who also was in Florida for a quarterly meeting of the AFL–CIO executive board, called him and said—

> that if I could extract a promise from Mr. Hickey that if he will not renew the lease to Terminal, that we wouldn't picket the Commodore Hotel.
>
> Mr. KENNEDY. He gave you that promise?
>
> Mr. VERDINA. Yes, sir (p. 15402).

Verdina said he then moved on to the Waldorf-Astoria. He admitted having had discussions with Sherry about the Terminal lease there but insisted he did not recall having made any suggestion for the insertion of a clause in the lease of the type described by Sherry when he was on the stand.

Of "about 300" employees in Terminal shops, Verdina admitted he had cards signed only by "40 or 50", including "4 or 5" of the "30 or 35" employed at the Waldorf-Astoria, but on March 1 went ahead with "organizational picketing" (p. 15404). He reported daily by telephone to Birthright in Florida.

When he told Birthright that the picketing was ineffective after 3 or 4 days, Verdina asserted, Birthright asked if "the Teamsters are going through." Verdina reported that they were and he quoted Birthright as saying, "Well, I will talk to Dave Beck about it." The next time he called, Verdina said, Birthright told him that arrangements had been made for the Teamsters not to go through the picket line.

> Senator ERVIN. Let us see how this thing operated.
>
> Mr. Birthright told you to put out the pickets. In other words, the Barbers got the Teamsters to cut off the victuals and drinks of the patrons of the hotel, so the patrons would bring pressure to bear on the management of the hotel, so that the management of the hotel would bring pressure to bear on the management of the barbershop, so the management of the barbershop would bring pressure to the members of the guild, so that the members of the guild would be induced to join the AFL Barbers Union?
>
> Mr. VERDINA. I believe that is the way it worked.
>
> Senator ERVIN. I believe you might say that the Barbers Union is like providence—it moves in mysterious ways (p. 15406).
>
> * * * * *
>
> Mr. KENNEDY. The whole purpose of this picket line, Mr. Verdina, was to bring pressure on the Waldorf-Astoria?
>
> Mr. VERDINA. Not necessarily.
>
> Mr. KENNEDY. The major effort was in order to bring pressure on the Waldorf-Astoria?
>
> Mr. VERDINA. No.
>
> Mr. KENNEDY. What do you say the major effort was, to influence the employees in the barbershop?
>
> Mr. VERDINA. That is right.
>
> Mr. KENNEDY. Why did you have the picket line on at night, then?
>
> Mr. VERDINA. Because a hotel is open all night and employees go in and out of that place all night long.

Mr. KENNEDY. There are no barbers going in and out at that time.

Mr. VERDINA. I understand. But we wanted to convey the message to our union people who worked in the hotel who might come in contact with the barbers, which they do.

* * * * *

The CHAIRMAN. What was the purpose to bring the Teamsters in at all except to influence the hotel?

Mr. VERDINA. I didn't bring them in.

The CHAIRMAN. That was the purpose, was it not?

Mr. VERDINA. It was the purpose of the general president.

The CHAIRMAN. It was to influence, to put pressure on the hotel?

Mr. VERDINA. I don't know, Senator. I told you I follow orders.

The CHAIRMAN. You are not that dumb.

Senator ERVIN. You are not going to take back what you told me. You told me that the Barbers got the Teamsters to stop going there so the Teamsters could cut off the drink and victuals to the patrons of the hotel, so the patrons of the hotel could pressure the management of the hotel, so the management of the hotel could protest to the management of the barbershop, so the management of the barbershop could do something about the barbers joining your union. You told me that is the way it worked.

Mr. VERDINA. That is the way it worked.

Senator ERVIN. You don't want to take back the proposition that the Teamsters were persuaded not to cross the picket line, which cut off the food and beverages for the patrons of the hotel; is that not so?

Mr. VERDINA. That is what happened.

Senator ERVIN. It was intended to happen that way, too, was it not?

Mr. VERDINA. I don't know.

Senator ERVIN. You don't know that. You state on your oath, after having taken an oath to tell the truth, that you did not know that was the way it was intended to happen?

Mr. VERDINA. If that was the intention of our general president and the way he worked it that way and it worked out——

Senator ERVIN. He told you that he talked to Dave Beck down there and Dave Beck was going to stop the Teamsters from crossing the picket line, in that telephone conversation you had with him?

Mr. VERDINA. He said he would speak to Dave Beck. He didn't tell me what would happen.

The CHAIRMAN. He told you what did happen.

Senator ERVIN. When he told you he was going to speak to Dave Beck, you thought he was going to say good morning, Mr. Beck. Is that what you thought?

Mr. VERDINA. I don't know, Senator, I wasn't there.

Senator ERVIN. You have enough intelligence to draw some conclusions, haven't you? Are you telling us that you didn't

think that he was speaking to Dave Beck so that Dave Beck would cause the Teamsters not to deliver food and drinks to the hotel?

Mr. VERDINA. I wouldn't know that, Senator. I wasn't there.

Senator ERVIN. You know that is what happened up in New York after he talked to Dave Beck?

Mr. VERDINA. That is what happened (pp. 15409–15411).

The story of 12 years of harassment through the means of a secondary boycott was spread on the record before the committee by F. C. Sawyer, executive vice president of the Burt Manufacturing Co., of Akron, Ohio.

In a lengthy statement given at the outset of his testimony, Sawyer made the following points:

The Burt Manufacturing Co., of Akron, Ohio, is a corporation which has, since 1890, been engaged in the manufacture, assembling, and fabricating, to customers' specifications, of roof type ventilator equipment, wall louvers and special sheet metal fabrication primarily for installation on large buildings such as schools, commercial, public, government, and industrial buildings. Burt ventilators and equipment are sold throughout the United States, to owners, engineering firms, contractors and subcontractors engaged in the planning and construction of buildings. The company has a sales staff of its own in addition to having 65 sales representatives throughout the Nation to facilitate the sale of its equipment. It employs approximately 150 people at its plant of whom approximately 100 to 110 are factory workers.

For many years the Burt Co. has had trouble with a union, known as the Sheet Metal Workers International Association and its local unions.

This union controls the labor supply of skilled sheetmetal workers in the construction industry and has over many years tried to prevent the use of Burt products in this industry. These efforts were only sporadic, however until about 1946 when the number and effect of such incidents increased following the unionization of Burt's factory employees by the CIO union, the United Steelworkers of America.

From 1946 to 1955 there were numerous instances where the Sheet Metal Union tried to prevent, or did prevent, the installation of Burt's products on construction projects because these products were not made by members of their union. However, their efforts during this period did not assume the character of a planned, intensified nationwide boycott, but after the merger of the AFL and CIO in December of 1955 the boycott really assumed serious proportions.

The Sheet Metal Workers Union has never represented the employees at the Burt Manufacturing Co. plant. Prior to 1945 it had at various times exhibited interest in organizing some of Burt's employees, but apparently was never interested in having as members any of the employees other than the few men who might be classified as journeymen sheet metal

workers, because the union was operating strictly as a craft union. There has never been a contract between the Sheet Metal Union and the Burt Co. for any of Burt's employees.

In 1942 the Steelworkers organizing committee organized some of Burt's employees and entered into a contract with the company for 1 year at the end of which time that union allowed the contract to lapse. No contract was in effect thereafter with any union, and in October 1945 the United Steelworkers of America was certified by the National Labor Relations Board as the bargaining agent for Burt's employees following an election conducted by the Labor Board. Negotiations between the company and that union thereafter resulted in a contract on April 24, 1946.

Yearly contracts were negotiated until 1952 when a union shop contract was concluded. Successive contracts with the Steelworkers Union have continued from 1952 to date (pp. 15414–15415).

The Sheet Metal Workers Union has never requested the NLRB to certify it as the bargaining representative for company employees but has never abandoned its efforts to force the employees to affiliate, notwithstanding the employees' apparent satisfaction with the Steelworkers Union.

The Sheet Metal Workers Union classified Burt products as nonunion and scab made, notwithstanding the contract between the company and the Steelworkers Union, and gave notice that the only way the company could get its products installed was by putting its employees into the Sheet Metal Workers. Furthermore, with reference to manufacture, only Sheet Metal Workers could be used and, if the products had to be made by hand process at greater cost, that was no concern of the union.

After the AFL–CIO merger in 1955, the Sheet Metal Workers, which previously operated as a craft union, determined to invade fabricating plants and advised its members to use their strength in the erecting field and refuse to handle, erect, or install products not made by members of their union.

Since about 1939, the Sheet Metal Workers Union has compelled contractors with whom it does business to sign a standard form of agreement which the union contends bars the contractor from handling, purchasing, or using in any manner any sheet-metal work or materials not made by members of the union. The union has contended further that it has not engaged in a boycott but has been insisting only on a contract clause aimed at preserving work opportunities for its members.

The Sheet Metal Workers Union has brought pressure to bear on architects to avoid including Burt products in specifications or to withdraw them if they have been put into specifications.

The Sheet Metal Workers has brought pressure on contractors and other persons in the sheet metal industry not to purchase or use any Burt products.

The union has published a "fair" list giving the names of concerns whose products are "acceptable for installation" by its members and has notified contractors that use of products of concerns other than those named would be considered a breach of the standard agreement.

The Sheet Metal Workers Union control practically all of the available supply of sheet-metal workmen in the United States and has withheld members from projects unless the contractor or owner agreed not to use Burt products.

The Sheet Metal Workers Union has, on occasion, prevented the unloading at job sites of products not made by its members, with the implied threat of a picket line that would compel the entire construction program to close down.

To avoid possible conflict with the secondary boycott provisions of the Taft-Hartley Act, the Sheet Metal Workers Union directs its campaign of intimidation against management or representatives of management.

Members of the union have been placed in fear of fines or other penalties if they work on Burt products and employers have been threatened with withdrawal of their working force and consequent closing of their business unless they agreed to refrain from using or installing Burt products.

The union has permitted installation of Burt products on hand on some occasions but only after the contractor agreed to the payment of a financial penalty which, in one case, was the payment of double time for work performed in installation of the particular products involved.

Where a contractor was bound by the terms of his contract to install Burt ventilators, he was told by union representatives that it was better for him to break his contract with the owner than with the union, and compelled to install equipment which the owner perhaps did not want.

The Burt Co. faced little prospect for success in litigation because harassment was occurring in many parts of the United States and a multiplicity of actions would be cumbersome and prohibitively expensive and boycott provisions of Taft-Hartley were ineffective because of many loopholes.

The quest for legislative relief at State and Federal levels had been nonproductive.

The facts have been laid before the Antitrust Division of the Department of Justice.

Unfair labor practice charges were brought before the NLRB in Cleveland against the international and several of its more active locals; the Board has issued a complaint, and in March of 1958 the Board secured a temporary restraining order from the U.S. district court in Cleveland, effective until such time as the Board makes a determination of the validity of the charges.

Appeals have been made to the higher echelons of the Steelworkers and Sheet Metal Workers Unions, only to be met by the adamant demand of the latter that the turnover of the Burt employees be ordered as the only means of settling the problem. The AFL–CIO has been unable to effect a settlement of this interunion dispute and it has been referred to an impartial arbitrator whose recommendation has not yet been forthcoming.

The boycott has cost the Burt concern a loss of $3 million to $4 million in business over the last few years.

Sawyer, who supplied specific instances to support his various allegations during the course of his statement, concluded by suggesting

that the Taft-Hartley Act be strengthened in the following four ways:

> (1) By making it unlawful to coerce secondary employers, as well as employees.
>
> (2) By plugging the loophole which now permits the boycott by the union by preventing workmen from accepting work for the secondary employer, or by failing or refusing to supply workmen for the purpose of carrying out the boycott.
>
> (3) By making the boycott unlawful whether it be one caused by the act of a single employee instead of the acts of two or more employees, as is required at present.
>
> (4) By not permitting either the union or the employer to legitimatize a boycott by contract, as the standard form of agreement of the Sheet Metal Union attempts to do, or as the hot cargo clause in other union contracts would do (p. 15428).

Examination of Sawyer by various members of the committee and by counsel developed these additional points:

(1) The standard agreement between contractors and the Sheet Metal Workers Union is in the nature of a "hot cargo" contract, the difference being that it applies to purchase, handling, and installations of goods rather than mere transportation.

(2) Since the Taft-Hartley Act specifies that employees have sole right to choose their bargaining representative, the Burt Co. would be forced into committing an unfair labor practice if it acceded to the demand that its employees be turned over to the Sheet Metal Workers.

(3) There are instances, notably in the New York and Chicago areas, where the union will not permit sheet metal products manufactured outside those areas to be shipped in, even though the fabrication has been done by members of the Sheet Metal Workers Union.

(4) The union avoids involvement with the law by putting pressure only on one person, thereby skirting the "concerted action" aspect of the law.

William O. Frost, business manager of Sheet Metal Workers Union No. 70 in Akron, submitted a prepared statement at the outset of his testimony which fixed the membership of his local at about 800 and the membership of the international union at about 100,000.

Frost's statement made these points:

(1) This is not a case of a giant union trying to harass and ruin a small employer but a case of a small union trying to protect the legitimate interests of its members and to enhance and increase the work opportunities of those employees it represents in the fabrication, assembly, and installation of sheet-metal products. It takes at least 4 years to produce a reasonably skilled metalworker; modern technological changes place additional burdens upon the members to increase their skills and adaptability; the union helps to do this through apprentice training programs licensed by various governmental agencies; and the union must be in a position to give some assurance that the acquisition of skill will be accompanied by a reasonable guarantee of steady employment.

(2) To reduce as much as possible the problem of seasonal unemployment which has always been a troublesome factor, the union, by contract with the sheet-metal contractor, endeavors to do a total job

of manufacturing, fabricating, assembling and installing sheet-metal products.

(3) The Burt Manufacturing Co. operated without any union for more than 50 years until 1941 or 1942 when employee dissatisfaction brought a request to his union for organization. The company vigorously opposed the move, granted wage increases, pressured the employees otherwise and defeated the attempt to organize. In 1943, Burt employees again expressed interest in the union, but the plant was finally organized in 1945 by the Steelworkers Union. Wage rates are below the Sheet Metal Workers scale and Burt enjoys a tremendous competitive advantage by reason thereof.

(4) Burt produces its products, sells them in the competitive market, and then asks employers under contract with the union to install what it produces when other employers can manufacture, assemble, install the same or similar products. As a result, contractors would merely sell the labor of skilled craftsmen and be denied the opportunity of manufacture and assembly. The union has the right to protect its own claim to work by insisting legally that employers under contract with it comply with the terms of their agreements and give the work covered by the agreements to employees represented by Local 70.

(5) The union is not engaging in a secondary boycott against any of Burt's products or any other employer. It is not striking Burt nor attempting to force its employees out on strike. The union is not attempting to organize Burt employees.

Senator ERVIN. Mr. Frost, are you telling the committee that you were not interested in any way in your union becoming the bargaining representative of those who worked at the Burt Manufacturing Co.?

Mr. FROST. No. I was not interested in representing the Burt Manufacturing Co. employees.

Senator ERVIN. You didn't even want them to join your union? Is that what you are telling this committee?

Mr. FROST. I had tried in 1941 and 1942 and I failed and from that day on when they went to the Steelworkers we forgot about them altogether. It was their privilege to belong to whatever union they wanted to. We did not interfere. We only wanted to get our contractors to live up to our standard form of agreement.

Hundreds of times there would be different articles that our shops could make, and we also tried to get them to perform that work with our members. That was my duty as the agent representing the union.

Senator ERVIN. If I understand the English language, you are stating positively that after 1941 and 1942 your union was not doing anything whatever to become the bargaining agent and had no desire to become the bargaining agent of the employees of the Burt Manufacturing Co.

Mr. FROST. That is right.

Senator ERVIN. Your sole objective, then, was to put the Burt Manufacturing Co. employees out of the job?

Mr. FROST. No; we were trying to keep our own men employed.

Senator ERVIN. In practical effect, you did not desire to represent the employees of the Burt Manufacturing Co., but you merely desired to persuade the public not to use any products that were manufactured by them?

Mr. FROST. We were only trying to get work, as I say, and get our contractors to comply with our union agreement. If Burt wanted to have the Steelworkers in there, that was their business. If the boys wanted to belong to the Steelworkers, that was their business. It wasn't ours. We were powerless. They didn't come to us and we didn't go to them (p. 15445).

* * * * *

Senator ERVIN. If the employees of the Burt Manufacturing Co. were some of your boys, then you would not exert any pressure to keep people from using products manufactured by them, is that not so?

Mr. FROST. If they were members of our union I would be required to represent them and fight for them.

Mr. KENNEDY. You are saying that you are not interested in having that come about. The only solution for the Burt Manufacturing Co. is to go out of business?

Mr. FROST. There is no way I can do anything about this. Under the law I cannot bother the employees out there. I have to stay away.

Mr. KENNEDY. So what you were trying to do actually was to put the Burt Manufacturing Co. out of business because you don't want to become the bargaining agent of its employees. You say that is illegal. You are going to continue the pressure because of these agreements that you have. So therefore what you are trying to do is to put the Burt Manufacturing Co. out of business?

Mr. FROST. This fight has been going on for 50 years or more.

Mr. KENNEDY. That is fine. Just answer the question.

Mr. FROST. Burt has been doing pretty well. They are enlarging their plant. They are not going out of business.

Mr. KENNEDY. I am not saying that they are going out of business. I am not saying that you will be successful. What you are attempting to do from your explanation here before the committee is put the Burt Manufacturing Co. out of business.

Mr. FROST. No. If we are to give up all our fabrication our contractors are going out of business. It will be such a thing that we won't have any sheet-metal job shops. The contractor will buy all the stuff. We will become a gang of erectors. We won't need journeyman sheet-metal workers.

Our shops have hundreds of thousands of dollars of investment and if we don't use the equipment our shops will go out of business and our boys will be on the street. So all we are fighting for is self-preservation (pp. 15450–15451).

Frost denied any participation in a suggestion that the Burt concern's troubles could be ended if the Sheet Metal Workers became the bargaining agent for the company's employees and maintained he

was not aware of any such proposal having been made by anybody else connected with the union.

O. L. Garrison, assistant to International President David J. McDonald of the Steelworkers Union, described to the committee the activities of the higher echelon of the Steelworkers in attempting to settle the problem.

Garrison told of the many complaints that were routed to him about refusal by the Sheet Metal Workers to install Burt products and identified a copy of a letter written by Robert Byron, general president of the Sheet Metal Workers, to P. W. Ohler, district director of the Steelworkers Union, on December 16, 1955, in which Byron stated that the Burt Co. "has been nonunion for our organization for many years" and "we hope in the near future when your agreement with this company expires that, with your help, we may be able to put them into our organization where they belong" (p. 15456).

Garrison testified that numerous conferences with top officials of the Sheet Metal Workers and with department heads of the AFL–CIO failed to produce any results and the situation reached a point where President McDonald wrote a letter to AFL–CIO President George Meany on November 7, 1956, urging him to have the Sheet Metal Workers cease and desist from boycotting Burt products or, failing to do that, requesting him to call a special meeting of the AFL–CIO Executive Council to deal with the matter. Meany referred it to the council at the winter meeting in February 1957; a committee was appointed to investigate, and the committee, acting on behalf of the council, issued an order to the Sheet Metal Workers to cease and desist from boycotting Burt products because the committee had found the union to be in violation of section 4, article 3 of the AFL–CIO constitution which protects the established collective-bargaining rights of all affiliates.

Sheet Metal Workers President Byron wrote a letter to President Meany on May 8, 1957, pledging that his union would not seek to establish a collective-bargaining relationship with Burt, nor would it consent to become bargaining representative for Burt employees "under any circumstances."

Said Senator Curtis:

> They take the position here they would not represent them. Yet they also take the position with contractors and subcontractors and ultimate customers that Burt products are never to be installed. So it leads everybody to a blind alley. According to their position, there is nothing to do but for Burt to fold up and for the men to be out of employment. Is that not true?
>
> Mr. GARRISON. That would be my interpretation of that in view of the actions that they have taken and had taken in the past (p. 15460).

Garrison testified that President McDonald complained to President Meany again on June 10, 1957, that the Sheet Metal Workers still continued the boycott activity and cited five specific instances of violation. Meany subsequently sent McDonald a copy of a letter dated July 19 from Byron in which the latter denied that the Sheet Metal Workers activity was directed against the Steelworkers or the Burt company but represented instead an effort by his union to protect its contracts and the enforcement of its contracts.

Garrison said the issue was referred to the AFL–CIO Executive Council again in February of 1958, resulting in the designation of David Cole as an impartial arbitrator. Garrison's testimony also covered other instances where there were expressions of a desire by the Sheet Metal Workers to become the bargaining representative for Burt employees.

Testimony generally corroborative of Garrison's was presented to the committee by Peter M. McGavin, assistant to AFL–CIO President Meany.

Edward F. Carlough, general secretary-treasurer of the Sheet Metal Workers International Association, also began his testimony before the committee with a prepared statement similar in content to that presented by Frost when he was on the stand.

The statement concluded with these observations:

> Efforts have been made through the public press and elsewhere to create the impression that our organization has singled out the Burt Co. for special treatment and that we have embarked upon a program which is intended to put them out of business. It has also been said that our purpose is to raid the Steelworkers and to obtain recognition for ourselves in the Burt plant.
>
> Nothing could be further from the truth.
>
> I cannot emphasize too much or too often that our sole purpose in enforcing our agreements with our contractors is for the protection of job opportunities for our members and the elimination of the unfair competition from employers, of which Burt is one, who receive such competitive advantage from the payment of lower wage rates.
>
> We sincerely believe that if we are denied this right of self-preservation, the employees whom we represent will gradually but surely be reduced to the function of merely installing prefabricated items manufactured at low wage rates by employees of other companies. Our wage rates will in turn be lowered, our apprentice training program placed in jeopardy, and the skilled manpower of our trade reduced.
>
> * * * * *
>
> It has already been severely curtailed by existing laws which prevent us from encouraging those whom we represent to refuse to handle or install products made by other employers, regardless of its effect upon their work opportunities. It would seem manifestly unfair to impose any further restrictions. This would be particularly true if we should be precluded from including our own employers to perform work which they have every right to perform and which would otherwise be denied them by unfair competition from other employers.
>
> Mr. Chairman and members of the committee, we feel that our activities in this situation are justified and necessary for the preservation of the rights of those whom we represent and should not be prohibited or curtailed (pp 15476–15477).

Senator Ervin declared that he construed Carlough's statement to mean—

> according to your interpretation of your bargaining agreements, that you require every person you contract with to agree to boycott everybody or all items or products that are not fabricated by members of your union.
>
> Mr. CARLOUGH. We don't consider that forcing anybody to boycott anybody (p. 15477).

Carlough was interrogated about his union's activity after the AFL-CIO cease-and-desist order.

> Mr. CARLOUGH. Our interpretation of cease and desist was not to impair the bargaining relations of the Burt Manufacturing Co. and the Steelworkers, which we never did do. To make sure that we wasn't, we reaffirmed that we hadn't done it but if they said we did it we would stop doing it. But we had nothing to stop. We never did do it.
>
> Senator CURTIS. In other words, you continued just as you had before the letter.
>
> Mr. CARLOUGH. Yes, sir (p. 15481).

Carlough also declared that—

> we would not violate any of our agreements with our employers or cancel any agreements because of Mr. Meany's letter until we find out whether we are right or wrong. That is a voluntary organization. Mr. Meany cannot dictate the terms of our agreements with our contractors.
>
> * * * * *
>
> Senator ERVIN. Suppose that the Burt Manufacturing Co. came to you and said: "Mr. Carlough, your local unions are persuading the people not to purchase or use our products and we want to get along on good terms with you. We want to stay in business. We want to protect our investment. We want to stay in business and we would like to be able to sell our products without any interference from the Sheet Metal Workers, and I would just like to know"—this is Burt Manufacturing Co. now and not me—"what we can do to get your locals to put an end to this activity they are directing toward our products." What would you tell the Burt Manufacturing Co.?
>
> Mr. CARLOUGH. They did come up and asked a little further than that. They asked us how could they get in and get our agreement. Mr. Sawyer asked us that.
>
> Senator ERVIN. What did you tell them?
>
> Mr. CARLOUGH. We told them that he nor anybody else could do that. It was up to the members to vote what local union the members wanted to go into (p. 15483).
>
> * * * * *
>
> Senator ERVIN. In other words, as far as you are concerned, you left him without hope in this world?
>
> Mr. CARLOUGH. Without what?

> Senator ERVIN. Without hope in the world of finding any way in which he could have an end put to these activities. Is that what you are telling us?
>
> Mr. CARLOUGH. I didn't tell him nothing at all about he hasn't got any hope in the world, because the Burt Manufacturing has been in a long time, 68 years, and they have been doing business for 68 years, and still doing it (p. 15485).

Senator Ervin established through interrogation of Carlough that the standard form of agreement was formerly required by the union's constitution, but Carlough testified that this provision has since been removed from the constitution although the forms are still supplied to locals "as a guide" for contractual relations.

> Senator ERVIN. So striking the provision requiring them out of your constitution didn't seem to have affected your practice any?
>
> Mr. CARLOUGH. Well, it is only taken fully out of our constitution September 15, sir (p. 15489).

Carlough objected to the designation of the union's publication of the names of contractors who have signed the standard agreement with the union as a "fair list" and said no such characterization appears in the book issued by the international.

A letter dated March 3, 1958, sent to sheet-metal contractors by Carl R. Rider, a business agent for local 36, which referred to "the enclosed list containing names of fair contractors" was displayed to Carlough.

> Senator CURTIS. He says fair contractors according to the international union.
>
> Mr. CARLOUGH. That is the way he wants to phrase it.
>
> Senator CURTIS. You are repudiating his statement.
>
> Mr. CARLOUGH. I repudiate his statement if he says the international sent him a list and says it was fair contractors. We sent him a book. The book speaks for itself. If he wanted to add that, that is his business (p. 15494).

FINDINGS—SECONDARY BOYCOTTS

The area of secondary boycotts is one which received prominent attention by the committee, and hearings were held which were in large part responsible for the inclusion of the secondary boycott provisions in the legislation enacted during the 1st session of the 86th Congress, the Labor-Management Reporting and Disclosure Act of 1959. It is the hope of the committee that this legislation will correct the inequities which existed.

These hearings break down logically into four principal divisions, each one of which illustrates a portion of the boycott problem:

1. The Waldorf-Astoria Hotel-Terminal Barber Shops, Inc., case;
2. The Nebraska Teamsters hot cargo cases;
3. The Texas Teamsters hot cargo cases;
4. The Burt Manufacturing Co. case.

The hot cargo category deserves a separate mention here. The hot cargo clause is a clause inserted into most, if not all, Teamsters Union

contracts with employers. Briefly, it provides that the employer will not require his employees to handle goods designated by the Teamsters Union as "unfair." This clause may be invoked against any employer engaged in a dispute with the Teamsters. The net effect is to have the distinterested employer help to force a settlement in a case in which he is not directly interested. Since many trucking firms have as much as 50 percent or more of their business transferred to other trucking firms in transit, the invocation of this clause has a devastating effect on the volume of business.

WALDORF-ASTORIA HOTEL-TERMINAL BARBER SHOPS, INC., CASE

The power of the Teamsters and their capricious use of it were never more clearly demonstrated than in the case involving organization of the Terminal Barber Shops, Inc., a New York corporation, by the Barbers Union of the AFL–CIO.

Terminal Barber Shops, Inc., operated shops in a number of locations, mostly in New York. The barbers were represented by another union, the Terminal Barbers Guild. This was a legitimate labor union, recognized by the New York State authorities. Originally an attempt was made to convince a number of the members that they should join the Barbers Union of the AFL–CIO.

Failing in this, the Barbers Union attempted to force recognition by asking the management of the Waldorf-Astoria Hotel to cancel the lease of Terminal Barber Shops, Inc. This, too, was unsuccessful.

After a short notice, the Barbers Union placed pickets at all of the main entrances of the Waldorf-Astoria Hotel. Within a day or two the pickets were withdrawn from all entrances except the loading dock. The pickets were ineffective until the Teamsters Union recognized the picket line at the loading dock and shut off all deliveries. With supplies shut off, a gradual paralysis set in at the Waldorf.

The lack of storage space at the Waldorf precipitated a crisis within a few days. The Waldorf was faced with the alternative of closing or applying pressure on the barbers to sign up with the Barbers Union of AFL–CIO. The latter course was chosen.

In response to the pressure by the Waldorf, the barbers elected to join the AFL–CIO Barbers Union. This is a clear-cut case in which a disinterested party, the Waldorf-Astoria Hotel, was the object of pressure to enforce the demands of the Barbers Union, effectively abetted by the Teamsters Union.

THE NEBRASKA TEAMSTERS HOT CARGO CASES

The need for legislation was amply demonstrated by the fact that Coffey's Transfer Co., Alma, Nebr., fought and won every legal battle in its dispute with the Teamsters, but was forced out of business.

The Teamsters sought to sign a contract with Coffey without securing the consent of the employees. Neither the employees nor the employers desired representation by the Teamsters. The secondary boycott invoked by the Teamsters shut off Coffey's interchange freight, without which he could not survive for long. This was accompanied by violence and destruction; the crippling factor, however, was the boycott.

Coffey sought legal relief from the courts and the NLRB and was adjudged to be right in each case, but, in the space of 6 months, he was forced to sell his company at a substantial loss.

A somewhat similar course of events affected Clark Bros. Transfer Co. of Norfolk, Nebr. However, Clark Bros. were able to combine with others in similar positions and stay in business. In the case of Coffey, the union sought an election and lost; in the case of Clark Bros., the union did not even seek an election.

THE TEXAS TEAMSTERS HOT CARGO CASES

The factors involved in the Texas case are somewhat similar to those in the Nebraska case. However, the use of violence was much better organized and much more intensive. In this case an NLRB election was sought by the union and, after it was overwhelmingly defeated, the union sought no more recourse to this method of learning the will of the employees.

Hired strong-arm men harried the employees of Southwestern Motor Transport, with weapons up to and including firearms.

An additional organizing technique involved the use of stolen dynamite in bombings and attempted bombings.

In both the Nebraska and the Texas cases, all of the principal union witnesses invoked the fifth amendment.

In these cases, as in others, the committee heard stories of destruction, violence, physical injury, and one alleged killing, all purported to be perpetrated to further the interests of the workingman.

In the Galveston Trucking Co. case, the committee learned that this firm had sought and received from the Interstate Commerce Commission permission to duplicate the operating rights of the companies which would not accept Galveston's freight. This action was of great assistance to the industry in this problem, but it is hoped that the measures provided for in the Labor-Management Reporting and Disclosure Act of 1959 will be of more basic assistance.

THE BURT MANUFACTURING CO. CASE

In this instance the committee heard how one firm in Akron, Ohio, was caught between an industrial union, the United Steelworkers of America, and a craft union, the Sheet Metal Workers International Association, each claiming jurisdiction over the company.

Burt had signed a contract with the United Steelworkers with a union shop clause. The Sheet Metal Workers, whose members install the products produced by Burt, refused in many cases to install these products on the grounds that the products were not made by members of their union.

The Sheet Metal Workers claimed that they were defending the integrity of their craft by this action, whereas Burt and the United Steelworkers claimed they had signed a contract in good faith and were adhering to it and, therefore, should be permitted to function without interference.

This matter has been referred to the AFL–CIO Executive Board, which found unanimously for Burt and the United Steelworkers, and instructed the Sheet Metal Workers to cease and desist.

The Sheet Metal Workers have made no change in their policy.

The secondary boycott provisions of the Labor-Management Reporting and Disclosure Act of 1959 now prohibit secondary boycotts in jurisdictional disputes, as well as boycotts in other types of cases heretofore discussed.

Sheet Metal Workers International Association, Chicago Area

Dilution of the democratic processes in labor unions and the corresponding ascendancy of autocratic control are evils assumed by the uninitiated to be problem areas only for the affected labor organization.

But all too frequently there are byproducts of this initial seizure of power by a hard core of opportunists who, motivated by greed, extend despotic practices in an ever-widening circle that eventually engulfs whole segments of a particular industry.

When a specifically defined right to an exclusive function in the construction field is coupled with tight control of the labor supply in the particular skill involved, the potentiality for abuses associated with a monopolistic position is intensified.

The way is thus opened for (*a*) the levying of tribute for the mere privilege of doing business with the union and (*b*) the imposition of conditions so onerous that companies engaged in the specific field with which the union is identified run the unpalatable risk of being unable to survive.

Further complicating the picture is the undeniable fact that in the larger metropolitan areas of the country that have been heavily unionized it is almost mandatory to operate a union shop. Architects, contractors, and manufacturers or companies requiring construction work to be done are disposed to avoid probable conflict with a union and refuse to accept bids from the small independents unless they have been unionized.

The plight of the small independent who is faced with this dilemma was graphically described during hearings conducted by the committee in December 1958, following an investigation of the Sheet Metal Workers International Association in the Chicago area.

Nearly a dozen small contractors specializing in heating equipment installation were called to the witness stand before the committee and testified uniformly to having paid the president and/or business agents of Local 73 of the Sheet Metal Workers sums ranging from $250 to $400 each for the mere privilege of acquiring union shop recognition. One witness testified that he was forced to go to work for another contractor because the union withheld for almost a year his "OK" to go into business on his own, and three witnesses charged that the union, acting in concert with other contractors, participated in the rigging of bids for work done principally on public buildings. Still another testified that the president of the union offered to obtain "State work" for him providing he would pay 2 percent of the contract.

The president of local 73 is Arthur H. "Harry" Cronin. He also is fourth vice president of the Sheet Metal Workers International.

The committee also heard testimony that a Kansas manufacturer of heating and air-conditioning equipment paid a total of $27,000 to Cronin to "alleviate" interference with the installation of its equip-

ment in various parts of the country. These payments were spread over the period from 1952 to the end of 1954.

The Kansas firm was the Coleman Co., Inc., of Wichita, which ranks among the first 10 manufacturers of heating equipment and air-conditioning equipment, according to Carl L. Burrows, formerly a vice president and now the manager of the company's midwestern division. The company has been making heating equipment for about 20 years and started in the air-conditioning and warm-air furnace field in about 1950.

By the following year, Burrows testified, the company was experiencing difficulty in getting its products placed and having the Sheet Metal Workers handle them. The Coleman concern had an independent union in its own plant, the National Appliance Workers, and part of its product was being produced by a firm in St. Louis which had a contract with the Stove Mounters Union "but we found that didn't solve our problem," Burrows said.

The responsibility for getting the problem solved was delegated to Louis Marks, now deceased, who was the sales manager of the company's heating division. Burrows said Marks eventually reported to him that $2,000 was needed to "correct our problem" and he and Marks went to Chicago where he cashed a company check dated May 8, 1952, for that amount at the Continental Illinois Bank & Trust Co. "The cash was placed in an envelope and Mr. Cronin was with Mr. Marks, and on the street, outside of the Continental Illinois Bank, I handed Mr. Cronin the envelope with the $2,000 in it," Burrows declared.

> Mr. KENNEDY. How did you understand, or what was explained to you, as to why you had to pay Mr. Cronin the $2,000?
>
> Mr. BURROWS. Well, all I can tell you, sir, is Mr. Marks told me that he thought it could solve our problems (p. 15762).

Burrows said he had the impression that the $2,000 payment was all that Marks needed but that Marks came back in January 1953, and said he need another $5,000.

> Mr. KENNEDY. Did you understand it was going to be for the same purpose?
>
> Mr. BURROWS. That is right.
>
> Mr. KENNEDY. Had the first $2,000 that you paid in June 1952 achieved the purpose that you desired?
>
> Mr. BURROWS. Not wholly, but to a very substantial degree.
>
> Mr. KENNEDY. Had it alleviated your labor difficulties?
>
> Mr. BURROWS. It had; yes.
>
> Mr. KENNEDY. The situation had improved a great deal?
>
> Mr. BURROWS. It had improved.
>
> Mr. KENNEDY. Over the period of June 1952 to January 1953?
>
> Mr. BURROWS. That is correct.
>
> Mr. KENNEDY. And Mr. Marks told you another $5,000 was necessary?
>
> Mr. BURROWS. That is correct.

Mr. KENNEDY. Were you present when that $5,000 was paid?

Mr. BURROWS. I will have to look back at the record, sir. I think I was. Yes, sir.

Mr. KENNEDY. How was that handled?

Mr. BURROWS. That was paid—I cashed the check at the Continental Illinois. Mr. Marks and I met Mr. Cronin in either Mr. Marks' room or mine. I can't be sure which room it was in the La Salle Hotel in Chicago. It was paid there. I cashed the check, had the money placed in an envelope, gave it to Mr. Marks, and he handed it to Mr. Cronin (p. 15764).

Burrows identified a company check for $5,000 dated January 15, 1953, as the one he cashed on this second occasion. Six months later, Burrows authorized the issuance of another company check for $5,000 dated June 18, 1953, which, he said, was given to Marks who cashed it in Chicago.

Mr. KENNEDY. And you understood this was also going to Mr. Cronin?

Mr. BURROWS. That is correct.

Mr. KENNEDY. That was why the check was made out?

Mr. BURROWS. That is correct.

Mr. KENNEDY. And that why the check was cashed?

Mr. BURROWS. That is correct.

* * * * *

Mr. KENNEDY. Were you achieving the labor peace that you desired during this period of time?

Mr. BURROWS. I wouldn't say, sir, that we were using the proper approach, but yes, we were having no further trouble.

Mr. KENNEDY. You were getting what you were paying for?

Mr. BURROWS. I think so (pp. 15765–15766).

Burrows testified that he ordered the issuance of $5,000 checks dated December 29, 1953, and June 3, 1954, which also were handled by Marks in the same way, but he personally handled a $5,000 check dated December 1, 1954, because Marks was no longer with the company.

The delivery of cash in an envelope was made to Cronin in the cocktail lounge of the La Salle Hotel in Chicago, Burrows asserted, and at the same time he turned over to Cronin some correspondence from a firm in Grants Pass, Oreg., which was "having some troubles." Burrows added that he asked Cronin "if he could do something to help me on it" (p. 15768).

A few days later, Burrows testified, he received a letter from Cronin—it was dated December 24, 1954—returning the $5,000, after which Burrows called Cronin in Chicago and subsequently visited him early in January 1955, because "I was afraid we were going to have some more difficulty." At the January meeting, Burrows described Cronin as "being somewhat agitated and I can assure you that I was" (p. 15770).

Mr. KENNEDY. Did you subsequently learn that the Internal Revenue Department had been watching the transaction between you and Mr. Cronin in December of 1954?

Mr. BURROWS. I didn't know it until about October of this year.

Mr. KENNEDY. But you did learn in October that they had had an agent in the room when you made this payment?

Mr. BURROWS. Yes. I obviously didn't know it at the time.

Mr. KENNEDY. Do you think that that might have been the explanation, that Mr. Cronin had learned about the fact that they had an agent there and for that reason had returned the $5,000?

Mr. BURROWS. That is about the most plausible answer I can think of.

The CHAIRMAN. Do you know whether he reported the other $22,000 on his income or not?

Mr. BURROWS. I have no idea.

The CHAIRMAN. He never returned any of the other $22,000?

Mr. BURROWS. No, sir.

The CHAIRMAN. A possible return of it was never discussed between you?

Mr. BURROWS. No, sir.

The CHAIRMAN. That he retained, but he did return the last $5,000?

Mr. BURROWS. That is correct (p. 15771).

Burrows described to the committee the method by which the Coleman Co. obtained a union label for its products. He said Marks came to him, obviously at the suggestion of Cronin, and told him of the necessity for a union label. Arrangements were made to subcontract those parts of the distribution system in which the Sheet Metal Workers were interested to the Sterling Manufacturing Co. in Wichita, which, in turn, signed a contract with the Sheet Metal Workers Union covering the employees doing the subcontract work for the Coleman Co.

Mr. KENNEDY. That started in January of 1953, or thereabouts?

Mr. BURROWS. I think that is substantially correct.

Mr. KENNEDY. But between June of 1952 and January of 1953, even though you didn't have any label on at all, the difficulties that you had had with the union were alleviated?

Mr. BURROWS. They were alleviated. Not entirely solved, but alleviated (p. 15772).

Affidavits corroborating this part of the testimony of Burrows were placed in the record. The affidavits were given by John Schul, formerly purchasing agent and director of material for the Coleman Co.; Floyd Wayland Richards, who was administrative assistant to Burrows from 1950 to 1955; and Milton K. Arenberg, president of Robert Barclay, Inc., Chicago, Ill., which handled Coleman products in the Chicago area from 1953 to 1957.

Summoned to the stand after Burrows completed his testimony, Cronin categorically denied ever having received any money from

either Burrows or Marks, with the exception of the $5,000 he returned in December 1954. Cronin has been a member of the Sheet Metal Workers since 1925; an officer of local 73, which covers Cook and Lake Counties in Illinois, since 1941; president of the local since July of 1948, and an international vice president since October of the same year.

Cronin acknowledged that there had been discussions, usually with Marks, about the Coleman concern's problems but he insisted that he was not interested in what happened in other parts of the country and that the most he did about the situation was to bring it to the attention of the general office of the international and it was thereafter handled "by one of the international men." He added that, "I had no power to do anything other than in our own jurisdiction in Chicago" (p. 15782).

Burrows had testified that Marks made the third payment to Cronin at the end of June in 1953. On July 2, Cronin wrote a letter to Burrows stating that he spent "a pleasant few hours with Lou Marks in Chicago, Ill., last week. We discussed conditions in various parts of the country relative to your product, and again I would like to assure you of our cooperation as we feel that the agreement is of mutual benefit." Burrows replied under date of July 7 and stated, "it would appear that our working arrangements with your union are excellent" (p. 15785).

Cronin told the committee he thought the "agreement" he referred to in the letter was an agreement between the Coleman Co. and the international, although the record is plain that no such agreement ever was made. Burrows was recalled and stated that the only "agreement" he knew about was that under which Cronin was receiving the periodic payments and the "cooperation" was the fact that, "when we had trouble we would call it to Mr. Cronin's attention and he took care of it for us" (p. 15789). Burrows said further that his statement about the excellent working arrangements with Cronin's union meant "that we were getting along fine" and that the results "were satisfactory, excellent" (p. 15790).

Cronin testified that he told Burrows, when the latter met him in Chicago early in 1955, that he returned the $5,000 "because I didn't want it."

> The CHAIRMAN. Did you discover at that time that an internal revenue man was witnessing these payoffs?
>
> Mr. CRONIN. I did not know anything about that. I don't know anything about it now.
>
> * * * * *
>
> The CHAIRMAN. Do you mean to say you never heard of such occurring?
>
> Mr. CRONIN. No; I can't remember hearing anything like that (pp. 15790–15791).

Cronin "thought" he sent the $5,000 back to Burrows the very next day after the meeting in the cocktail lounge, but it was pointed out that the date on the letter was 4 days later and the letter actually was postmarked December 27, 7 days after the occurrence. Cronin replied that it might have been 1, 2, 3, or 4 days after payment of the $5,000

before he went to the bank and purchased a cashier's check with the same money that was in the envelope. He never told anybody about receiving the $5,000 or sending it back and he said he did not consider it was a "bribe" but more like "a Christmas present" that he did not want and refused to accept. He did not remember making any particular effort to learn from Burrows what reason he might have had for trying to give him $5,000.

Cronin admitted that he owned the Acme Furnace Fitting Co., which had a contract with his union, but sold it to George Sullivan in 1954 or 1955 for "around $50,000." Also included as part of the deal was his stock in the Sunbeam Air Conditioning Co., whose sheetmetal workers were covered by a contract with his union.

Cronin flatly denied that he or any of the union's business agents ever suggested to contractors that they give business to the Acme concern when he owned it (p. 15799).

Cronin also denied unequivocally that he had ever exacted cash payments of any kind "for any purpose whatever" from any contractor or employer. He also testified that any money paid into the union by a sheetmetal worker wanting to become a member was based upon 100 hours at the prevailing rate, which at the time was $3.75 or a total of $375 as initiation fees. The 100-hour figure, Cronin said, is customary in most building trade unions.

Senator Kennedy expressed the opinion that the $375 initiation fee charged in local 73 was "much too much," particularly when the work involved may not endure for a long period of time. Cronin replied that the 100-hour determinant is common in the building trades, and Senator Kennedy observed that the custom ought to be changed.

Warren A. Tapper, president of Tapper's Central Heating Co., Des Plaines, Ill., 22 miles from Chicago, began operations as a nonunion shop in 1947. He was installing heating systems in new homes in the fall of that year when he got a call from Cronin to the effect that the work "belonged to union men and you are nonunion."

Tapper testified that he told Cronin, "Well, as long as I have the contract, I consider it my work, and according to the Taft-Hartley Act I could run nonunion men," and he quoted Cronin as retorting, "Well, we don't believe in the Taft-Hartley Act." Tapper said he told Cronin he had 10 more homes to finish and Cronin promised not to give him any trouble providing he would not start any additional jobs "until you meet with me" (p. 15808).

After finishing the 10 homes, Tapper declared, he bought out a union shop, Crowe Sheet Metal Co., and was told by Crowe that he wouldn't have any further trouble because Crowe had paid Cronin $500 for the privilege of operating. But, according to Tapper, Cronin had other ideas and Crowe was summoned to the union office and informed that there would have to be another payment or Crowe would have to get out of the shop, even though Crowe had carried a card in the union for "a good many years." Crowe was killed in an automobile accident not long after that and, Tapper said, "the day after the funeral they were back in my shop looking for money" (p. 15809).

It was Shannon Troutman, business agent for local 73, who told him that it would cost him $500 "to get straightened up," Tapper testified, and Troutman told him to meet Cronin. Meanwhile, Tapper said, he was contacted by the Pipefitters Union and a member of the

contractors association who advised him not to pay any money because "there was an investigation on." Suspecting that "they were trying to make a guinea pig out of me," Tapper nevertheless met with Cronin, told him about the investigation, and let Cronin know he didn't want to get mixed up in it (p. 15810).

Tapper quoted Cronin as saying, "Under the circumstances, I won't take any money from you now," and they agreed on a 60-day moratorium which ended, according to Tapper, with Troutman back in his office "hollering and yelling that I had no business operating" and again telling Tapper to get in touch with Cronin. Tapper said he called Cronin and made an appointment to meet him the following morning at his home, at which time he laid $250 on the breakfast table. Tapper quoted Cronin as asking where the other $250 was, to which Tapper replied, "Well, you promised me that I could get in for less money." He said Cronin did not press the point.

Declaring that "no one can open up a sheetmetal shop and hire union men without first paying off" in the Chicago area, Tapper testified that the payoff is "what the traffic will bear" and that it is generally accepted by everybody in the business that it is a necessary payment (p. 15811).

Although he was importuned "from time to time" by Acme Co., salesmen to buy their products and "be on the good side" of Cronin, Tapper declared he never purchased from Acme. He also told how the union business agents "from time to time" told him he should have the union label on pipe and fittings and gutters, and he declared, "Acme was the only shop in the Chicago area with the union label" (p. 15811).

> Mr. KENNEDY. So if you had the union label, you had to get it from Acme?
>
> Mr. TAPPER. That is right, sir (p. 15812).

Testifying with apparent reluctance, Harold Erck, president of Air-way Heating & Ventilating Systems, Chicago, described how he started in business in November 1950. Cronin first checked with Erck's former employer and obtained his assurance that he had no objection to Erck going into business for himself, and then Cronin "suggested" a donation to a fund "for sheet metal workers who were sick or in hospitals or out of work," to which Erck agreed to the extent of $300, which he paid in cash "because I was asked to give cash."

> The CHAIRMAN. Of course, you knew what it was, a payoff, so that you could go into business, didn't you?
>
> Mr. ERCK. Well, you are telling me.
>
> The CHAIRMAN. I am asking you.
>
> Mr. ERCK. Well, I imagine it was.
>
> The CHAIRMAN. That is what you regarded it as at the time; is that correct?
>
> Mr. ERCK. I took it that way; yes.
>
> The CHAIRMAN. All right.
>
> Mr. KENNEDY. How did you make that payment?
>
> Mr. ERCK. I went to the bank and drew $300. I think I put it in an envelope. I don't remember exactly, but I think I put it in an envelope and took it over to the union hall.

The CHAIRMAN. That was the accepted method of delivering it, wasn't it, putting it in an envelope?

Mr. ERCK. I don't know. This is the first and only time I have done it, so I don't know whether it was the accepted method or not (p. 15815).

Erck recalled another payment "somewhere between $30 and $50" which he made at the union office because either steamfitters or pipefitters had done some work that should have been performed by sheet metal workers. This, Erck explained, was "to compensate for the loss of time by somebody who would have been doing that work if the pipefitters had not been doing it."

The CHAIRMAN. Do you know whether the fellows who lost the time ever got the money or not?

Mr. ERCK. That I do not know.

The CHAIRMAN. You have doubts about it, don't you?

Mr. ERCK. Well, that would be strictly my own thoughts.

The CHAIRMAN. I was able to interpret your thoughts correctly?

Mr. ERCK. I think that you were (p. 15817).

The amount of the "donation" from those seeking the union's blessing to operate was up to $400 by 1956, according to the testimony of Bert Galiger of Libertyville, Ill., sole proprietor of the Galiger Heating Co. Galiger said his company had work coming up on new construction "that was expected to be done by union employees." He had been operating for 10 years with nonunion help but in view of the impending work "I wanted my sheet-metal men to be accepted in the union," so he called local 73 and Martin J. Howard, a business agent, was sent to talk to him.

Howard "suggested" that $400 be "contributed" to the "older sheet-metal men who had been such before welfare and pension funds were set up," Galiger stated, and Howard also insisted on cash. Galiger identified a check drawn to the order of "cash" and dated July 19, 1956, which he said he took to the bank on that occasion. He said he gave the $400 to Howard.

The CHAIRMAN. Where did this money go?

Mr. GALIGER. I have no idea.

The CHAIRMAN. Do you know of any organization or any setup whereby money is collected for old sheet-metal workers who got old and out of business before they set up the pension for them?

Mr. GALIGER. I don't, sir.

The CHAIRMAN. Is that the only time you ever heard of such a thing.

Mr. GALIGER. That is right.

The CHAIRMAN. You were rather skeptical about the truthfulness of that statement at the time, were you not?

Mr. GALIGER. That is right.

The CHAIRMAN. You knew actually what you were doing was making a payoff to a union official?

Mr. GALIGER. Well, as far as general hearsay was concerned.

The CHAIRMAN. You had heard of such things before?

Mr. GALIGER. That is right.

The CHAIRMAN. So therefore you didn't protest very much, and you just knew that was expected of you and if you went in business that is the way you would have to do it?

Mr. GALIGER. That is right.

The CHAIRMAN. And you went and got the money for that purpose?

Mr. GALIGER. That is right.

The CHAIRMAN. Have you ever heard of any one old sheet-metal worker getting one dime out of any of these collections?

Mr. GALIGER. No, sir.

The CHAIRMAN. Do you know anyone who might give us some information about that?

Mr. GALIGER. No, sir (pp. 15819–15820).

Galiger positively identified Howard in the hearing room as the man to whom he paid the $400 and Howard was immediately summoned to the witness stand.

Howard testified he had been a member of the union for about 25 years and had served as a ventilating inspector for the city of Chicago prior to his appointment as a business agent in January 1953. Beyond that, Howard refused to give any further testimony, invoking the fifth amendment to all questions relating to the $400 transaction and what became of the money.

Testimony involving Cronin in the manipulation of bids for work to be performed in public buildings in the Chicago area was elicited from Cecil L. Johnson, Worth, Ill., president of the Bond Ventilating Co., Inc., who set up his business in November 1949. His first move was to contact Cronin because "in order to contact or be accepted in all offices like architects, and heating contractors, or factories of other kinds, you must be union or they will not accept you" (p. 15826).

Cronin "got mad" when Johnson told him he was going into business but, "finally he told me that he would let me go in if I gave him $300" (p. 15826). Johnson said he tendered a check but Cronin told him to cash it and bring the money back, which he did. Johnson quoted Cronin as saying the money "was going to go for Christmas baskets to the poor people" but "I pretty well assumed it wasn't" (p. 15827).

The CHAIRMAN. The fact is you knew it was just a payoff to get the privilege of going into business without being molested; is that not true?

Mr. JOHNSON. Yes, sir; and we know you have to give that to go into business, and that is standard practice.

The CHAIRMAN. You had known about that before you started to go into business, had you not?

Mr. JOHNSON. No; I can't say that. But I found it out real quick when I set my business up (p. 15827).

Johnson told the committee that he learned that some ventilation work was going to be done on the seventh floor of the county hospital in Chicago—he believed it was in 1955—so he obtained a copy of the plans as a preliminary to submitting a bid. Cronin, he said, called him from Florida and instructed him not to bid on the project or

"he would have a business agent at the door and they would rip their (his employees) cards in half and I would be out of business" (p. 15835). Johnson said he heeded the warning and "never even figured the job," and quoted Cronin as saying, "it was out of my territory, and I should not bid on the higher stuff" (p. 15828).

Subsequently, Johnson testified, he went to the Chicago Transit Authority and "got on the bidders' list" there, about 3 or 4 months after the county hospital episode. He then submitted a low bid of $17,500 for a small ventilation job and was successful, the next lowest bid being $32,000, approximately.

Cronin summoned him to the union office not long after that, Johnson declared, and told him he "should go with these boys in this thing."

> Mr. KENNEDY. Go with the employers?
> Mr. JOHNSON. Yes, sir.
> Mr. KENNEDY. What did he say, and what conversations did you have with him?
> Mr. JOHNSON. He said that they will contact you, and "now this is very embarrassing, and you should go with them on the next go-around" (p. 15831).

Cronin also gave instructions, Johnson added, to clear all future bids with him.

It so happened, Johnson testified, that the Chicago Transit Authority had received bids on another job just before his $17,500 proposal stirred the authority's interest. The CTA had rejected all bids on this other project because the lowest figure, $79,000, was considered excessive.

When the CTA asked for new proposals on this other job, Johnson asserted, he was asked to submit a bid on it. He then testified that he got a call from Cronin who instructed him to "complement the bid." This, Johnson said, meant to bid higher than a contractor who was going to get the job.

Cronin told him, Johnson went on, that he would have the contractor call and tell "what figure to put in" (p. 15829). The next development was a visit from a man Johnson "believed" was a Mr. Brown, head of the Reynolds Corp., who was accompanied by "a big fellow who made a lot of noise and tried to be rough, and he didn't hurt me, and he didn't threaten me or anything, but just cracked his knuckles, and stuff like that" (p. 15830).

> The CHAIRMAN. In other words, he was making a demonstration so as to intimidate you; is that right?
> Mr. JOHNSON. In a way; yes, sir.
> The CHAIRMAN. In other words, he was strutting around there and showing his authority?
> Mr. JOHNSON. Yes, sir (p. 15831).

Notwithstanding the demand that he "complement" his bid, Johnson said he submitted a figure of around $53,000, but another concern he identified as the Zack Co. took the contract with a proposal of $47,000.

Johnson also recalled that Cronin, during one of the discussions about the bidding practices, told him that "if I would go along with

them on things, he would try to get me some State work and I would have to pay him 2 percent" (p. 15832).

Johnson also cited two instances where contractors informed him that they had control over certain areas and that he should refrain from making any bids for jobs in those areas. He identified one as the Kaiser Corp., which warned him not to bid for a job at the Photocopy plant because "they had been in there for years and it belonged to them" (p. 15836). Johnson said his firm submitted a bid but did not get the work.

On another occasion, Louis Narowetz, a big ventilating contractor in Chicago, "took my partner and I out to lunch one time and told us that we should stick out on the outer edge of town and try to develop those little factories that are going to grow into bigger factories some day and that the Loop belonged to him and the other boys" (p. 15836). Johnson's partner then was E. W. Berg, present owner of Berg, Inc.

Johnson testified that he also was required to pay $50 each to Cronin for five apprentices furnished by the union. On a couple of occasions he passed the money to Cronin in an empty cigarette box (p. 15834).

Johnson also asserted that business agents Ray Caldwell and Joseph Kaberlein each collected $50 from him for the settlement of small grievances, that he gave Cronin a $75 set of cuff links as a Christmas present, and that his partner, Berg, spent "probably around $100" for a wedding present for Cronin's daughter.

Johnson recalled one instance where he visited a job and found the apprentice working alone. The apprentice told him the other men had just gone to lunch, but the superintendent on the project informed him that the men didn't report until 9 o'clock, left at 10 and remained away until 2:30. "I told the apprentice to tell them, to fire them when they come in. So he fired them, and that was almost the end of his union career. I had to pay them an extra day's wages each because they had been fired wrongly. They should be fired by an executive of the company" (p. 15839).

Although he started in business in 1948, Wilbur Jolicoeur of Medina, Ill., president of the Jolicoeur Metal & Heating Co., Melrose Park, did not enter into any arrangement with local 73 to form a union shop until 1952. He testified that either Cronin or Shannon Troutman told him to bring $300 in cash to the union hall and that it was "compensation for the union officers" (p. 15841).

In 1953 or 1954, Jolicoeur said, he started to bid on industrial work. Almost immediately, according to Jolicoeur, he began to get calls from the union "saying that our shop wasn't big enough, wasn't equipped well enough to handle big work; that we shouldn't be taking it." At the same time he was told, "we shouldn't even attempt to undertake any job larger than $5,000, and if we did, we should call down to the hall and get clearance from them first" (p. 15841).

Jolicoeur could not say whether the calls were coming from Cronin or Troutman but, "just those two are the only gentlemen I have had any dealings with at the union."

> Mr. KENNEDY. You can't identify any particular call with any particular individual, but the people that called you from

the headquarters were either Mr. Troutman or Mr. Cronin; is that right?

Mr. JOLICOEUR. Yes (pp. 15843–15844).

Jolicoeur disregarded the instructions and thereafter, "when we were called in to bid on a job, we just went ahead and bid it, unless we got a call." He estimated that there were six or seven instances where the union called "and told us not to turn in our bid," and there was one occasion involving work at the Illinois Institute of Technology in Chicago where the union told him what bid to make.

Mr. KENNEDY. Would you tell us about that?

Mr. JOLICOEUR. Well, we were bidding the job, and I think it was about the day before the bids were to go in, or I think 2 days before. I got a call from the hall and was asked if I was bidding the job and I said "Yes."

They mentioned that I shouldn't be bidding, but if I were going to go ahead with it, they would give me a number to go in with before the bidding was due.

Mr. KENNEDY. They would tell you what you were to bid?

Mr. JOLICOEUR. Yes.

Mr. KENNEDY. Did you bid on it?

Mr. JOLICOEUR. No.

Mr. KENNEDY. Why didn't you bid on it?

Mr. JOLICOEUR. Well, rather than go into the false price, I just forgot about the whole thing.

Mr. KENNEDY. You didn't want to be mixed up with that?

Mr. JOLICOEUR. No.

Mr. KENNEDY. What was the size of the job, approximately?

Mr. JOLICOEUR. Well, I would be a little bit reluctant to say. I would imagine $25,000 or $30,000.

Mr. KENNEDY. It was the men's residence hall at the Illinois Institute of Technology?

Mr. JOLICOEUR. Yes (p. 15842).

An affidavit dated November 25, 1958, obtained by Irwin Langenbacher, assistant counsel to the committee, from Arthur L. Nelson, vice president of John H. Nelson Co., Inc., heating and sheet-metal contractors in Chicago, continued the same theme. Nelson's affidavit stated that his company's usual contracts are around $1,000, "and our highest has been $38,000."

"About a year or two ago one of our salesmen obtained plans from a general contractor pertaining to the ventilating installation at a school. Shortly afterward I received a call from either Cronin, Troutman or Tracy of local 73 who said I was not supposed to bid on school jobs, and I said I did not intend to. No bid was entered by our company," the affidavit declared.

Another variation on the $300 "going-into-business" arrangement was related to the committee by John Merrow of Hometown, Ill., owner of the J & M Heating Co. He was a member of local 73 before he decided to go into business for himself.

Merrow opened his shop in April 1954 and employed union men. He wanted to make his contribution to the welfare and pension funds for his employees so he called the union and was told, "How can you do that when you are not even a contractor?" (p. 15845).

Kaberlein, the business agent, then pulled the men out of his shop and he had to go back to work for another contractor because, "I didn't understand that I had to clear the hall to go into business." In August he contacted the union again and was instructed to appear before the board where he signed that he was willing to pay welfare and pension fund contributions.

The next step, according to Merrow, was an inspection of his place by Kaberlein who expressed doubts about his ability to succeed. Kaberlein then "suggested" that he pay $300 "for the Christmas baskets and the older sheet-metal workers."

The CHAIRMAN. They started collecting Christmas baskets in September?

Mr. MERROW. That is what he said, sir.

The CHAIRMAN. What is that?

Mr. MERROW. That is what he said.

The CHAIRMAN. Did you believe him?

Mr MERROW. Well, I have my own opinion, I don't know what it is.

The CHAIRMAN. I am sure you did have an opinion, and you knew it was just a shakedown, didn't you?

Mr. MERROW. Well, I have heard of it a lot of times, it is standard practice.

The CHAIRMAN. And you were then experienced?

Mr. MERROW. Yes, sir, and I have been in the union quite a while.

The CHAIRMAN. And so you knew how they operated?

Mr. MERROW. Yes, sir.

The CHAIRMAN. You knew what that was for?

Mr. MERROW. Yes, sir.

The CHAIRMAN. It went to the officers, didn't it?

Mr. MERROW. Pardon me?

The CHAIRMAN. It went to the officers?

Mr. MERROW. I can't say that, and I don't know.

The CHAIRMAN. You don't think it ever went beyond them, do you?

Mr. MERROW. There are a lot of old sheet-metal workers, and I know if they come to my shop they couldn't hold a job very long.

The CHAIRMAN. There are old people in all professions and all vocations, and do you know of them getting this money?

Mr. MERROW. I never heard of it.

The CHAIRMAN. What is that?

Mr. MERROW. I never heard of it.

The CHAIRMAN. All right. I understand the staff has examined the books of the union; is that correct?

Mr. KENNEDY. Yes, that is correct.

The CHAIRMAN. And they find no entry anywhere where any money was paid out for old sheet-metal workers?

Mr. KENNEDY. Or that this money was ever received in the books.

The CHAIRMAN. There is no record or accounting of this money; is that correct?

Mr. KENNEDY. That is correct (pp. 15846–15847).

Summoned to the witness stand after Merrow completed his testimony, Kaberlein denied categorically and unequivocally that Merrow "or any contractor" ever paid him any money or that he ever engaged in any way in the rigging of bids. He also denied that the union operated a hiring hall and that employers were under no compulsion to come to the union for workers. He conceded that occasionally an employer who is unable to find someone to fill a job will come to the union to find out if there are any men waiting for work, but insisted that they were not compelled to do so.

Kaberlein testified that he and the other officers received about the same salary, $350 a week and $258 a month in expenses. The last election was in 1957 and the officers were elected "by acclamation." None of the candidates who were elected had any opposition.

> The CHAIRMAN. Mr. Kaberlein, do you have in your union, local 73, a fund for the relief of old, indigent sheet metal workers?
>
> Mr. KABERLEIN. There is no fund, and we don't collect for any fund.
>
> The CHAIRMAN. I beg your pardon?
>
> Mr. KABERLEIN. There is no fund.
>
> The CHAIRMAN. There is no fund maintained by your union for that purpose?
>
> Mr. KABERLEIN. No, sir.
>
> The CHAIRMAN. Either from voluntary donations or from dues or assessments?
>
> Mr. KABERLEIN. That is correct.
>
> The CHAIRMAN. No such fund has ever existed in your union?
>
> Mr. KABERLEIN. No (p. 15852).

But Cronin testified that there had been a fund going back to 1925 or 1926 and "it lasted until about 4 or 5 years ago." No record of receipts or disbursements was ever kept and "none of these people who testified ever sent me 5 cents," Cronin declared.

> The CHAIRMAN. All right. I wanted to get that clear. There was no fund in the first place for these people to send money to?
>
> Mr. CRONIN. Well, I don't know how far back you refer to.
>
> The CHAIRMAN. I am talking about these who testified.
>
> Mr. CRONIN. I don't know. I haven't got the testimony in front of me. I can't tell you. Some of these fellows said it was 1947 and 1948. At that time maybe they did contribute something.
>
> The CHAIRMAN. Well, did they?
>
> Mr. CRONIN. I don't know.
>
> The CHAIRMAN. In other words, there is no record?
>
> Mr. CRONIN. That is right.
>
> The CHAIRMAN. And some as late as 1954.
>
> Mr. CRONIN. I don't think there was 1 cent later than that.
>
> The CHAIRMAN. So 1954 couldn't be correct?
>
> Mr. CRONIN. It could and it couldn't be, Senator. I am not sure.

The CHAIRMAN. Who administered that fund?

Mr. CRONIN. Well, we would usually pick somebody who was out of work to handle it and take notes, letters, that were sent in to the union by men who were out of work, and at times there were as many as 200 or 300 or 400.

At that time, the contributions never, never came up to what were needed to make up the Christmas baskets. Contractors would send in trucks. We would buy the baskets, use the money that was sent in for that purpose, and if money was necessary we did take it out of the union at that time to add——

The CHAIRMAN. Are there any records of the money you took out of the union?

Mr. CRONIN. Well, I imagine they would be there. But that is some years ago, now.

The CHAIRMAN. Wouldn't you know as president whether you kept records or not?

Mr. CRONIN. I don't keep the books, Mr. McClellan.

The CHAIRMAN. No, but you supervise it. You are responsible, if you have any duties at all (p. 15854).

Cronin finally conceded that no records existed to substantiate his testimony.

The CHAIRMAN. Did you ever refuse to take checks for that fund?

Mr. CRONIN. I certainly did.

The CHAIRMAN. Why?

Mr. CRONIN. Because we didn't want them. The men, they sent them in voluntarily, and we sent them back to them.

The CHAIRMAN. You sent the checks back?

Mr. CRONIN. Yes, sir.

* * * * *

The CHAIRMAN. You don't take checks or cash for contribution to this fund?

Mr. CRONIN. There are no checks or contributions coming in for any fund at this time.

The CHAIRMAN. You say you have no fund now, but you have had it. I am talking about when you had the fund. Did you insist on cash or did you accept checks?

Mr. CRONIN. No; we did not. We would take anything then.

The CHAIRMAN. You would take anything you could get (p. 15855).

Merrow positively identified Kaberlein as the man to whom he paid the $300 and Johnson returned to identify both Kaberlein and Cronin as the men who took cash from him. Kaberlein said the only explanation he could give was that, "I presume they made false entries in their income tax returns." Cronin called Johnson's testimony "an unmitigated lie" (p. 15857).

Cronin denied any connection whatsoever with a check of the Sunbeam Heating & Air Conditioning Co. dated October 30, 1952, drawn to the order of M. E. Garvey, trustee, and endorsed by Garvey and Marie Garvey with a notation, "received cash." However, he did

identify a check for $2,500 drawn to his order by Marie Garvey on October 31, 1952, as a dividend he received on his stock in the Sunbeam concern.

> The CHAIRMAN. Did you declare that dividend on your income tax?
>
> Mr. CRONIN. I think I did. Well, I had two, then, Senator. I received two dividend checks, one of which I received and one of which I inadvertently did not report.
>
> The CHAIRMAN. How much was the amount of the other?
>
> Mr. CRONIN. The other one was $2,500 (p. 15862).
>
> * * * * *
>
> The CHAIRMAN. Why was this stock dividend handled in this fashion, paid to a trustee and then by the trustee to you?
>
> Mr. CRONIN. I don't know.
>
> The CHAIRMAN. You have no explanation of it?
>
> Mr. CRONIN. I have no explanation whatsoever.
>
> The CHAIRMAN. Was it a device to conceal your ownership in the company?
>
> Mr. CRONIN. No, sir.
>
> The CHAIRMAN. Was your ownership in the company generally known?
>
> Mr. CRONIN. I don't think it was; no (p. 15863).

Mr. Cronin declared flatly that he never received any money or anything of value, directly or indirectly, from any contractors, contractors' associations, or representatives of individuals or associations.

> The CHAIRMAN. The Chair yesterday announced that this record, when the sharp conflict arose between the testimony of Mr. Cronin and Mr. Burrows, that that record would be sent to the Justice Department. It is perfectly apparent now that the whole record of this particular series of investigations, particularly with relation to the operations of local 73, Mr. Cronin's activities and others who have been testifying here, will go to the Justice Department for its attention and for appropriate action.
>
> I am convinced that there is certainly willful perjury, and I might agree with you, some of the biggest lies I have heard possibly in a long time have been testified to here under oath. It is an imposition upon the Government of the United States to have people come before this committee and willfully and deliberately lie or give false testimony. It is a crime, and it is a crime that should be punished, and I am urging the Justice Department to take immediate and appropriate action to pursue it to the end that justice may be administered, and those who are guilty punished (pp. 15865–15866).

The tribulations of a shop owner who first agreed to pay the $400 "fee" for the privilege of becoming a union shop and then revolted when an attempt was made to jack the figure up to $1,600, were recited to the committee by Emil Genc, operator of the Round Oak Sales & Service Co., Chicago. He had been in business since 1927 but decided in 1953 that he wanted a union shop. He contacted local 73 and a few days later Ray Caldwell and another business agent inspected the

premises. Caldwell telephoned him after that and made arrangements for Genc to visit the union office (p. 15867).

Genc testified he went to the union hall and talked to a man he thought was "Mr. Tracy," but he later learned it was Cronin with whom he had the conversation. Cronin spelled out the regulations, including one that specified one helper for every seven sheet-metal workers. This caused Genc to remark about the number of companies that do not have a union shop and Cronin warned him "to just worry about myself." This was followed by a demand for $400 in cash, and Genc testified Cronin said to him, "Every contractor pays that. Don't act so surprised. You probably know it" (p. 15868).

Cronin, according to Genc, said he would make an arrangement for collection of the $400 and, about 3 or 4 months later, a man Genc could not identify appeared at the shop and said, "I come over here, I guess you know, to pick up the money. Harry sent me." Harry is Cronin's nickname.

Genc testified he told his visitor he was willing to give him the money but suddenly the visitor remarked that there were four business agents on the street and "I want $400 for each one of them."

> The CHAIRMAN. $400 for each of the four?
>
> Mr. GENC. Yes. So I got violent and shoved him off and got mad. The man turned around. He walked out of the shop and by the time I got to the office he was gone. Then I didn't hear anything from anybody until, from 1954, until I started building my own building. When I started building my own building once on Wednesday afternoon I walked in and I see all the union there, except the bricklayers and plumbers, every one of the two or three business agents are on the corner and Mr. Ray Caldwell asked me, he said, "Who the heck tell you or give you any idea you can build a building?"
>
> The CHAIRMAN. "Who in the heck told you you could build a building?"
>
> Mr. GENC. Yes. I said, "Nobody did. Why?"
>
> He said, "Who is going to do your heating?"
>
> I said, "I am a heating contractor. I will do it myself."
>
> He said, "You will like hallelujah." He said, "I will show you who will do your job. I will stop the job."
>
> I said, "That is kind of silly. I am a heating contractor. Do you mean to tell me I can't put my heating in my own building?"
>
> He said, "Heck no; I will show you that you cannot."
>
> Well, in the meantime another businessman came in, Mr. Sullivan, head of the Building Trades Union, and he said "Why in the heck don't you join the union?"
>
> I said, "I want to, but I was asked for $400, and then somebody come in collecting $1,600. How do I know if they are not going to come in for some more later on?" I said, "I am not going to join anybody." I said, "I would join a union providing I don't pay any money."
>
> He was very much amazed. Mr. Ray Caldwell told him, Mr. Sullivan, I was a damn liar; I had no proof. That was

it. They did stop my work and I have to go through lots of pain.

The CHAIRMAN. They did what to your work?

Mr. GENC. I said they did stop the building.

The CHAIRMAN. They did stop it?

Mr. GENC. Yes; they did.

The CHAIRMAN. Stopped work?

Mr. GENC. Stopped work on my building. They make the ironworkers pull out of there; they make the electricians pull out of there. The bricklayers were the only union where they were so sure I was on the up and up, because we had all union help. There was nobody working on the building from then when they stopped. The electricians were union, the bricklayers were union, the steelworkers were union. The only fellows who were nonunion, and we didn't do any work at that time on the building, was us.

Then we finally were compelled to finish up the building ourselves. When we called the union, the contractor, the Hamilton Gas Co. in Chicago, asking when they were going to put our gas in, they told us they were stopped by the union, that I should get myself straightened out with the Sheet Metal Workers.

I told them there was nothing to straighten up. So I went over to see Mr. David from the Hamilton Gas Co., and he told me, he said, "What the heck, why don't you pay off the $1,600 and get yourself straightened out?"

The CHAIRMAN. $1,600?

Mr. GENC. Yes. I don't know where he got it from, or how he got it, but exactly that is what they told me. Finally, a couple of months later, Mr. Ray Caldwell called me on the telephone. He said, "Emil, you haven't got the gas and the windows yet." I told him we are just making a contract with a nonunion contractor to put the gas in. He said, "Well, I have released your job."

The CHAIRMAN. He what?

Mr. GENC. That he would release our job. He said he would call off the stop. About 10 minutes later I got a call from the Hamilton Gas Co. and they asked us if they can install our gas. I told them as long as I didn't sign up with any other contractor yet, they should go ahead and do so.

The CHAIRMAN. Did you ever pay the $1,600?

Mr. GENC. No, sir; I didn't pay a dime to anybody.

The CHAIRMAN. Who was the first one that demanded money of you?

Mr. GENC. Mr. Harry Cronin.

The CHAIRMAN. Mr. Cronin, the witness who testified here?

Mr. GENC. Yes, sir.

Mr. KENNEDY. How were you able to identify him?

Mr. GENC. Well, I saw him yesterday in the morning. I didn't think that was him. I thought it was Mr. Tracy until he come over here and sat down to testify. He is the gentleman I talked to (pp. 15868–15869).

Warren A. Tapper, who testified in his initial appearance before the committee that he laid $250 on the breakfast table in Cronin's home, made a search of his records for the month of August 1949, after Cronin labeled his testimony as false. Returning to the witness stand, Tapper produced a petty cash ticket dated August 31, 1949, for $250 which bore the notation, "Sheet Metal Workers Union," in handwriting Tapper said was his secretary's. This was placed in the committee's record as an exhibit.

In view of Cronin's assertion that Tapper had never been in his home, Tapper then described in detail the interior of the Cronin dwelling and particularly the breakfast room where he said he laid the $250 on the table.

Testimony that the so-called working agreement between a shop and local 73 ceased to have any meaning just as soon as any change occurred in the shop management was forthcoming from the next three witnesses, all of whom were identified at various times with the ownership of a company formed in 1952.

James L. Moore, presently the owner of the James Moore Heating Co., Des Plaines, Ill., and Emmett D. Wells, now the owner of the Wells Heating & Sheet Metal Co., Des Plaines, formed a partnership in September of 1952 which operated under the name of the Acme Heating Co.

Moore said that about 2 months after the business opened Ray Caldwell and Shannon Troutman, the two business agents for local 73, visited the shop and said, "We wasn't supposed to open a shop without first going through the union hall." Then they said there would be this money to be paid in (p. 15874).

Moore didn't remember which one asked for the payment of $300 but did recall distinctly that cash was specified. He said he and Wells each put up $150 from their personal funds and "we laid it on a workbench in the shop. I don't know who picked it up."

> Mr. KENNEDY. What was the purpose of making the payment?
>
> Mr. MOORE. Well, they said it was for like a fund in case you was ever in any trouble or you needed bailing out of jail or anything like that, that there would be money there for that purpose (p. 15875).

About a year later, Moore testified, he and Wells dissolved their partnership. Wells took over his interest and he started a shop of his own.

Nobody came around for quite a while, Moore said, but eventually Caldwell and Troutman visited him again and told him he would have to pay $150. He cashed a personal check and took the money to the union hall in an envelope where Caldwell and Troutman told him "just to lay it on the desk" (p. 18877).

Wells told the committee he was less fortunate. After he purchased Moore's interest he, too, was visited and he had to pay $200 extra. He said Caldwell originally told him he would have to pay $300, but eventually they settled for the $200. Wells said he wrote a check out for cash, took it to the bank, got the money and handed it to Caldwell outside the bank (p. 15880).

A year later, Wells testified, he sold Acme Heating to Wallace J. Lischett and left the area. He returned in July of 1955, purchased

a truck and machinery and rented a building, and then called Caldwell "to get approval again" (p. 15880).

"He said they wasn't OK'ing any shops at that particular time. * * * So I went to work for another shop and worked for about 6 months or 7" (p. 15881), Wells declared. Periodically, he got in touch with Caldwell and, finally, in February or March of 1956, "I got approval then to open up another business" (p. 15881).

By this time, Wells said, the "ante" had gone up and he was compelled to deliver $400 in cash to Caldwell.

Wells testified that he gave a signed statement telling about the payments to Assistant Counsel Langenbacher of the committee and told Caldwell about it when he went to the union hall to get some sheet-metal workers. He said Caldwell took him to the office of the union lawyer, Nathan M. Cohen, because "I was under the impression I might need some counsel" (p. 15882). Wells said he had a copy of the statement he had given to Langenbacher, and Cohen looked it over.

Mr. KENNEDY. Did he question you as to whether you had made the payments or not?

Mr. WELLS. Mr. Cohen didn't.

Mr. KENNEDY. Who questioned you?

Mr. WELLS. I don't think I was questioned.

Mr. KENNEDY. Did you make any statement to them or make any written statement to them that you had not made these payments?

Mr. WELLS. Yes; I did.

Mr. KENNEDY. What statement did you make?

Mr. WELLS. Well, I am afraid I don't know the contents of that.

Mr. KENNEDY. Who dictated that statement?

Mr. WELLS. Mr. Cohen.

Mr. KENNEDY. Mr. Cohen?

Mr. WELLS. Yes.

Mr. KENNEDY. And you signed the statement?

Mr. WELLS. Yes, sir.

Mr. KENNEDY. Do you know what the statement said?

Mr. WELLS. No, sir.

Mr. KENNEDY. Mr. Cohen gave you a copy of the statement?

Mr. WELLS. No, sir.

Mr. KENNEDY. Did anybody ask you when you were down there with Mr. Caldwell and Mr. Cohen, if they wanted the truth as to whether you had made these payments or not—did you say that to Mr. Caldwell or Mr. Cohen?

Mr. WELLS. I think maybe I did; I am sure I did.

Mr. KENNEDY. What did they say?

Mr. WELLS. They didn't say anything.

Mr. KENNEDY. They didn't answer that question?

Mr. WELLS. No, sir.

Mr. KENNEDY. Did they give you a copy of the statement that you signed?

Mr. WELLS. No, sir.

Mr. KENNEDY. Well, now, did you or did you not make the payments that you have testified to here?

Mr. WELLS. I did make the payments.

Mr. KENNEDY. And if you said anything in the statement to the contrary, then that statement is incorrect; is that right?

Mr. WELLS. That is correct.

Mr. KENNEDY. Why would you sign such a statement or why did you sign a statement down there at union headquarters or Mr. Cohen's office?

Mr. WELLS. I wanted to stay on the good side of both.

Mr. KENNEDY. You wanted to stay on the good side of both?

The CHAIRMAN. Which one were you afraid of?

Mr. WELLS. Both.

The CHAIRMAN. Are you scared now?

Mr. WELLS. I am a little shaky.

The CHAIRMAN. On which side?

Mr. WELLS. Both sides, I suppose.

The CHAIRMAN. You are shaking all over, are you? All right; proceed.

Mr. KENNEDY. That is all.

* * * * *

The CHAIRMAN. I want to ask you something. You say you want to stay on the good side of both; is that right?

Mr. WELLS. That is why I went to the office; that is what I said.

The CHAIRMAN. That is what you said to them?

Mr. WELLS. Yes, sir.

The CHAIRMAN. I want to ask you now: Are you on the side of truth or are you up here telling a lie?

Mr. WELLS. I am telling the truth.

The CHAIRMAN. You are telling the truth today, are you?

Mr. WELLS. Yes, sir.

The CHAIRMAN. If you are up here misrepresenting these facts, you ought to be punished for it, and you realize that, don't you?

Mr. WELLS. Yes, sir.

The CHAIRMAN. Now, you are now under oath and you are swearing what you have said here to be the absolute truth.

Mr. WELLS. I do (pp. 15883–15885).

Lischett, the present owner of Acme Heating, supplied the final installment of the three-phase manipulation of the "working agreement" affecting that company. Lischett said he contacted local 73 after he took over the company from Wells in October of 1954, and Caldwell and Troutman came around to see him.

"Mr. Caldwell had a talk with me and told me it would cost $400 to become a unionized shop. I informed them that the shop was unionized when Mr. Wells had it, and I was told in so many words that that didn't take effect; if I wanted to do new construction it would cost me $400. At a later date, Mr. Caldwell came to me and

I gave Caldwell $400, and I made out a check for cash and cashed it and gave Mr. Caldwell the money in an envelope," Lischett declared.

> Mr. KENNEDY. Why did you give him the cash?
>
> Mr. LISCHETT. Because, sir, he would not accept a check, and I had to do new construction to make a living (p. 15886).

Lischett identified a check to the order of cash dated December 30, 1954, which bore a notation, "Union dues." Lischett said the handwriting on the check was his wife's.

After cashing the check, Lischett asserted, he took the money to the union office and handed it to Caldwell.

> Mr. KENNEDY. What reason did they give you for making you pay the $400?
>
> Mr. LISCHETT. At the time, sir, I asked them and I was informed it was a special fund, and I tried to make inquiries about it, and I was told in so many words, it is a special fund and if you want to be in the heating business and do new construction, that is it, and I was in no position to question the gentleman.
>
> * * * * *
>
> Senator KENNEDY. As I understand, this shop was already unionized.
>
> Mr. LISCHETT. Yes, sir.
>
> Senator KENNEDY. And you had union sheet-metal workers?
>
> Mr. LISCHETT. Yes, sir; and the shop was unionized three times previously.
>
> Senator KENNEDY. Why did you have to, or why did you telephone local 73, then?
>
> Mr. LISCHETT. Because, as I said, it is a common practice when you go in business, you have to notify them that you are going into business or otherwise they will stop the job. If you get a heating contractor building a new home the union walks in and pulls your men and all of the rest of the trades off, and that is the end of your contract (p. 15887).

Just as Cronin and Kaberlein had done before them, Caldwell and Troutman took the witness stand to deny categorically the testimony that anybody had ever given money to them.

Caldwell did testify that Lischett brought an envelope to the union office which, he said, was left with the girl at the switchboard. Caldwell declared that the envelope contained $200, not $400, as Lischett had testified, and he said that he made several visits to Lischett's shop to return the money because he didn't know why Lischett had done it. Finally, he said, he found Lischett making an installation at a dwelling and turned the money back to him. He asserted that Lischett took the $200 out of the envelope and put it in his pocket.

Lischett was called back and gave still another version of this incident. He acknowledged that Caldwell had come to the house where he was working with a steamfitter named "Mike" Porter, who also had an interest by this time in Acme Heating. He said Caldwell and Porter got into a heated argument about union payoffs and Porter

threatened to tell the "Kefauver committee" about it, after which Caldwell handed the envelope to Porter and the latter, in turn, handed it over to him. But Lischett claimed there was nothing in the envelope when he got it from Porter.

Caldwell denied that there was any conversation about shakedowns or payoffs or that Porter threatened to inform a congressional committee that he was forcing employers to pay cash to him.

Subsequent to the hearings the committee obtained a sworn statement from Melvin Andrew (Mike) Porter, presently a student at the University of Florida, in which Porter declared that "it is my recollection that the contents of this envelope amounted to $200" and it was handed "either to me or Lischett." Porter stated that he had told Caldwell he was disposed to tell a congressional subcommittee what Caldwell and the other business agents of the Sheet Metal Workers in the Chicago area were doing and he also expressed the opinion that Caldwell returned the money because he was apprehensive that "I would blow my top" before an investigating committee. The affidavit stated further that "it is my recollection that the money returned by Caldwell was redeposited to the company's account and the company books should show this." The affidavit also said, "I should add that Caldwell kept the money upwards of a year before returning the amount in the manner I have described."

Caldwell testified before the committee that the only thing he ever received as a business agent was "a fruitcake, a basket of fruit, or a bottle of whisky at Christmas." Troutman said his Christmas gifts were in a nature of "a couple of turkeys, maybe four or five cartons of cigarettes, five or six bottles of whisky that I don't use, and fruitcake or something like that. No money, if that is what you are asking about" (p. 15894).

James J. Tracy, secretary-treasurer of local 73 since 1948, testified briefly. Aside from his $350-a-week salary from the union and the $258 a month in expenses, Tracy listed his other sources of income since 1950 as the Kern-Weber Corp., a building company of which he was president, and the Able Co., a sign-erecting company in which he was a stockholder.

> Mr. KENNEDY. Now, have you heard of the practice of requiring contractors to pay a certain amount of money in order to open up a union shop?
>
> Mr. TRACY. No; I haven't.
>
> Mr. KENNEDY. Have you ever received any money from any contractors, directly or indirectly, yourself?
>
> Mr. TRACY. No, sir; I haven't.
>
> Mr. KENNEDY. You have not?
>
> Mr. TRACY. No, sir.
>
> Mr. KENNEDY. Do you know of any of your fellow union officials who have received any money directly or indirectly from any such shop?
>
> Mr. TRACY. No, sir.
>
> Mr. KENNEDY. Have you received anything of value directly or indirectly—and when I speak of value, I mean more than $50—directly or indirectly from any contractor?
>
> Mr. TRACY. No, sir; I have not (p. 15909).

At the conclusion of the hearings, Chairman McClellan made the following summation:

> The Chair has previously observed in the course of the taking of the testimony that there is considerable evidence or testimony of witnesses before the committee in this particular series of hearings that is in irreconcilable conflict. There is no way to reconcile it and find the truth. There is no way to accept it as being honest differences of opinion, and there is definitely willful perjury present before this committee, having been committed by some of the witnesses who have testified.
>
> The committee has no power to prosecute or to enforce the laws against perjury or any other crime. For that reason, as we have heretofore stated, this complete record will go to the Justice Department, because those who have imposed upon this committee and upon their Government by coming here and willfully perjuring themselves, belong in the penitentiary, and I hope that will be the end result, and the fruits of the labors of the Justice Department, who has the responsibility for pursuing it and to the end that justice may be meted out to those who are guilty.
>
> Of course, it goes without saying that as counsel has suggested to me, this practice we find from evidence before the committee is going on, this shakedown and this paying for the privilege of working, and paying for the privilege of operating a business or buying what we call labor peace, this is not the only instance of it. We have had others.
>
> It is an outrageous situation, and it is un-American, and it should not prevail or be permitted to exist in any decent society anywhere. It is a parasite upon the economy of this country. There is hardly anything that you could say about it that could be restrained.
>
> I am hopeful that not only the Justice Department will be able to perform with effective results, but I am also hopeful that the Congress of the United States will meet its responsibility by the enactment of legislation, not union-busting legislation, but racketeer- and gangster- and hoodlum- and thug- and crook- and criminal-busting legislation.
>
> These practices, these evil practices, and these improper activities that we have discovered prevail in some areas must be stopped. If the Congress fails to enact such legislation, in my judgment it will be seriously derelict in its responsibility, and the whole country will suffer as a result of its failure, and lack of courage to meet its responsibility, and I hope all good citizens in this country will support the effort that will be made to get legislation to deal with these elements that are not only unwholesome, but are criminal, not only in intent, but in their purposes and in their activities.

Findings—Sheet Metal Workers International Association, Chicago Area

The committee hearings on the activities of the Sheet Metal Workers International Association in the Chicago area resulted in a mass of conflicting testimony which has been sent to the Justice Department for study.

From the testimony, however, the committee finds that sheet metal contractors in the Chicago area were obliged to pay sums from $250 to $400 to officials of the union for the privilege of operating union shops.

The committee also finds that officials of the Sheet Metal Workers Union in the Chicago area participated in the rigging of bids on city contracting projects.

A great portion of the testimony concerned the alleged payoff of $27,000 by officials of the Coleman Co., Inc., of Wichita, Kans., to Arthur Cronin, president of local 73 and fourth international vice president of the Sheet Metal Workers International Association. Cronin testified that he received $5,000 in December of 1954, which he said he returned, but denied knowing anything about the other $22,000. Carl L. Burrows, an official of the Coleman Co., testified that $27,000 was paid to Cronin. He acknowledged that Cronin had returned the $5,000 in 1954 but stated he was personally present on two other occasions when Cronin accepted payments of $2,000 and $5,000. A third individual, now dead, was declared to have been the intermediary in connection with other payments the Coleman Co. claims to have made.

The committee finds from all of the evidence before it that these conflicts in testimony are so irreconcilable that they will permit no other conclusion than that willful perjury was committed. The record will not support any inference that variances in testimony are the result of honest differences of opinion, mistaken belief, or misconception of fact.

The power to prosecute for perjury rests with the Department of Justice. The committee accordingly has forwarded to the Department an official transcript of the record before it.

Since the probability exists that a jury ultimately will be called upon to weigh the credibility of the witnesses responsible for the conflicts in the testimony before the committee, propriety seemingly forecloses any evaluation by the committee of the credibility of the individuals concerned.

The committee must vigorously condemn the attempt to interfere with a witness under subpena to appear before it as evidenced by the testimony of Emmett D. Wells. Wells had given a signed statement to a committee counsel in which he had told of making payments to Business Agent Ray Caldwell. When Wells made this known to Caldwell, he was taken to the office of the union attorney, Nathan M. Cohen. Wells told the committee that Cohen dictated a statement which he then signed, the general effect of which was to repudiate his previous declaration that Caldwell had collected money from him. In his appearance before the committee, Wells reaffirmed his initial statement as to the payments to Caldwell and testified that he signed

the statement dictated by Cohen because he wanted to "stay on the good side of both," the union and the committee.

Newspaper Industry, New York and Vicinity

There were two general phases of the committee's investigations into the newspaper industry. The first centered on the Newspaper and Mail Deliverers' Union of New York and Vicinity. Allegations were received of (1) attempted monopolization of the newspaper and magazine wholesale business by certain underworld elements through influence over union officials, and (2) reported payoffs made to union officials by employer wholesalers in their quest for labor peace.

The second phase related principally to the Teamsters Union and the International Longshoremen's Association and (1) alleged payoffs by major New York newspapers to officials of these unions to insure delivery of Sunday supplements, as well as (2) improper payments to union officers by a New Jersey company printing Sunday supplements in order to maintain labor peace.

THE NEWSPAPER AND MAIL DELIVERERS' UNION OF NEW YORK AND VICINITY

The Newspaper and Mail Deliverers' Union of New York and Vicinity is an independent union with headquarters at 25 Ann Street, New York. Its membership is comprised of some 4,500 drivers and helpers engaged in the delivery of newspapers and magazines. Geographically, the union's jurisdiction extends over an area with a 50-mile radius, embracing New York City and its metropolitan environs.

It is a democratic union with officers elected annually by secret ballot. The annual elections are supervised by the Honest Ballot Association. All contracts and major activities must be approved by a vote of the membership. The union is said to be noted for the frequency with which the membership overrides the policies of its officers.

The Deliverers' Union has collective bargaining agreements with all major morning and evening newspapers through a master contract negotiated with the Newspaper Publishers Association. It also has collective bargaining agreements with some 37 wholesalers who purchase newspapers and magazines from publishers and resell them to newsstands, which are negotiated with four principal groups; namely, the Suburban Newsdealers Association, Inc., the Morning Wholesalers Group, the Evening Wholesalers Group, and the Magazine Wholesalers Group. Approximately 40 to 50 percent of the union membership is employed by the aforementioned wholesalers, while the rest are employed by the newspapers.

Rumors reached the committee that wholesalers of magazines and newspapers in the New York metropolitan area were required to make payoffs to various union officials.

This investigation was conducted in the face of unusual difficulties by Jerome S. Adlerman, now acting chief counsel, and Paul J. Tierney, assistant counsel. It represented a singular instance where even in preliminary interviews both officials of management and officials of labor unions jointly refused to give any information and, in effect, pleaded the fifth amendment throughout the investigation when ques-

tioned about the payment of bribes by management or the acceptance of bribes by the officials of the union. It reached the stage where a special executive session was set in New York to put the principal officers of each management concern and all of the union officials on record. They all took the fifth amendment.

Public testimony was heard from representatives of the four principal wholesaler groups; namely, the Morning, Suburban, Evening, and Magazine Wholesalers Groups, comprising 37 companies, all of whom have collective bargaining agreements with the Deliverers' Union.

Representative witnesses from the Morning Wholesalers Group were Harold Weinstock, Joseph Lang, and Abraham Weinberg.

Harold Weinstock is secretary and a director of the Metropolitan News Co., the largest distributor of the major morning newspapers of New York. He holds a similar position with Kings County News Co., which is controlled by Metropolitan. Kings County has gross annual sales of approximately $1 million. Annual gross sales of Metropolitan are approximately $9½ million. Staff accountants reviewed Metropolitan's records for the years 1956 and 1958 and learned that regularly, and without deviation, an average of $585 in cash was withdrawn at weekly intervals from the corporation account. This was accomplished by drawing checks payable to cash weekly, and cashing such checks at a bank.

In addition, staff accountants discovered that two checks, each similarly drawn to cash, in the amount of $7,500 and marked "Christmas Gifts," were issued in December 1956 and December 1957. The total amount withdrawn in this fashion over the 3-year period was $107,768. It was charged on the company's books to "Miscellaneous travel expenses."

In a similar fashion but on a smaller scale, cash was withdrawn from the funds of Kings County News Co. Here, checks on a regular weekly basis were drawn payable to cash averaging $100 a week during the period 1956 through 1958. Further, a check marked "Christmas Gifts" in the amount of $1,000 was issued for each of the years 1956, 1957, and 1958. Thus a total of $126,718 was withdrawn from both Metropolitan and Kings County in this fashion. In no case were there vouchers detailing the purposes for which this huge sum was expended.

Weinstock was of little assistance to the committee in its efforts to ascertain the disposition of the cash regularly withdrawn in the above described fashion. In response to all questions in this area, Weinstock sought refuge in the fifth amendment. His response was the same when asked if any or all of these moneys were used to pay off any union officials.

The remaining two representatives of the Morning Wholesalers Groups, Joseph Lang, sole owner of Lang News Co., and Abraham Weinberg, partner in the Weinberg News Co. and the Long Island News Co., were similarly reluctant to assist the committee. They also found it necessary to invoke the fifth amendment when the committee sought to determine the reason for frequent unsupported cash withdrawals and if such money was used to bribe or otherwise improperly influence union officials, or to pay tribute exacted by union officials.

According to Staff Accountant Robert J. Cofini, a total of $19,320 was withdrawn from the Lang News Co. for the period 1955 through 1958 through checks payable to cash in varying amounts and charged to "Promotional expenses" for which there were no supporting vouchers (p. 18179). The pattern was essentially the same in the Weinberg News Co. The total unsupported cash withdrawals from that company for the period 1954 through 1958 were $11,589.97.

Thereafter, the committee heard 10 additional representative employer-wholesalers of magazines and newspapers, all of whom without exception resorted to the fifth amendment in response to any questions touching on payoffs to union officials. Representing the Suburban group were: Sam Klinghoffer, president, Newark Newsdealers Supply Co.; James Gaynor, president, Gaynor News Co., which also operates four subsidiaries—namely, Standard News Co., United Magazine Distributors, Inc., United Magazine Distributors of Connecticut, Inc., and the Unity News Co., Inc.; James Gelfand, president of Union County Newsdealers, Elizabeth, N.J.; Jersey Coast News Co., Asbury Park, N.J.; and New Brunswick Newsdealers Supply Co., New Brunswick, N.J.

Representative witnesses from the Evening Wholesalers Group were: Alexander Feldman, sole owner of Woodhaven News Co., Jamaica, N.Y.; Abraham Langer, president, Al Langer News Delivery Corp.; Louis Feldman, sole owner of Feldman News Co., Brooklyn, N.Y.

Representing the Magazine group were: Irving Bitz, Bronx County News Co. and Bi-County News Co.; William Fello, Bi-County News Co.; Irving Ertis, president of Pacific News Co.; Solomon Levine, vice president and director of the Manhattan News Co., New York, N.Y. This group will be treated more in detail below.

A study of the books and records of Gaynor News Co. and its subsidiaries disclosed that, during the period January 1, 1955, to December 31, 1958, checks totaling $64,750 were drawn on the Gaynor News Co. account. All these checks were payable to James Gaynor, endorsed by him and charged on the company's books as "Agent's expenses." The only support for these expenditures was vouchers submitted by James Gaynor simply marked "Expenses," or "Expense With Publishers." There were no further supporting documents detailing purposes for which this money was expended. Mr. Gaynor promptly invoked the fifth amendment when interrogated on these withdrawals.

Furthermore, during a 4-year period between 1954 and 1958, a total of $24,000 in cash was withdrawn from the funds of Gaynor News Co. and its four subsidiaries. A check payable to cash in the amount of $200 was drawn on the Gaynor News Co. account at the beginning of each and every month, while $100 was similarly withdrawn from each of the subsidiary company accounts on a monthly basis. They were charged on the company books as "promotional expenses," but there were no supporting vouchers of any kind specifying the expenditure of this money.

Having witnessed the spectacle of 13 representatives of the employer wholesalers of newspapers and magazines seeking refuge in the fifth amendment, the committee turned to officials of the Newspaper and Mail Deliverers' Union with the hope that some cooperation might be forthcoming from them.

Every officer, business agent, and member of the executive board resorted to the fifth amendment with the exception of Joseph Baer and John McQuade, newly elected president and business representative, respectively. They refused to answer questions relating to their personal finances, whether they had received any payments from wholesalers or representatives of newspapers, or whether they were in possession of any information relating to improper payments from wholesalers or representatives of any newspapers to officials of the union.

The union officials taking refuge in the fifth amendment were:

Samuel Feldman, former president who was defeated in an election on May 4, 1959, immediately preceding his appearance.

Stanley Lehman, secretary-treasurer.

Anthony J. Finamore, former vice president defeated in May 4, 1959, elections.

Henry Breslow, former member of executive committee, and newly elected vice president.

Henry Weinstein, sergeant-at-arms.

Harry Porter, sergeant-at-arms.

John Lawrence, Jr., former business agent, defeated in May 4 elections; Lawrence further refused to answer questions as to his relationship with William Fello, an officer in Bi-County News Co., who, according to Robert Greene, accompanied Lawrence when the latter was questioned by the Nassau County, N.Y., Police Department.

Harry Waltzer, business agent.

Irving Reben, former member of the executive council.

Joseph Ricciardi, executive council member.

Nicholas Scanlon, executive council member.

Vincent Setteducato, executive council member.

John Lubischer, executive council member.

Louis Aiges, executive council member.

Joseph Chiari, executive council member.

Al Schneider, executive council member.

William Walsh, former business agent and defeated candidate for business agent in May 4, 1959, election.

The testimony of Joseph Baer, newly elected president of the union, and John J. McQuade provide a refreshing contrast to that of the other union officials. Baer denied ever having received any money from any wholesaler, or having been approached along those lines by any wholesaler. McQuade similarly denied receiving any such payments and denied any knowledge that other officials of the unions might have received payoffs. He told the committee he was puzzled and unable to understand why his fellow officers exercised their constitutional privilege in response to questions regarding payoffs.

Alan Hathaway, managing editor of Newsday, Long Island's largest newspaper, explained to the committee how the Deliverers' Union demanded a contract with Newsday, although no employees of Newsday were members of the union, and resorted to violence in an attempt to enforce its demands.

For some 18 years, and until early December 1958, Newsday contracted for the delivery of their papers by the Rockaway News Co.,

one of the largest newspaper-magazine wholesalers in the country. The Deliverers' Union represented the employees of Rockaway. None of the employees of Newsday were members of this union.

Officials of Newsday learned that, effective December 5, 1958, members of the Deliverers' Union at Rockaway News Co. would refuse to handle deliveries of any newspapers. This resulted from difficulties which Rockaway was having with the union flowing from Rockaway's precarious financial condition at the time. (Rockaway News Co. went into bankruptcy shortly thereafter.)

To meet this crisis, Newsday immediately commenced direct delivery of their newspapers through use of rental equipment operated by supervisory personnel. Direct delivery was continued until December 29, 1958.

Hathaway testified that early on the morning of December 5, 1958, when direct delivery began, three union representatives, namely, Joseph Baer, John Lawrence, Jr., and Harry Waltzer, visited officials of the newspaper, bluntly informing them that they were there to negotiate a contract with Newsday "on the spot" for the direct delivery of their paper. The union representatives were informed that (1) Newsday was in no position to negotiate since their contract with Rockaway News Co. was still in force and effect, (2) that none of the Newsday employees were members of the Deliverers' Union. Thus a contract with the union would be a "top down" and an improper contract.

With Newsday's refusal to discuss a contract, a picket line was immediately placed outside the newspaper offices. The Woodhaven News Co., another wholesaler in the area which was financially sound and had a contract with the union, was desirous of taking over the delivery of Newsday. However, the union was insistent on a direct contract with Newsday, and refused to permit delivery by any wholesaler. In view of the union position, Woodhaven withdrew from any negotiations to deliver papers for Newsday.

During the picketing a circular was distributed by the union explaining their position in the controversy. In part, it read:

> We feel very strongly that we shall not and will not work for any employer whom Newsday wishes to choose as a successor to Rockaway News Supply Co. (p. 18159).

The chairman asked Mr. Hathaway:

> What was the purpose of that? What is your understanding of that? Was it to force you to make a direct contract?
>
> Mr. HATHAWAY. To force us to make a direct contract which we had never at any time had.
>
> * * * * *
>
> The CHAIRMAN. Your previous contracts had been with those distributing agencies that actually rendered the service?
>
> Mr. HATHAWAY. That is right. And Rockaway News; that is the only one.
>
> The CHAIRMAN. None of your own employees were members of this union?
>
> Mr. HATHAWAY. We had no employees members of the union.

The CHAIRMAN. And yet the union was trying to force you, although you had no employees members of the union, to make a contract directly with them?

Mr. HATHAWAY. That is correct (p. 18159).

As an explanation of the union's adamant demands for a direct contract, Mr. Hathaway testified:

Mr. HATHAWAY. We believed that the union feels it would have more direct control over the operations of a newspaper and can on far less pretext stop deliveries of the newspaper than it can when it works through a wholesaler or wholesale association (p. 18157).

A month later, the union's position remained unchanged, as was revealed by a letter to Newsday from the union's counsel:

Mr. KENNEDY. And in this letter, Mr. Chairman, of January 5, 1959, exhibit No. 2, signed by O'Donnell & Schwartz, counsel to the union, it states over here on the top paragraph on page 2:

"This will advise you that we are not entering into any discussions or negotiations with any news company concerning the delivery of Newsday."

So even if this other company, Libco, or the employees, wished to join the union, the newspaper union, as has been indicated here, he wouldn't even take them in.

Mr. HATHAWAY. That would be our understanding, Mr. Kennedy, and I would like you to note that the dates of those two communications there, they are a month apart.

* * * * *

The CHAIRMAN. What did this mean, this paragraph here in this letter of January 5, which says:

"This will advise you that we are not entering into any discussions or negotiations with any news company concerning the delivery of Newsday"?

Mr. HATHAWAY. It would indicate to us, Senator, that they had no intention of attempting to organize the drivers who were legitimately handling under contract the distribution of Newsday.

The CHAIRMAN. Was this still a part of the pressure to compel you to sign up without having any members?

Mr. HATHAWAY. Yes, sir (p. 18159).

Newsday was equally unyielding and persisted in its refusal to sign a direct contract with the union with which none of their employees was affiliated. Since the union would not permit wholesalers with whom it had collective bargaining agreements to deliver the newspaper, Newsday engaged a nonunion concern, Libco, effective December 29, 1958.

It was Hathaway's testimony that within an hour after Libco commenced making deliveries, representatives of the union appeared in automobiles opposite Newsday's offices and began following trucks that were making deliveries. On that afternoon, two of the trucks' tires were slashed. Joseph Baer and John Lawrence, Jr., then business agents of the union, and Stanley Lehman, treasurer of the union,

were indicted and convicted for these illegal acts, Baer receiving a 10-day sentence, Lehman and Lawrence receiving suspended sentences.

By virtue of a restraining order obtained by Newsday on December 30, 1958, there has been no further picketing by the union.

ATTEMPTED MONOPOLIZATION OF WHOLESALE NEWSPAPER AND MAGAZINE BUSINESS BY RACKETEERS

Irving Bitz, alias Morris Grossman, a native of Poland and an alien, proved to be a key figure in the committee's investigation of alleged monopolization of the newspaper and magazine wholesale business in the New York area. Bitz had an impressive criminal record of 11 arrests, including charges of narcotics violation, burglary, unlawful entry, attempted robbery, bail jumping, and lottery conspiracy. He was sentenced to a year and a day on the narcotics charge, 3 to 6 years for bail jumping, and 6 months on a lottery conspiracy.

The Immigration and Naturalization Service commenced deportation proceedings against Bitz in 1953. Because of his criminal activities he was declared an undesirable alien, and ordered deported. However, he has since escaped deportation because of Poland's refusal to accept him.

Irving Bitz was not a stranger to the committee. During the course of the paper local hearings in August 1957, the committee learned it was Bitz who was the intermediary between a New York employer and the prominent New York labor racketeer, John Dioguardi. By contracting with Dioguardi's labor relations firm, Equitable Research Associates, the employer was able to avoid the unionization of his plant.

For some years, Bitz has been vice president of the Bronx County News Co., a wholesale magazine distributor which controls the distribution of all major magazines in Bronx County, N.Y. Since the latter part of 1958, Bitz has been secretary-treasurer and part owner of Bi-County News Co., Garden City, N.Y., also a magazine wholesale company which distributes approximately 80 percent of the major magazines on Long Island, N.Y. Bitz is also a member of the Deliverers' Union which, of course, has collective bargaining agreements with Bronx County and Bi-County News Cos. Associated with Bitz in both Bronx County News Co. and Bi-County News Co. is Charles Gordon, who, along with others, was convicted with Bitz on the lottery conspiracy charge.

The testimony of Mr. Theodore Thackrey was illustrative of Bitz' domination of union officials. Mr. Thackrey was the former publisher and president of the now defunct New York Daily Compass, a newspaper that was established principally through his efforts. The Compass was first published on May 16, 1949, and discontinued in late 1952. Mr. Thackrey told the committee that, prior to the initial publication date, the officials of the Compass had decided, for economic reasons, that, rather than engage in any direct delivery of the newspaper, they would contract out delivery to various wholesalers, the principal one in Manhattan being the Metropolitan News Co.

They originally attempted to enter into an arrangement whereby Metropolitan would pick up the newspapers at the dock of the Com-

pass, thus obviating the necessity of employing any member of the Newspaper and Mail Deliverers Union. However, in preliminary discussions it was learned that Metropolitan News, by virtue of the terms of its contract with the Deliverers' Union, was prohibited from entering into such an arrangement and that the Compass would be required to employ members of the Deliverers' Union to make deliveries to Metropolitan News Co. Moreover, the Compass learned in early negotiations with the union that the latter would not even permit such a limited use of union members. Union officials insisted that the Compass make direct deliveries to some 30 newsstands in New York, and employ drivers and helpers who were members of the union to make these direct deliveries.

According to Thackrey, the Compass was financially unable to engage in a direct delivery program of this magnitude. Nevertheless, the union was insistent, and an impasse was reached. With the imminence of the Compass' initial publication date, Thackrey's situation became serious. In searching for some solution to his problem, he turned to a friend, James Gettleson, then circulation director of the New York Post. Gettleson told Thackrey of an individual named Irving Bitz, who reputedly had considerable influence with the union.

Thackrey learned through Gettleson and others of Bitz' criminal record, his connections with the underworld, and also his reputation for effectively dealing with "various difficult union situations." In desperation, he arranged an appointment with Bitz, through Gettleson.

Thackrey met with Bitz, and discussed his problem. Bitz assured Thackrey that he could deliver a contract, but that it would cost money. Bitz originally demanded $20,000, but, after some negotiation, agreed to accept $10,000 in cash, but complaining that, with that amount, there would be little "left over" for himself.

Subsequently, by prearrangement, Thackrey met with Bitz outside the Compass building in lower Manhattan and paid him $10,000 in cash, which had been obtained from the Compass Corp. funds. After counting and pocketing the money, Bitz drove Thackrey to the home of one Joseph Simons in Brooklyn, N.Y., whom Bitz described as the president of the Deliverers' Union. A man, whom Thackrey subsequently learned was Simons, came out of the home and joined Bitz and Thackrey in the automobile. Thackrey testified:

> Mr. THACKREY. * * * The opening words of the conversation I can't remember exactly, but I remember when Bitz said he had taken a contract to get me a contract with the union. He also suggested that Mr. Simons' asthma was troubling him unduly, and that he advised a trip to Miami.
>
> At that point he suggested that perhaps I would not like to hear the rest of the conversation, and I think that he said, "You might want to walk around the block," which I did not do, but got out of the car and I walked about half a block away and smoked a cigarette and came back when Mr. Simons left the car and went into his house.
>
> * * * * *
>
> Mr. KENNEDY. You got back in the car then?
>
> Mr. THACKREY. I got back in the car, in the front seat, and we drove back to Manhattan.

Mr. KENNEDY. What did Mr. Bitz say about the meeting with Mr. Simons?

Mr. THACKREY. He said, "Well, we have three more to go, and I am not going to come out of this with any money, and you ought to get up something for me out of this" (pp. 18137–18138).

Bitz then informed Thackrey that he had several other people to see. Thackrey declined Bitz' invitation to accompany him and returned to his home. Later that evening Bitz called Thackrey:

Mr. THACKREY. * * * He said, "It is all set; but you have got three routes." I said, "I thought our contract was that all we needed was a truck to carry our papers from the dock to Metropolitan."

He said, "Well, that is just too tough. The contract you have got calls for three routes. You ought to be happy about it. Like I told you, couldn't you get up at least $500 for me? I am not making any money."

I said, "I could not."

He said, "Well, I said I would take a contract, and that is it. You have got it, and don't worry about it" (p. 18138).

Within 2 or 3 days, Thackrey met with union officials who agreed to the contract as described by Bitz. Thackrey testified that he had no difficulty with the contract or the union from that time until the Compass suspended publication.

Thackrey told the committee he did not think the Compass would have been able to obtain a contract they "could live with" had they not made the payoff (p. 18140).

Thackrey's position on the ethical aspects of the transaction were brought out in the following colloquy:

The CHAIRMAN. Did you regard this just as a shakedown payment or how did you regard it, from the standpoint of your company or your publication, and proper ethics? How did you regard this $10,000 payment?

Mr. THACKREY. Well, Senator, I always had a hard time kidding myself. This is the kind of deal that I have heard described a good many times as a perfectly legitimate business deal in which special counsel or people with special persuasive powers are hired on a fee to get a job done. I regarded it as a shakedown, and I was very ashamed of my own part in it.

The CHAIRMAN. Upon reflection, you regarded it as a shakedown?

Mr. THACKREY. That is correct.

The CHAIRMAN. In fact, the man whose influence you purchased, or presumably purchased, did not have the reputation or stature of a man using ethical influence or influence in an ethical manner to obtain the results you desired; is that correct?

Mr. THACKREY. That is correct (p. 18140).

Joseph Simons was called as a witness immediately following Thackrey's testimony. He told the committee that he is presently

a member of the Deliverers' Union and employed as a driver for the New York Daily News; further that he had been president of the union for several years, including 1949. He admitted knowing Irving Bitz. Although Simons described Thackrey's testimony as "fantastic," when specific questions were put to him he took refuge in the fifth amendment. In explanation, he said:

> The reason why I take that is because I listened to his testimony, which is so fantastic to me that I am confused, and I take the fifth amendment because I might incriminate myself, of all of the things he said. That is the point (p. 18143).

While Simons was in the witness chair, Thackrey identified him as the individual who joined Bitz and himself in Bitz' car outside of Simon's home in Brooklyn.

An affidavit of Bernard Goldstein, former assistant treasurer of the Compass, which was placed in the record, tends to buttress Thackrey's testimony. Goldstein recalled that, just prior to the date of initial publication in 1949, the Compass had experienced difficulty with the Deliverers' Union in that the union would not permit delivery of the papers by Metropolitan News Co.; that there were discussions relative to paying off union officials; that the amount involved was in the neighborhood of $10,000, and that this amount was withdrawn from one of the bank accounts of the Compass in cash and the cash given to Mr. Theodore Thackrey and believed, by Goldstein, to have been used by Thackrey to pay off union officials.

Testimony and evidence concerning the Pacific News Co., a magazine wholesale concern in Brooklyn, N.Y., and its vice president, Michael Spozate, also known as "Ski," provided the committee with additional evidence of hoodlum infiltration into the industry. Spozate is an associate of Bitz and has a financial interest in Bi-County News Co. He has an extensive criminal record of 10 arrests, including charges of White Slave Traffic Act, burglary, larceny, felonious assault, and bookmaking. He was convicted eight times for various crimes, including juvenile delinquency, unlawful entry, and bookmaking.

In addition to being vice president, a portion of the stock of Pacific News Co. is in the name of Spozate's wife, Rose.

A staff examination of Pacific's books and records revealed that Irving Ertis, president, Pacific News Co., borrowed $13,500 from the company on October 28, 1958, depositing this amount in his personal bank account on the same day. On October 29, 1958, 1 day later, the same amount, i.e. $13,500, was deposited in the personal bank account of Michael Spozate. Thereafter, on November 3, 1958, Spozate wrote a personal check to the Bi-County News Co., of which company Irving Bitz is secretary-treasurer and in which he has a proprietary interest. Officials of Bi-County had previously informed staff members that Spozate had invested in Bi-County.

Spozate did not appear before the committee. He was successful in eluding the committee staff, which for several months had attempted to locate him for interview and service of a subpena.

Although Irving Ertis, president of Pacific, appeared before the committee, he took refuge in the fifth amendment. He refused to

answer any question relating to Spozate, including his whereabouts. He declined to explain the unusual financial transaction whereby funds were borrowed by Ertis from Pacific and then turned over to Spozate by Ertis for investment in Bi-County News Co..

Spozate's name also cropped up during the course of the committee's investigation of the Manhattan News Co., a concern which is engaged in the wholesale distribution of magazines in the Borough of Manhattan, N.Y. Part of the stock of Manhattan News Co. is held by the wife of Henry Garfinkle, president of American News Co., while the balance is held in trust for the two children of Garfinkle.

Solomon Levine, vice president and secretary-treasurer of Manhattan News Co., appeared before the committee as a witness. Like the wholesalers who preceded him, Levine invoked the fifth amendment in response to questions on payoffs to union officials. He further declined to explain a loan of $7,500 from Manhattan News Co. to Michael Spozate on January 23, 1958, which was deposited in Spozate's personal bank account on January 24, 1958, on the grounds it might tend to incriminate him.

Manhattan News Co., Pacific News Co., and American News Co. also figured in the testimony of Mr. Herbert Cohen, president of Periodical Distributors of New York, who testified that his company is in a disadvantageous position competitively because of discriminatory provisions in its contract with the Deliverers' Union.

Periodical is engaged in the wholesale distribution of magazines in Manhattan, and Queens, Nassau, and Suffolk Counties, Long Island. In the Borough of Manhattan its principal competitor is the Manhattan News Co. The Manhattan News Co., along with other wholesale distributors, including Bronx County News Co., Bi-County News Co., and Pacific News Co., belongs to the Magazine Wholesale group. Mr. Edwin F. Korkus acts as attorney for this group on matters affecting labor relations, and negotiates master collective bargaining agreements with the Deliverers' Union on their behalf.

Periodical Distributors is not a member of this group and negotiates separately with the union. Their contract contains a provision requiring employees of the "return room" to be members of the Deliverers' Union. It was Cohen's testimony that employees of the "return room" performed menial work which would not demand the high scale of pay established for members of the Deliverers' Union (p. 18319). The contract between the union and members of the Magazine group does not contain this provision permitting them to pay the lower scale for "return room" employees, thus placing Periodical at a decided disadvantage competitively.

In an attempt to remedy this situation, Cohen contacted Korkus requesting that Periodical be permitted to join the Magazine group. in their negotiations with the union. Korkus, however, informed Cohen that he was too busy to handle Periodical's affairs. This discrepancy in the contracts still exists, preventing Periodical from competing with Manhattan and others in the group. Cohen was certain he was the only distributor required to pay Deliverers' Union scale to these employees, and knew of no distributors in Metropolitan New York so required.

Of further interest to the committee were the difficulties experienced by Periodical with the Union News Co., a subsidiary of American News Co. of which Mr. Garfinkle is president.

Periodical was granted a franchise by Select Magazines, a national distributor, for the distribution of Select's magazines including Time, Life, Reader's Digest, U. S. News & World Report on Long Island. LaGuardia Airport, a lucrative retail outlet, was within the area covered by this franchise. The retail newsstands at LaGuardia are exclusively those of the Union News Co. Although Periodical had the franchise which included LaGuardia, Union News refused to purchase from Periodical, the result being that the aforementioned magazines were not sold at LaGuardia for a period of 11 weeks in the summer of 1957. Union News agreed to accept Select's magazines from the Pacific News Co. Select, therefore, gave the LaGuardia franchise to Pacific and amended Periodical's accordingly.

Periodical has retained the franchise to distribute Select's magazines on the balance of Long Island, but Union News still refuses to purchase from Periodical. Franchises for the distribution of other major magazines on Long Island are held by Bi-County News Co. Union News purchases such magazines from Bi-County.

In looking into alleged attempted monopolization of the wholesale magazine industry by underworld elements, the committee was particularly interested in the circumstances surrounding the formation of the Bi-County News Co. and the manner in which Irving Bitz and his partner, Charles Gordon, acquired controlling interest in Bi-County.

Bi-County represents a sizable portion of this business in Metropolitan New York, since it has franchises for the distribution of approximately 80 percent of the major magazines on Long Island and obviously added substantially to the control already exercised by Bitz and Gordon through Bronx County News Co.

By way of background, the Rockaway News Supply Co., of New Hyde Park, Long Island, N.Y., which was one of the largest wholesale distributors on the eastern seaboard, had for many years exclusive franchises for the distribution of magazines and newspapers on Long Island. In early 1958 it was obvious to the industry that Rockaway was in serious financial difficulties. Efforts to rehabilitate Rockaway failed, culminating in its bankruptcy in late 1958. With the failure of Rockaway, lucrative distribution franchises were available, a fact very much appreciated by those in the wholesale distribution business, including Bitz and Gordon.

In April 1958, prior to Rockaway's bankruptcy, but after its precarious financial condition was well known, Bi-County News Co. was organized by William Fello and others for the purpose of engaging in the wholesale distribution of magazines on Long Island, which, of course, was the territory embraced by Rockaway's franchises. Shortly thereafter John P. Walsh invested in Bi-County. His testimony as to how he was "muscled out" of Bi-County by Bitz and Gordon was most illuminating.

According to Walsh's testimony, in June of 1958 he was engaged in the truck rental business. While soliciting Bi-County's business, William Fello suggested the possibility of Walsh's investing in Bi-County. Thereafter, Walsh invested $20,000, which he obtained by mortgaging his home.

It was Walsh's understanding that Fello had invested some $35,000 or $40,000 in Bi-County. He told Walsh he "had people" who would supply him with cash, but never further identified these people.

Later Walsh did see Fello in the company of an individual who was later identified as Antonio "Tony Ducks" Corallo, a powerful New York underworld character who figured prominently in prior committee hearings as exerting a behind-the-scenes control of various unions.

Staff Accountant Robert Cofini, who examined the books and records of Bi-County News, testified that William Fello made loans of some $40,000 to the company. In attempting to trace the source of these funds, Cofini determined that a total of $26,500 was obtained through two banks loans. The balance of $13,500 could not be traced.

In the fall of 1958, just preceding Rockaway's bankruptcy, Irving Bitz and Charles Gordon formed the Island News Co. With the impending failure of Rockaway, most of the major magazine publishers granted franchises formerly held by Rockaway to Island News Co. However, Bi-County was successful in obtaining a contract with the Deliverers' Union, a sine qua non for any wholesale distribution operation in New York and vicinity. It thus became expedient for Bitz, Gordon, and Fello to merge. Bitz and Gordon bought into Bi-County and used its union contract to operate under their franchises. Fello asked Walsh to sell his interest in Bi-County, explaining that although Bi-County had the union contract, Bitz and Gordon had the franchises, and that he was in no position to argue with them.

It was Walsh's testimony that, in order to accomplish the merger, it was necessary for the principals to eliminate him since any interest retained by Walsh would diminish their profits.

Walsh's involuntary disposal of his interest in Bi-County was forced in the following crude but effective manner, according to his testimony:

On November 2, 1958, he met with Fello at Fello's Bar & Grill in Jackson Heights, Long Island, N.Y. Present at this meeting also was Fello's brother, Barney Fello. Barney explained to Walsh that he would be able to arrange for the return of Walsh's original investment in Bi-County. He strongly advised him to accept this arrangement, explaining that Bitz and Gordon "played rough"; that "they could probably tell you what time your children get off and on the bus," and that they would know where his wife shopped.

Although Walsh was desirous of remaining in Bi-County, he considered Fello's remarks as threats against his wife and children in the event he refused to dispose of his interest.

On the following day, Walsh met with Fello in the offices of Fello's attorney, Leo Barry, where he signed a general release. Much to his surprise the $20,000 investment was returned to him in a brown paper bag in the form of cash bills, the highest denomination being $20, suggestive of an effort to conceal the source of this money.

As revealed by the testimony of Alan Hathaway, managing editor of Newsday, the Deliverers' Union was adamant in refusing to permit any wholesaler to handle Newsday deliveries in December 1958, insisting on a direct contract with the newspaper. However, the testimony of Robert W. Greene, reporter for Newsday, revealed that this was no deterrent to the officers of Bi-County News Co., who obviously were confident they had sufficient influence over the union's officers to arrange delivery of Newsday by Bi-County.

In the course of the Nassau County Police Department's investigation of the tire slashing of the Libco trucks, John Lawrence, Jr., union business agent involved in the slashing, was requested to appear at the department's third precinct. As a reporter for Newsday, Greene covered this situation.

He told the committee that when Lawrence appeared at the third precinct for questioning, he was accompanied by one William Fello, a partner of Irving Bitz in the Bi-County News Co. Bi-County had a collective bargaining agreement with the Deliverers' Union, of which Lawrence was a business agent. While Lawrence was being questioned on the second floor, Greene engaged Fello in conversation. In response to Greene's inquiry, Fello said that he had known Lawrence's father for many years, and that Lawrence was like a son to him. The subject of Newsday's union difficulties came up. Fello pointed out that Bi-County was in the newspaper and magazine delivery business, that they were taking over Rockaway News Co.'s magazine deliveries in the area, and proposed that Bi-County deliver newspapers for Newsday. When Greene expressed doubts as to Bi-County's ability to do this because of the union's insistence of a direct delivery contract and its refusal to permit any wholesaler to deliver Newsday, Fello responded, "Don't worry, we won't have any trouble with the union," shrugging his head toward the upstairs of the precinct offices where Lawrence was being questioned at the time. Fello asked Greene whom they should contact at Newsday along these lines. He was given the name of Mr. Harold Ferguson, general manager of the newspaper. Thereafter, according to Greene, Charles Gordon, another officer of Bi-County, inquired of Mr. Ferguson as to the possibility of Bi-County's handling deliveries for Newsday. However, by that time, Newsday had already contracted with Libco.

Although Irving Bitz and William Fello were witnesses, they declined to answer any questions.

From the federally prosecutive action which was taken as a result of the disclosures before the committee during the hearings on the newspaper case, it would appear that the above discussed employers and union officials had sufficient basis for resorting to their constitutional privilege.

On May 26, 1959, the Antitrust Division of the U.S. Department of Justice commenced an inquiry into racketeering in the delivery of magazines and newspapers in Metropolitan New York based on disclosures before the committee. A similar inquiry was launched by Frank Hogan, New York County district attorney.

On June 23, 1959, 11 individuals, including six Deliverers' Union officials and five others connected with wholesale magazine firms, and the Bi-County News Co. were indicted by a Federal grand jury in New York on antitrust and extortion charges. Union officials indicted were Samuel Feldman, Stanley Lehman, Harry Waltzer, John Lawrence, Jr., William Walsh, and Angelo Lospinuso, a former business agent. All but Lospinuso appeared before the committee and invoked the fifth amendment. Lospinuso had not been called as a witness. Also indicted were Irving Bitz, Charles Gordon, Michael Spozate, William Fello, and Rocco Fello, the latter an employee of Bi-County News Co. Bitz and William Fello appeared before the committee and exercised their privilege. Gordon was excused from

appearing because of illness, while Spozate was successful in eluding service of a committee subpena. Rocco Fello was not called as a witness.

The indictments charged that strikes or threats of strikes were used to force the payment of $25,000 by the Suburban Wholesalers Association, Inc., to Waltzer, Walsh, and Lospinuso in 1955. In 1957 a payment of $45,000 was made by the association under similar circumstances to Bitz, Feldman, Lehman, Waltzer, and John Lawrence, Jr.

The indictment also charged that a monopoly had been set up for the distribution of magazines by the Bi-County News Co. in Nassau and Suffolk Counties in New York, through violence and intimidation exerted on magazine publishers, forcing them to deal with Bi-County and excluding Bi-County's competitors. The defendants charged with these illegal acts were Bitz, Gordon, William and Rocco Fello, and Michael Spozate.

It is of interest that charges against these defendants were brought under the Sherman Anti-Trust Act, which contains immunity provisions. The principal affirmative witnesses before the grand jury which indicted the defendants were wholesalers who invoked the fifth amendment before the committee, but who testified before the grand jury when granted immunity.

On July 14, 1959, a New York County grand jury indicted Irving Bitz, Michael Spozate, Harry Waltzer, William Walsh, Sam Feldman, and Angelo Lospinuso for conspiracy and extortion involving a shakedown of the Morning Wholesalers and the Suburban Wholesalers for $65,000 in 1957, and the $25,000 in 1955, through threats of strikes and refusal to sign a contract with the wholesalers.

On August 4, 1958, Irving Bitz pleaded guilty to two counts of the Federal indictment for violation of the Sherman Anti-Trust Act, and two counts of extortion under the Hobbs Anti-Racketeering Act. On November 16, 1959, Irving Bitz was sentenced to 5 years in prison and fined $45,000.

PAYOFFS TO TEAMSTER AND ILA OFFICIALS BY PUBLISHING COMPANIES

In this phase of the committee's investigation into the newspaper industry, the initial and key witnesses were Charles E. Chenicek, William P. Hillbrant, and Joseph J. Gervase, vice president and general manager, treasurer, and assistant manager respectively, of the Neo-Gravure Printing Co. Through their testimony there was unfolded before the committee a fantastic sequence of fixes and payoffs which had been running continuously for at least the past 13 years.

The Neo-Gravure Printing Co. is a subsidiary of Cuneo Press, Inc., Chicago, Ill. Since 1952, Neo-Gravure's printing plant has been located at Weehawken, N.J. Prior thereto it was on 26th Street in New York, N.Y. Neo-Gravure is engaged in a variety of printing under the rotogravure process. Of importance to the committee's investigation was its printing of Sunday supplements for various newspapers, including the American Weekly for the Hearst Newspapers, as well as supplements for the New York Times and the New York Mirror.

The amazing disclosures by these officials of Neo-Gravure centered around two closely associated individuals, namely Harold Gross, a convicted labor extortionist, and Cornelius J. Noonan, head of Inland

Terminal Workers Local 1730, International Longshoremen's Association.

Gross was formerly an official of local 138 of the Teamsters in New York. In 1942 he, along with other officers of the local, were convicted of extortion arising out of their association with local 138. Gross was sentenced to the penitentiary and paroled in May 1945. Shortly thereafter he was employed as a platform worker for the Neo-Gravure Printing Co.

Noonan is president of Inland Terminal Workers Local 1730, ILA. Local 1730 was organized in 1948. It succeeded local 21510. Officials of the latter local, in addition to Noonan, were Edward J. McGrath, who has an extensive criminal record, and John "Cockeyed" Dunn, who was electrocuted for a New York waterfront murder (pp. 18285–18286).

Noonan has been associated with the top hoodlums in the New York area, including Abner "Longy" Zwillman, Albert Anastasia, "Trigger" Mike Coppola, and Myer Lansky. His contacts in the labor field include James Hoffa, international president of the Teamsters; John O'Rourke, international vice president of the Teamsters, who invoked the fifth amendment before the committee; Barney Baker, international organizer for the Teamsters, who since his appearance before the committee has been indicted for receipt of improper payments in violation of the criminal provisions of the Taft-Hartley Act; William DeKoning, Jr., head of local 138, Operating Engineers, a convicted labor racketeer; and Anthony Provenzano, head of local 560, Teamsters, Hoboken, N.J., who is presently under indictment on labor extortion charges.

NEO-GRAVURE'S EMPLOYMENT OF GROSS TO INSURE LABOR PEACE

In 1945, Harold Gross was hired as an employee of the shipping department of Neo-Gravure by Mr. Fred Stewart, then vice president and general manager of Neo-Gravure. Mr. Stewart is now deceased. Thereafter, Gross was designated foreman of the shipping department. Employees of this department were members of local 1730, ILA, headed by Gross' close associate, Connie Noonan.

Neo-Gravure enters into collective bargaining agreements with local 1730 governing the wages, hours and working conditions for these employees.

Mr. Hillbrant testified that as salary Gross received a weekly check of $143 plus a monthly check of $460. Payment by weekly check is the normal procedure at Neo-Gravure. The $460 was paid monthly to conceal from other shipping department employees the full amount paid Gross. This amount was paid Gross for "services he renders." From 1946 through 1958, the weekly and monthly salaries paid Gross by Neo-Gravure amounted to $98,459.85. The services rendered by Gross were nothing more than the guarantee of labor peace. This was the sole reason for his being on the payroll of Neo-Gravure as brought out in the following interrogation of Mr. Chenicek:

> Mr. KENNEDY. Is it correct that he is kept on the payroll at the present time because of his connections and contacts with certain labor officials?
>
> Mr. CHENICEK. Well, I would phrase it that he is kept on the payroll because the department does function harmoni-

ously, it functions efficiently, and on that basis his services are retained.

The CHAIRMAN. That is what it actually amounts to. You wouldn't have a foreman in Florida running a Teamsters Union unless you were getting some influence and benefit from it, would you?

Mr. CHENICEK. No, sir.

The CHAIRMAN. He is not there to personally supervise as a foreman should and would normally, is he?

Mr. CHENICEK. That is correct.

The CHAIRMAN. So he is off down in Florida running the Teamsters Union while he is on your payroll to keep labor peace; that is what it amounts to, isn't it?

Mr. CHENICEK. Yes, sir (p. 18217).

Gross was still on the payroll of Neo-Gravure as foreman of the shipping department on May 6, 1959, when Messrs. Chenicek, Hillbrant, and Gervase testified before the committee.

The CHAIRMAN. * * * Can you give us any explanation why he is still retained on your payroll at $143 a week and $460 a month? That is, other than for the fact that you are buying labor peace?

Mr. CHENICEK. For the same reason, Senator, that we covered before. The reason for our retention of his services is no different than it was at any earlier date.

The CHAIRMAN. In other words, it was not for the work that he does at the plant as a supervisor or a foreman at all, but it is to avoid labor trouble, and by that you mean strikes and other disruptions and harassment, and so forth. That is what you mean?

Mr. CHENICEK. Yes, sir.

The CHAIRMAN. You still feel compelled to do that at the present?

Mr. CHENICEK. Unfortunately, we do (pp. 18229–18230).

(Following their testimony before the committee, officials of Neo-Gravure announced that Harold Gross would be removed from the payroll.)

Gross was also successful in arranging for the employment of a number of his relatives at Neo-Gravure.

A brother, Henry Gross, who is on the payroll as a checker, received a total of $64,314.27 as salary during a period from 1946 through 1958.

Gross' son, Donald, was on the payroll of Neo-Gravure as a platform loader from 1952 to 1954, during which time he received a total of $5,172.57.

Another son, Norman, who was on the payroll during 1957 and 1958, received salaries totaling $2,634.78.

Gross' brother-in-law, Mike Reiter, has been on Neo-Gravure's payroll since 1949 having received a total of $56,000.

Thus Neo-Gravure has paid a total of $226,000 in salaries to Gross and his family.

As established in the record of the hearing, Harold Gross, while on the payroll of the Neo-Gravure Printing Co., spent a great portion

of his time in Miami, Fla., running Teamster Local 320. In this connection Mr. Kennedy asked Mr. Hillbrant:

> Mr. KENNEDY. Mr. Hillbrant, is it correct that he has spent the last year and a half or so in Florida, that has been his main headquarters?
>
> Mr. HILLBRANT. He has spent considerable time there. I can't give you the period of time. I haven't seen him in the office. I think the last time I saw him was late December. I can't pin it down.
>
> Mr. KENNEDY. He keeps in touch with your company by telephone, does he?
>
> Mr. HILLBRANT. He does (p. 18215).

Under these circumstances it would have been physically impossible for him to perform duties normally expected of a foreman. This, of course, was further evidence of his being on the Neo-Gravure payroll for other than legitimate reasons.

Gross' methods in running local 320 in Miami, although not directly related to the newspaper case, as revealed by the testimony of committee staff member, Walter J. Sheridan, were, nevertheless, of interest to the committee.

Local 320, Miami Beach, Fla., was initially chartered by the International Brotherhood of Teamsters in July 1957. It became defunct in March 1958. In October 1958, Gross was placed in charge of a local, after which time he attempted to organize parking lot attendants, service station attendants, and taxicab drivers. Gross was still the head of local 320 in May 1959, when he testified before the committee. During that period, of course, he was also on the payroll of the Neo-Gravure Printing Co. as a foreman of the shipping department.

Local 320 under Gross' leadership could hardly be considered a successful operation. The local's books, when examined by Sheridan in April of 1959, showed a total of 32 members. Assuming dues to be $5 per month, monthly receipts from the membership could not have exceeded $160 per month. Yet Gross and two other officers each were receiving salaries of $150 a week. Additional known expenses incurred by the local included $164.63 monthly rental for a red Thunderbird for Gross' use, as well as bills totaling $395.41 from three other car rental agencies. To pay officers salaries and other expenses, the international offices of the Teamsters were subsidizing Gross and local 320 at the rate of $3,000 a month. General President James R. Hoffa personally authorized this subsidization.

Organizational activities on the part of Gross and others cast considerable doubt on the legitimacy of the operation of local 320.

During the course of various organizational drives in Miami, Gross was accompanied by Frank Dioguardi, brother of the notorious John Dioguardi; James Plumeri, alias Jimmy Doyle, well-known New York hoodlum, convicted extortionist and uncle of the Dioguardis.

While organizing service station attendants, Gross utilized a most unusual technique. Service station managers were asked if they would like to invest in local 320 as a business venture. One service station manager was asked if he would like to invest $7,000 in local 320. Since this manager immediately rejected the offer, it was never determined whether the term "investment" was used in its ordinary

sense or if it was to be considered as insurance against labor difficulties, or perhaps a means of avoiding unionization.

In examining the records of local 320, staff members found most revealing correspondence from former U.S. Senator George H. Bender, chairman of the Antiracketeering Commission established by Teamster International President James R. Hoffa for the announced purpose of ridding the Teamsters Union of racketeers. On October 24, 1958, George H. Bender as chairman of the antiracketeering commission, wrote Joseph W. Morgan, secretary-treasurer of local 320, Miami Beach, Fla., the local of which Harold Gross was president, inquiring as to whether or not there was any gangsterism or racketeering in that local.

In response to this letter, Bernard Derow, secretary-treasurer of local 320, wrote to Mr. Bender as follows:

> DEAR SIR: There are no cases of racketeering or gangster alliances in this local union.
>
> We will give you full cooperation on any investigation of this local union.
>
> Very truly yours,
>
> BERNARD DEROW,
> *Secretary-Treasurer, Local Union 320.*
> (p. 18328.)

On December 5, 1958, Mr. Bender wrote Derow as follows:

> DEAR MR. DEROW: Your letter of recent date in response to mine of October 24 has been received.
>
> The fine report you give of your organization is most gratifying to the commission. The officials and members of your local are to be commended upon it.
>
> Thank you sincerely for your fine spirit of cooperation.
>
> With kindest regards and best wishes, I am
>
> Cordially yours,
>
> GEORGE H. BENDER.
> (p. 18329.)

In addition to receiving salaries totaling over $98,000 to insure labor peace, Harold Gross was also handsomely reimbursed by Neo-Gravure for his unique ability in negotiating a collective bargaining agreement with local 1730 of the International Longshoremen's Association headed by Gross' close friend, Connie Noonan.

Mr. Chenicek testified that Neo-Gravure paid Gross $2,500 in cash in October 1954, and an additional $2,500 in October 1955, for a total of $5,000 for "his services in connection with the negotiation" of a new 2-year contract with local 1730 which represents the platform workers of Neo-Gravure.

As to why Gross was paid the $5,000, Mr. Chenicek explained to the committee that under normal circumstances wage increase provisions in a new contract for the platform workers would follow a pattern set by contemporary Teamster Union contracts in the area. However, the increases in the platform workers contract of October 1954, which was negotiated by Gross were actually less than those provided for in the New York Teamster contracts.

Admittedly Mr. Chenicek used the word "negotiated" loosely. It was his testimony that there were actually no negotiations; that Gross

merely had some conversations with Noonan and that thereafter Noonan appeared at Neo-Gravure's offices with the prepared contract containing reduced wage increases.

Since the wage increases for Neo-Gravure's platform workers were less than those provided for in the corresponding Teamster's contracts, a net saving accrued to Neo-Gravure over the 2-year period, even though Gross had been paid $5,000. Mr. Chenicek estimated that the net saving amounted to $5,000 for the 2 years.

Concerning direct payments by Neo-Gravure to Connie Noonan, when Mr. Chenicek came with the company in 1949 he "inherited a situation" whereby $200 in cash was given to Noonan at Christmas time each year. Mr. Chenicek had continued that practice. Noonan appeared at Neo-Gravure's offices during Christmas season each year to pick up an envelope containing $200 in cash.

Staff Accountant George Kopecky testified that the books of Neo-Gravure revealed that Noonan has received a total of $1,550 for the years 1950 through 1958. The payments were charged to "shipping and delivery expense." One year, according to Mr. Chenicek, he was given only $150.

Messrs. Chenicek, Hillbrant, and Gervase then testified on a series of difficult labor situations involving the Teamsters Union and the Newspaper and Mail Deliverers Union in New York, which normally would have seriously delayed delivery of Sunday supplements from Neo-Gravure's plant to major New York newspapers. The ability of Harold Gross and Connie Noonan to find a solution to these difficult situations for a price attested to their influence over or contacts with corrupt elements who obviously were in a position of power and authority in the labor movement in the New York area.

THE 1946 AND 1948 TEAMSTER STRIKES

The Sunday supplements printed at Neo-Gravure for various newspapers are customarily delivered from Neo-Gravure's plant to the newspaper by trucks operated by members of the Teamsters Union. In September 1948, according to Mr. Gervase, the Teamsters called a general strike, shutting down all trucking in the New York area. At this time Neo-Gravure was printing supplements for the New York Times and the New York Mirror. Although Neo-Gravure was ready, willing and able to deliver the supplements, the strike prevented such delivery. Thus the Times and the Mirror were faced with a dilemma of obtaining the supplements in sufficient time to be included in their Sunday editions.

According to Gervase, Mr. I. M. Keller, then vice president and general manager of Neo-Gravure, in attempting to find a solution to their difficulty, discussed the situation with Gross and Noonan. As subsequent events turned out, Gross and Noonan were able to arrange for the uninterrupted delivery of the supplements to the New York Times and the Mirror despite the fact that the general Teamsters' strike affecting all trucking was in full force and effect. Mr. Gervase was not present at any conversations between Mr. Keller and Gross and Noonan, thus was unable to testify as to the details.

Mr. Hillbrant testified that although he was not present at any of the talks Keller had with Gross and Noonan, he received instructions

from Mr. Keller to make certain cash payments over and above legitimate haulage charges to Gross and Noonan for the period September 3 to 11, 1948, while the strike was in effect.

The rate of payment, which was established by Gross and Noonan, was initially $250 per truckload and then raised to $375 a truck.

According to Hillbrant, the truck deliveries of the supplements during this period were made at nighttime. On the morning following the nighttime deliveries, Hillbrant made cash payments to Gross and Noonan based on the number of truckloads at the established rate per truck.

Examination of Neo-Gravure's books by Staff Accountant George Kopecky revealed that checks were cashed on six separate occasions during the 8-day period from which cash payments totaling $45,750 were made to Gross and Noonan.

Thereafter Neo-Gravure was reimbursed in this amount by the New York Times and the New York Mirror. Thus the payoffs were actually made by the newspapers rather than Neo-Gravure.

Mr. Hillbrant testified that the Teamsters had called a similar general strike in September of 1946, during which time Neo-Gravure made payments of approximately $10,000. Neither Chenicek, Hillbrant, or Gervase could testify as to whom these payments were made. Nevertheless the company's records indicate that they were made, that the situation was similar to the 1948 strike in that they were reimbursed for the payments by the New York Times, the New York Mirror, and also the Boston Herald.

Mr. Amory H. Bradford, vice president and business manager of the New York Times, who appeared as a witness before the committee, not only corroborated the testimony given by Mr. Gervase and Mr. Hillbrant, but furnished the committee additional important and significant details relating to the payments to Gross and Noonan during the 1946 and 1948 Teamsters' strikes.

Mr. Bradford testified that matters affecting labor relations generally, as well as contracts between the New York Times and Neo-Gravure Printing Co. and other contractors, are handled by the business manager. Mr. Bradford has been business manager for the past 2 years and thus has no firsthand knowledge of the events occurring in 1946 and 1948. During 1946 and 1948, Mr. Harold Hall, now decreased, was the Times' business manager. Therefore, Mr. Bradford's testimony as to events at the Times during the 1946 and 1948 strikes was based on available records.

By way of background, from April 1933 to January 1950 the rotogravure printing of the Times magazine section and book review was done by the Neo-Gravure Printing Co., then located on 26th Street in New York City. (Thereafter Neo-Gravure moved its plant to Weehawken, N.J.) Although the Times has no direct relations with the Teamsters' Union, it is dependent on trucks driven by members of the Teamsters for delivery of the aforementioned Sunday supplements from the printer to the Times.

With reference to the 1946 Teamster strike, the records of the New York Times reflect the following according to Mr. Bradford's testimony, and exhibits placed in the record:

1. On September 1, 1946, local 807 called a strike, which spread and resulted in tying up all trucking shipments in the New York area. The strike lasted until September 17, 1946. A large part of the por-

tion of the book review and magazine section which had been printed in advance had to be dropped from the Times' Sunday issue of September 15, 1946, and distributed on September 22. Among the losses as a result of the strike was an adjustment to advertisers for the late distribution of the book review and magazine section of over $40,000.

2. The only records available possibly relating to reimbursements to Neo-Gravure for payments to labor union officials in connection with the 1946 strike was copy of a letter from Fred Stewart, vice president of Neo-Gravure, to Harold Hall, dated October 10, 1946, enclosing a check of Neo-Gravure in the amount of $1,800 to cover amounts drawn from the Times on September 6 and 7, 1946. Attached to this letter, but not an enclosure or a part thereof, were some receipts and a penciled note which read: "C. J. Noonan, president Motor and Bus Terminal Chek. (short for 'Checkers') Plat. (short for 'platform')" and, in shorthand, "workers union loc. 215102," the address "265 West 14," and a telephone number "WAtkins 9–8463".

(As previously indicated, local 21510 later became Terminal Workers Union 1730, ILA, headed by Connie Noonan.)

Mr. Bradford checked with Mr. Pelz, who at the time was a clerk in the business office of the New York Times and who delivered $1,000 of the above mentioned $1,800 to Mr. Gervase of Neo-Gravure. Mr. Pelz had no knowledge of the purpose for which the $1,000 delivered to Neo-Gravure was to be used except that it had some relationship to expediting shipments of the magazine section which had been delayed because of the strike.

Mr. Bradford testified that the Times does not retain checks and vouchers beyond 7 years. However their expense accounts show that a total of $20,837.71 was paid to Neo-Gravure for "strike expense" in October 1946. There was no record explaining further the meaning of "strike expense" (p. 18243).

The records of the New York Times, however, clearly described the purposes for which reimbursements were made to Neo-Gravure by the Times during the 1948 Teamster strike.

The general trucking strike called by the Teamsters in 1948 commenced September 1. All deliveries were stopped in New York. However, members of certain New Jersey Teamster locals continued to work. The strike was finally settled September 18.

As a result of the strike, deliveries of the Book Review and Times Magazine sections from Neo-Gravure's plant to the Times were interrupted. Without these supplements, the Sunday editions of September 5 and September 12, 1948 would have been incomplete. Moreover these supplements contained substantial advertising. This was of importance from a financial standpoint because the failure to obtain delivery of the supplements for inclusion in the Sunday edition would require the Times to make adjustments to the advertisers. As previously indicated, the delayed delivery of the supplements for the Times Sunday issue of September 15, 1946, resulted in a loss of $40,000. Mr. Bradford testified that the total advertising revenue from the two supplements for the September 5 and September 12 editions was $160,000. He added that, if delivery could not have been arranged during the strike, in addition to the advertising losses the Times would also have sustained losses for almost the entire cost of printing the supplements since they had all been printed or were in the process of being printed.

Negotiations with the Neo-Gravure Printing Co. for the delivery of the supplements during the 1948 strike were carried on by Harold Hall, then business manager. Detailed records kept by Mr. Hall relating to events occurring during the strike, which are part of the committee's record, were summarized by Mr. Bradford in a prepared statement as follows:

> On Thursday, September 2, Mr. Hall discussed the situation with Mr. Keller, vice president of Neo, and learned later from Keller that the Neo shop steward, Grosse, had said that Noonan, "can reach the proper people." Keller then talked with Noonan who apparently quoted $300 a load "to cover everything and everybody." Mr. Hall agreed to reimburse Neo for this payment contingent upon complete delivery. Keller later was able to work out a lower price of $250 a load. These amounts, which apparently were paid to Noonan by Neo-Gravure, and later billed to the Times, appeared to have covered actual expenses for the deliveries as well as what Mr. Hall characterized in his memorandum as "tribute." As a result of this, the Book Review and Magazine for the issue of Sunday, September 5, 1948, were delivered.
>
> The next week, deliveries of the Book Review were held up until Thursday. In the meantime, Noonan increased the charge per load to $375, explaining that he had had to employ members of a New Jersey local. Under this arrangement, the entire Times Book Review and Magazine for the issue of Sunday, September 12, were moved in (p. 18243).

Certain paragraphs in Mr. Hall's memorandum were particularly revealing. An entry on Thursday, September 2, 1948, read:

> I. M. Keller, of Neo, here from Chicago. Asked him to lunch. Told him Times or Neo will be receiving overtures from a "fixer or two." (W. B. S. had word that Noonan, business agent Platform Workers' Union, stood ready to aid.) Keller on return to his office phoned me that Gross, shop steward on Neo's platform workers, reported business agent Noonan "can reach the proper people." Keller to talk with him (p. 18250).

Mr. Bradford identified W. B. S. as William B. Schleig, then circulation manager of the Times who left later that year. Although the "Gross" alluded to in this paragraph is not further identified, it would seem safe to assume that this individual was Harold Gross in light of the testimony of the Neo-Gravure officials on the 1948 strike.

An entry at 7 p.m. on the same date read:

> Keller phoned, had satisfactory talk with Noonan who quoted $300 a load "to cover everything and everybody." Agreed this contingent upon complete delivery. Keller will seek to get price down (p. 18250).

There followed an entry of September 3, 1948, reading:

> Keller got price down to $250 a load each, Times and Mirror. Our share last night about $3,750. (Keller just

before leaving for Chicago reported a partial payment made to Noonan this morning (p. 18250).)

The above corroborated prior testimony of Neo-Gravure officials that the New York Mirror, as well as the Times, was required to make payments to assure delivery of supplements during the strike. On September 8, 1948, Hall wrote:

> During night Noonan increased load charge to $375, explaining had to employ members of Union 560 (Jersey) and evidently for a tribute to 807 (p. 18250).

The following colloquy occurred following the chairman's query as to the meaning of the word "tribute" which appeared in Hall's memorandum:

> Mr. BRADFORD. Mr. Chairman, these are Mr. Hall's words. In a later memorandum he identified the word "tribute" a little more explicitly and indicated he assumed this was a payment to union officials.
>
> The CHAIRMAN. Sometimes we pay a fellow a tribute, and then again we pay him a bribe that we call a tribute.
>
> Mr. KENNEDY. There was no question, at least up to that time, that there were fixers, as was mentioned here, and there were union officials to whom money had to be paid; is that correct?
>
> Mr. BRADFORD. I think that is the only possible conclusion you can draw from this memorandum, Mr. Kennedy (pp. 18250–18251).

The "later memorandum" referred to by Mr. Bradford was one dated September 15, 1948, from Mr. Hall to his secretary, James York, which read in part:

> Gervase, of Neo, on the phone this noon reported the total of special expense incurred by Neo in connection with the Book Review and Magazine sections for September 5 and 12 is $43,143. Nearly all of this was "tribute," although the total includes some overtime we authorized and $1,400 in printing the Book Review of the 12th ahead of schedule, on Saturday and Sunday, September 4 and 5. I told Gervase that our figures on the "tribute" were approximately the same—$7,000 to $7,200, the first week, when the delivery of the Book Review after the strike was on amounted to about 183,000 copies, and we estimated the special expense in connection with moving the Book Review and Magazine of the 12th was around $31,000 or $32,000.

Mr. Bradford testified that during the 1948 strike period the New York Times paid Neo-Gravure a total of $43,143.62. This amount included some apparently legitimate expenditures such as overtime, supper for men, etc. However, the New York Times records include an itemization of the $43,143.62 which identifies $35,000 as representing payments to "facilitate movement of trucks" for the "tribute" referred to by Mr. Hall (pp. 18249–18250).

As to the knowledge of the New York Times officials regarding the disposition of the "tribute" paid, the following exchange occurred:

> Mr. KENNEDY. The memorandum would appear to indicate that the representative of the New York Times was aware at the time as to where this money was going.
>
> Mr. BRADFORD. I don't want to quibble about it, but it certainly was aware that a man named Noonan said that for so much a truck these trucks could be moved. I don't think this file indicates any clear-cut awareness of the exact disposition of that money once it had been paid by the Times to Neo-Gravure.
>
> Mr. KENNEDY. Again, I don't want to quibble either. What I want to determine is, for instance, the memorandum quoting that money paid to Noonan, and that he in turn can reach the proper people, and in another place it mentions the fact that fixers would be in touch with the New York Times, and then it states that Noonan was approached and said that for so much a truck he could get the trucks through.
>
> The payments, it shows from the memorandum, were made to Neo, but it is also clear from the memorandum that the New York Times, at least the representative of the New York Times who wrote this memorandum, was aware of the fact that these payments were being made to these people.
>
> Mr. BRADFORD. That is correct. The payments were made. Certainly it is a fair deduction that the payments were made from Neo-Gravure to Noonan. The only thing I question is that I don't think it is clear what happened beyond that (p. 18252).

When asked by the chief counsel if he thought this was a proper payment, Mr. Bradford said:

> * * * I can say that in the light of the circumstances that have developed since then, particularly many of the facts brought out by this committee, and in earlier investigations of similar situations in New York, the Times would not today under any circumstances agree to reimburse any of its suppliers for payments to union officials. We would put the public interest against corruption in labor-management relations above private interests in having any such sections delivered.
>
> I would think, looking back to 1948, all we can say is that we hope we have learned something from our own experience and that of others (p. 18253).

The attitude and frankness of the officials of the New York Times in dealing with committee investigators Adlerman and Sheridan was in marked contrast to the lack of cooperation received from other management firms. It might be well to state for the record that the New York Times, even though obviously embarrassed by the disclosures of its own derelictions, reported the hearings fully and accurately, which is a tribute to its journalistic integrity.

Mr. Warren Kelly, vice president and advertising director of the New York Mirror, testified on the 1946 and 1948 Teamster strikes as they affected the Mirror.

In 1946 Mr. Kelly was director of retail advertising for the Mirror, while in 1948 he was general manager.

With respect to the 1946 strike, an undated and handwritten memorandum was identified by Mr. Kelly as coming from the files of the New York Mirror and was included in the committee record. He did not prepare the memorandum and had no firsthand knowledge concerning it.

The memorandum contained the following entries:

"Neo—business agents of NY Teamsters—$2,750 1st wk.
? 2nd wk.
Union representatives for Jersey tunnel comics—$400.—
Claims for musselmen (sic)—$6,700.
Kenney, $5,000 donation
1,700 other"

This memorandum clearly indicates that payoffs were made during the strike to obtain deliveries.

Mr. Kelly thought that the first entry referred to some payment to the Teamsters.

With respect to the second entry, he said that the comics appearing in the Mirror were delivered to New York from Wilkes-Barre, Pa., by one union; that to enter New York it was necessary for members of that union to drive through the Jersey tunnel. Since a general strike was in effect in New York at the time, the $400 might have related to a payment to someone in the New York union to permit the comics to be trucked through the tunnel.

Mr. Kelly was unable to explain the notation "claims for musselman" (muscleman). He said that the Mirror had a circulation manager by the name of Kenney.

Mr. Kelly was aware of the fact that the New York Mirror made certain payments to the Neo-Gravure Printing Co. during the 1948 Teamster strike to assure the delivery of the Sunday supplement printed by Neo-Gravure from its plant, then located on 26th Street New York, to the Daily Mirror on 45th Street. He identified a memorandum written by him to James J. Weindorf dated September 16, 1948 which reflected that $13,856.38 was paid by the Mirror to Neo-Gravure in connection with those deliveries.

Mr. Kelly's memorandum related to a bill received from Neo-Gravure for "additional handling and shipping expenses incurred pertaining to issues of September 12 and 19, 1948—$13,856.38." In the memorandum Kelly points out that these expenses were incurred "through the necessity of delivering to the Mirror during the strike of the truckmen magazines of the issues of September 12 and 19, in order to get them to 235 East 45th Street in time for distribution and sale of these two Sundays."

According to the memorandum, $10,750 of the amount was for 13 loads delivered on the night of September 2–3 and 3–4 at "an extra rate" of $250 per load and 20 loads delivered on the nights of September 8–9 and 9–10 at $375 a load. The balance was for labor, overtime, and other similar expenses.

Mr. Kelly testified that the $10,750 was paid to Neo-Gravure to "expedite" the shipments of the supplements from Neo-Gravure to the Mirror. He denied any knowledge of what was ultimately done

with the money, but admitted that the extra payments of $250 or $375 per load was most unusual.

After testifying that he made no inquiries as to the eventual disposition of the $10,750 since it did not arouse his curiosity at the time, he was asked:

> Mr. KENNEDY. You didn't care where the $10,000 went as long as you got your magazine sections?
> Mr. KELLY. Exactly.
> Mr. KENNEDY. Do you think that is the proper attitude for a business executive?
> Mr. KELLY. I think it is the proper attitude for an executive that wants to sell 2 million papers.
> Mr. KENNEDY. That is the most important thing?
> Mr. KELLY. And with the advertising revenue that is in the 2 million papers, we are in exactly the same position as the Times (p. 18263).

However, when asked by the chairman as to whether he wished to imply that all legitimate business should surrender to racketeers and if he would authorize similar payments under the same circumstances today, Mr. Kelly altered his position:

> The CHAIRMAN. You authorized the payment at the time. Well, the question should be, whether you should under the same circumstances authorize payment again like that.
> Mr. KELLY. No, I would not.
> The CHAIRMAN. Why?
> Mr. KELLY. Because I have a different view. This was 11 years ago.
> The CHAIRMAN. You know it is the wrong thing to do, do you not? Your paper editorially would condemn it in others just like that.
> Mr. KELLY. Exactly.
> The CHAIRMAN. Don't you condemn it when you do it?
> Mr. KELLY. Yes, sir.
> The CHAIRMAN. All right.
> Mr. KENNEDY. You wouldn't do it again if you were in the same position?
> Mr. KELLY. I would not (p. 18264).

THE AMERICAN WEEKLY SITUATION

As brought out through the testimony of Mr. Chenicek, vice president of the Neo-Gravure Printing Co., Cuneo Press of Chicago, Ill., the parent company of Neo-Gravure, entered into a 10-year contract to print the American Weekly, a Sunday supplement of the Hearst Publishing Co., Inc., commencing with the May 11, 1952, issue. The printing under this contract was distributed by Cuneo over three of its plants, including the Neo-Gravure plant in Weehawken, N.J. Neo-Gravure printed the American Weekly for some 13 newspapers in the East, one of which was the New York Journal American in New York.

As Neo-Gravure approached the initial printing they learned they would have difficulty delivering some 1 million copies allocated to the Journal American because of a dispute involving the Newspaper and

Mail Deliverers Union of New York and vicinity which represented platform workers at the Journal American. (This is the same union which is the subject of the first part of this section of the report.) Arrangements had been made for delivery of the supplement to the Journal American by trucks driven by members of local 807 of the Teamsters in New York. The Deliverers Union insisted that members of its union operate the trucks and refused to accept deliveries by members of local 807.

In short, although Neo-Gravure was ready, willing, and able to deliver the American Weekly, the Journal American was faced with a jurisdictional dispute which, if not settled, would result in a work stoppage at its platform interrupting delivery of the supplement.

According to Mr. Chenicek, officials of the American Weekly asked Neo-Gravure if something could be done to avoid any delays in delivery. Officials of Neo-Gravure turned to Harold Gross. Gross "checked into" the matter and came back with a proposition that in return for an annual payment of $4,000 throughout the life of the American Weekly 10-year contract, a driver from the Deliverers Union would be permitted to operate a truck which otherwise would have been manned by an 807 driver and deliveries would be effected without complication. Gross told Mr. Chenicek that some of this money would "have to be spread around and go to other union officials" (p. 18226).

The Chairman asked Mr. Chenicek:

> The CHAIRMAN. You were caught in an economic squeeze. That is what it amounted to. You either had to pay off or make some arrangements like this, or the Journal American would simply not be able to get your product.
>
> Mr. CHENICEK. That is correct.
>
> The CHAIRMAN. That is what it amounted to?
>
> Mr. CHENICEK. That is correct.
>
> * * * * *
>
> Mr. KENNEDY. As far as you being caught in the squeeze, it was really the American Weekly, was it not, rather than yourselves?
>
> Mr. CHENICEK. That is true (pp. 18225–18226).

Mr. Chenicek relayed Gross' proposition to Mr. McHenry Browne, who was then business manager of the American Weekly, and after clearing with his superiors, Mr. Browne instructed Mr. Chenicek to go ahead and make the payment.

The initial payment was made to Gross by Neo-Gravure in May 1952. Each year thereafter, with the exception of 1954, as the contract anniversary date approached, Gross would remind Mr. Chenicek of the $4,000 payment. Mr. Chenicek in turn would contact the business manager of the American Weekly and obtain approval for the payment. Mr. John Padulo replaced Mr. Browne as business manager in 1952 and thereafter Mr. Joseph Fontana, the current business manager, replaced Mr. Padulo. The $4,000 payment was made to Gross by Neo-Gravure each year through 1958 and Neo-Gravure was in turn reimbursed by American Weekly. Mr. Chenicek said that in 1954 there was a delay in the payment. Since Gross had not reminded him of the payment in early May, as was his custom, Chenicek took no

steps to make it. However, after a considerable period elapsed Gross reminded Chenicek that the payment was overdue. He discussed the matter with Mr. Padulo, then business manager of the American Weekly. However, American Weekly delayed approving the payment. Gross then became insistent, threatening delivery problems unless payment was made. After stressing to Mr. Padulo the importance of making some decision, Mr. Chenicek received a call from Mr. J. D. Gortatowsky, chairman of the board of Hearst Publications.

Mr. Gortatowsky informed Mr. Chenicek that they would like to avoid any further payments and took the position that it was the responsibility of Neo-Gravure to see that the supplements were delivered to the Journal American. However, he pointed out to Gortatowsky that Neo-Gravure was always ready, willing and able to deliver the papers, that they were prevented from doing so because of labor difficulties at the Journal American end, and that therefore the matter of making the payments was the decision and responsibility of American Weekly.

Within a day or two after his conversation with Mr. Gortatowsky, he received a telephone call from Mr. Padulo instructing him to proceed with the $4,000 payment as they had in prior years.

As the 1956 anniversary date approached, Gross, apparently motivated by either a need for additional cash or a spirit of generosity, proposed a cutrate package deal for the balance of the life of the 10-year contract. He pointed out to Mr. Chenicek that at an annual rate of $4,000, the total cost to American Weekly would be $24,000 for the remaining 6 years. However, he was in a position to offer a final settlement of $12,000 and still guarantee uninterrupted deliveries, thus producing an overall saving of $12,000. Mr. Chenicek relayed this proposition to Mr. Fontana who had become business manager at American Weekly. American Weekly, however, elected to continue with the $4,000 annual payment. Gross made a similar proposal in 1957, and again American Weekly rejected it.

Following the payment of the $4,000 to Gross in 1958, American Weekly, in accordance with its option, canceled its printing contract with Neo-Gravure. Thereafter they entered into a new contract containing a considerably lower price structure. Officials of American Weekly told Chenicek that because of a changed economic picture at American Weekly they would like, if at all possible, to avoid a continuation of the $4,000 annual payment. Mr. Chenicek explained the situation to Gross who, after making appropriate inquiries, informed Mr. Chenicek that the 1958 payment would be considered the final one. According to Mr. Chenicek, no further payments have been made and they have not experienced any difficulties in delivering the supplement to the Journal American.

Staff Accountant George Kopecky told the committee that his examination of the books of Neo-Gravure disclosed that a total of $28,000 had been paid to Gross under the above arrangement for the period 1952 through 1958. Neo-Gravure was reimbursed by American Weekly for the entire amount.

Mr. Chenicek did not know if Gross shared this money with any other individuals.

Mr. Chenicek's testimony on the American Weekly situation was corroborated by that of Mr. John J. Padulo, former business manager

of American Weekly, and Mr. Joseph E. Fontana, the current business manager.

Mr. Padulo is presently business manager of the Erie Times News, Erie, Pa. He was business manager of the American Weekly from May 1952 to December 1955 and in that capacity his responsibilities included, among other things, the approval of all expenditures for the printing of the American Weekly.

Mr. Padulo testified that in 1959 a contract was negotiated with Neo-Gravure for the printing of the American Weekly commencing with the issue of May 11, 1952. In May of each year, as Mr. Padulo recalled, there appeared on the invoices submitted by Neo-Gravure an item of $4,000 labeled "miscellaneous expense." Mr. Chenicek, general manager of Neo-Gravure, informed Mr. Padulo that this amount had to be paid in May of each year in order to maintain labor peace.

As business manager of American Weekly, Mr. Padulo approved the $4,000 payment after instructed to do so by Mr. J. D. Gortatowsky, the general manager.

It was Mr. Padulo's testimony that he knew the payment was made to Neo-Gravure to insure labor peace and guarantee the delivery of the American Weekly to the Journal-American. The payment was not part of the original contract with Neo-Gravure. It occurred to him that it was an improper payment but was necessary tribute to someone to insure delivery of the paper.

Mr. Joseph E. Fontana has been business manager of American Weekly since December 1955. From 1953 to 1955 he was chief accountant for the same publication.

Mr. Fontana testified that as business manager of American Weekly he authorized the $4,000 payment to Neo-Gravure from 1955 to 1958. When interrogated by the committee as to his knowledge of the purpose of payment, he said that Mr. Padulo informed him it was necessary to assure delivery of the American Weekly to the Journal American and that it would have to be paid for the life of the contract with Cuneo Press.

Fontana told the committee that at the time he authorized the payments he considered them as a business expense and proper, however having heard the testimony before the committee he would not consider it a proper payment. He insisted he only knew that the $4,000 was being paid to assure the delivery of the American Weekly; that he made no inquiries as to why it was necessary to pay the $4,000 annually over and above the provisions of the contract in order to obtain delivery; that he merely "assumed it was for additional labor and didn't go into it any further" (p. 18277).

Mr. Fontana was pressed on this matter by the chairman:

> The CHAIRMAN. Mr. Fontana, yesterday the representatives of the New York Times and other publications came in here and frankly admitted that they knew what the money was for, and they didn't know who got it necessarily, but they came in here and they realized they had to do it or felt they had to do it and go along with it in order to have labor peace.
>
> Now, why can't you say the same thing? It just does not seem that a businessman occupying that high position would

not have had enough curiosity to find out exactly what had happened, and didn't you?

Mr. FONTANA. I found out exactly what I have said before, sir. I wasn't aware——

The CHAIRMAN. The peculiar thing is that you get something that you know is improper, which goes beyond the legal contract you have. You get up to that point and then you lose interest, and you go ahead and pay it but don't try to find out any more about it. Don't you think that you knew all about it?

Mr. FONTANA. No I didn't know all about it.

The CHAIRMAN. And you had no curiosity to find out?

Mr. FONTANA. I didn't know to whom the money was being paid.

The CHAIRMAN. I know. But you knew it was being paid to somebody to guarantee labor peace?

Mr. FONTANA. Yes, I said that, and I knew it was being paid to a person or persons.

The CHAIRMAN. You might have not known the name of the person, and I assume there is no reason why this Neo-Gravure firm couldn't have told you the name, and they knew who was getting it. Did you ask them who was getting the money?

Mr. FONTANA. No, I didn't.

The CHAIRMAN. You didn't even ask them?

Mr. FONTANA. No.

The CHAIRMAN. Proceed.

Mr. KENNEDY. As I understand your answer, then, you know it was in order to achieve labor peace?

Mr. FONTANA. Well, I suppose you could say it that way, and I was saying that it was to achieve——

The CHAIRMAN. Which way do you say it?

Mr. FONTANA. In order to assure delivery of the American Weekly.

The CHAIRMAN. What was it that would keep them from being delivered, and what was it you were afraid of that would keep them from being delivered?

Mr. FONTANA. There may be difficulty on the loading platform, and I am assuming this.

The CHAIRMAN. You were pretty sure of it when you paid out $4,000, weren't you?

Mr. FONTANA. I was sure of it (pp. 18278–18279).

Through Mr. Fontana there was placed in the committee record invoices of Cuneo Press to American Weekly for May 1952, May 1953, November 1954, May 1955, May 1956, and June 1958.

The $4,000 item appeared on each of the invoices. The item was described as "organizational expenses" on the invoices of 1952 through 1955. Thereafter it was described as "administrative expenses." Also placed in the record were checks from American Weekly to Cuneo Press, Inc., in payment of the amounts on the aforementioned invoices including the $4,000 item.

MISCELLANEOUS

The total known payments by Neo-Gravure, the New York Times, the New York Mirror, and the American Weekly to Harold Gross, his relatives, and Cornelius Noonan, was $307,136.80. The bulk of this huge amount went to Gross and Noonan as payoffs. Apparently, however, they did not consider this to be a sufficient implementation of their salary as officials in Local 320 of the Teamsters and Local 1730 of the International Longshoremen's Association, respectively.

Staff Member Sheridan testified that Harold Gross and Connie Noonan were also on the payroll of the Associated Paper Co. in Philadelphia, Pa., from 1955 to 1959, during which time they received a total of $17,381.52.

Officials of Associated Paper Co. explained that for approximately 8 years Associated had been unsuccessfully attempting to obtain a contract with the Lily Tulip Cup Co. in New York City; that Mr. Noonan had been successful in obtaining such a contract, and that he and Gross thereafter were paid commissions based on sales of Associated to Lily Tulip. Initially Noonan received 45 percent, Gross received 45 percent, and the company 10 percent. Thereafter the basis was changed, whereby Gross, Noonan, and the company each received one-third.

Significantly, Local 1730, ILA, Noonan's local, represents employees of the Lily Tulip Co.

Staff members learned that Gross and Noonan reported commissions received from Associated for income tax purposes. However, there were no indications that the cash payments to Gross and Noonan, as testified to by officials of Neo-Gravure, were reported as income.

PUNITIVE ACTION TAKEN AGAINST GROSS AND NOONAN

On September 24, 1959, following disclosures before the committee, Harold Gross and Connie Noonan were indicted by a Federal grand jury in New York on charges of conspiracy to extort $20,000 from the Hearst Publishing Co. by threatening, through labor trouble, to halt delivery of the American Weekly to the New York Journal American from the Neo-Gravure Printing Co. The indictment is still pending.

On December 11, 1959, Harold Gross was convicted of having evaded payment of Federal income taxes on the cash payments he received through Neo-Gravure as developed in the hearings before the committee.

On December 17, 1959, almost a week after Gross' conviction, local 320 announced that Gross resigned as president of local 320 by a letter dated December 3, 1959.

OTHER INSTANCES OF PURCHASE OF LABOR PEACE IN THE NEWSPAPER PUBLISHING FIELD

Two other situations involving newspapers are treated in detail in a separate section of this report relating to James R. Hoffa. They concern Theodore R. Cozza, president of local 211 of the Teamsters in Pittsburgh, who was on the payroll of the Pittsburgh Sun Telegraph, and Joseph Prebenda, secretary-treasurer of local 372 in Detroit, who

was on the payroll of the Detroit Times, for the purpose of assuring labor peace.

FINDINGS—NEWSPAPER INDUSTRY, NEW YORK AND VICINITY

The extent to which criminal and underworld elements have succeeded in infiltrating the management and labor ends of the newspaper and magazine wholesale distribution business in the New York area is shocking to the committee and constitutes a potential threat to freedom of the press.

Criminal elements as exemplified by Irving Bitz, Michael Spozate, Charles Gordon, and William Fello acquired franchises through the Bi-County News Co. for the delivery of some 80 percent of all major magazines throughout Long Island in late 1958, adding substantially to already existing lucrative franchises in New York City. Thus, criminal elements have taken a giant step forward in an apparent attempt to monopolize the industry in the New York metropolitan area.

There can be little doubt that the success already achieved by these elements is, to a great extent, attributable to the evident influence they exert over officials of the Deliverers' Union, which represents employees of all wholesalers in the New York area.

The committee was confronted with the unusual spectacle of officials and owners of some 38 corporations and companies representing all 4 employer-management groups of wholesale magazine and newspaper distributors unanimously resorting to their constitutional privilege against self-incrimination when questioned on bribery and extortion.

Examination of the books and records of each of these wholesale distributors, who were members of the above employer groups, revealed large sums unaccounted for. All of the officers of these corporations and companies who appeared before the committee in both executive and public sessions, with the exception of Herbert Cohen, president of Periodical Distributors, refused to explain these expenditures, taking refuge behind the plea of self-incrimination. It was apparent to the committee that the unaccounted funds were in fact slush funds used to bribe officials of the Newspaper and Mail Deliverers' Union of New York and Vicinity. The committee especially commends Mr. Herbert Cohen for his forthright and cooperative attitude.

The committee was further confronted with the spectacle of 17 out of 19 officials of the Newspaper and Mail Deliverers' Union of New York and Vicinity exercising their constitutional privilege against self-incrimination in response to questions whether they had extorted moneys from management, whether they had received bribes, or whether they had been paid off for labor peace.

A classic example of the way officials of the union extorted moneys was demonstrated by the testimony of Theodore Thackrey, a former publisher of a New York newspaper, who related a sordid story of being forced to pay $10,000 through Irving Bitz to the president of the Deliverers' Union in order to arrange delivery of his papers.

It is hoped that the conviction and imprisonment of Irving Bitz for extortion and violation of the antitrust laws, together with the

indictment of certain employers and union officials on extortion and antitrust charges, will be a deterrent against further infiltration of the newspaper and magazine wholesale industry by criminal racketeers. Local and Federal prosecution officers are to be commended for their prompt prosecution of crimes committed by both employers and the racketeer element in the union, which was exposed by the committee.

It is further hoped that disclosures before the committee will awaken the officials of newspapers and national distributors of magazines to the necessity for care in granting franchises and will cause them to take appropriate steps in canceling franchises already granted to persons of criminal background.

The committee finds that officials of the Newspaper and Mail Deliverers' Union of New York and Vicinity which did not represent any of the employees at Newsday, attempted to coerce the management of that newspaper into an improper "top down" contract. When the management refused to become a party to an illegal contract, union officials resorted to illegal acts of violence in an attempt to force their improper demands on Newsday.

Harold Gross, a convicted extortionist, was on the payroll of the Neo-Gravure Printing Co. from 1945 to 1959 and was paid over $98,000 for the sole purpose of maintaining labor peace. Were it not for the committee hearings, he would undoubtedly still be on the payroll.

Through Harold Gross' influence, four of his relatives were on the payroll of Neo-Gravure for varing periods from 1946 to 1959, receiving over $128,000.

Harold Gross was paid a total of $5,000 by Neo-Gravure in 1954–55 for arranging a sweetheart contract with local 1730, International Longshoremen's Association, through his close friend, Cornelius J. Noonan, head of the local.

Cornelius Noonan, in agreeing to the sweetheart arrangement, was guilty of the most reprehensible breach of trust in derogation of the rights of the union members he represented.

The committee considers the $1,550 in Christmas gifts which were paid to Cornelius Noonan by Neo-Gravure from 1950 to 1958 as nothing more than payoffs to insure labor peace.

The evidence before the committee is irrefutable that the New York Times and the New York Mirror, in order to arrange for deliveries during a Teamster strike in September 1948, were required to pay a total of $45,750 as tribute to corrupt labor representatives through two labor racketeer "fixers," Harold Gross and Cornelius Noonan.

From the record it appears that similar tribute was paid to corrupt labor leaders through Harold Gross and Cornelius Noonan during a Teamster strike in September 1946.

On the basis of incontrovertible evidence the committee finds that from 1952 through 1958 the American Weekly, in order to avoid threatened interruption of deliveries, was forced to pay $28,000 in tribute from 1952 through 1958 to Harold Gross, undoubtedly for further distribution to corrupt union officials.

These hearings, as well as others, have served to convince the committee that one of the greatest contributing factors to corruption in the labor-management field is the lack of moral courage and

sense of public responsibility on the part of employers. To achieve a temporary economic advantage they have either submitted to payoff demands or actually sought out ways and means of "fixing" a troublesome situation.

Until such time as management realizes its responsibilities and resists these pressures, there is little possibility of stamping out the racketeer influence in this field.

In this respect the committee is particularly gratified by the attitude of officials of the New York Times and the Neo-Gravure Printing Co. as reflected by their open and frank testimony on the payoffs their companies felt obliged to make, and their candor in admitting that such action, although serving their private interests in solving an immediate problem, was opposed to the public interests in that it promoted corruption in the labor-management field.

It is hoped that their attitude and their candor, however embarrassing, will serve as an example to other employers whom the committee has found less candid and forthright.

In 1957, James R. Hoffa assured the committee that if he became general president of the International Brotherhood of Teamsters, he would take appropriate steps to rid the union of criminal and racketeering elements. Hearings subsequent to Hoffa's becoming general president clearly demonstrated his lack of sincerity when he gave the committee those assurances. In its second interim report, filed in August 1959, the committee noted among other things:

> The lack of any action whatsoever by James R. Hoffa to take a single definitive step to rid his union of racketeers and crooks.

The designation of Harold Gross, a convicted extortionist and professional "fixer," as head of local 320 of the Teamsters in Miami and the $3,000 monthly subsidization of this racket local by the international more than a year after Hoffa's "cleanup" assurances to the committee, evidences not only Hoffa's complete dishonesty but also his contemptuous attitude toward the U.S. Senate and all law and order. The local 320 situation convinces the committee that Hoffa had no intention of fulfilling his assurances. On the contrary, after making them he has actually promoted criminal and racketeering elements within the Teamsters.

If further proof of this were needed, one need only turn to Hoffa's establishment of the so-called antiracketeering commission for the purported purpose of ferreting out racketeers. This commission's method of operation, as disclosed by the correspondence between its chairman, George H. Bender, and officials of local 320, is hardly indicative of any serious attempt to eliminate the racketeering element within the Teamsters Union. From the evidence the committee can only conclude that this commission was formed merely for purposes of deception—to conceal from the committee, the courts, and the public generally Hoffa's dependence on and obligation to these elements.

Findings concerning the newspaper industry relative to Theodore R. Cozza, president of local 211 of the Teamsters in Pittsburgh, and Joseph Prebenda, secretary-treasurer of local 372 in Detroit, are included in another section of this report pertaining to James R. Hoffa.

Political Campaign Contributions by Labor and Management

The committee heard testimony on August 18, 1959, concerning political spending and political activities by labor and management. The members of the committee had previously agreed on July 15, 1959, to call certain experts in the field of political science to discuss the problems involved. Four experts were called:

Dr. Alexander Heard, professor of political science, University of North Carolina, Chapel Hill, N.C.; Dr. Sylvester Petro, professor of law, New York University, New York, N.Y.; Dr. Andrew Hacker, assistant professor of government, Cornell University, Ithaca, N.Y.; Dr. Herbert Alexander, director, Citizens Research Foundation, Princeton, N.J.

Dr. Heard worked as a consultant with the Senate Subcommittee on Privileges and Elections in 1957, under the chairmanship of Senator Albert Gore, of Tennessee, and has pursued his own studies on the subject of political spending for several years. He testified that there are technical difficulties of trying to obtain the kind of factual picture essential in understanding the subject, principally involving adequate time, adequate staff preparation, and effective procedures. He estimated it would take from 15 to 18 months to complete a satisfactory study, with a suggested staff of 25 or 30 professional members, plus an equal number of clerical and stenographic employees. He advised that the staff should include one to three persons intimately acquainted with union organizations and union activities, specialists informed about corporate organization, one to three staff members or consultants who have studied the subject dispassionately without being associated with either side, four to six skilled statistical employees, and three to five for a field staff. Also included should be persons acquainted with the areas whence reports are submitted, and the customary group of legally trained personnel. He emphasized that the study should be made during an election year, in that adequate records are not maintained after the campaign is over.

Dr. Heard concluded, from reviewing testimony and reports of previous committees, that the quality of the testimony offered and the quality of the reports written could have been immeasurably improved if there had been adequate staff work in advance, adequate personnel, and sufficient time. It appeared that questioning of witnesses in the past proceeded too much from the top and without adequate preparation.

As an illustration of the necessity of making a thorough study, Dr. Heard told of an experiment he had conducted in which he examined the official reports of the 12 largest unions to ascertain what information they contained regarding politically relevant activities. He concluded that there were at least 13 different headings under which a politically relevant expenditure might be made. Emphasizing that unions had not necessarily made political expenditures under these headings, he listed them as follows: (1) Donations to charitable causes; (2) political department; (3) citizenship program; (4) education and information; (5) communications; (6) public service activities; (7) public relations; (8) research; (9) legislative activities; (10) legal department; (11) expense accounts; (12) general administrative costs; (13) salaries.

If these accounts were examined in advance, Dr. Heard pointed out, witnesses could be more closely questioned, and a better picture could be developed. He also listed eight headings under which politically relevant corporate expenditures could be made, as follows: (1) Expense accounts; (2) contributions in kind; (3) advertisements in political journals; (4) payments to persons in public relations activities; (5) fees to lawyers; (6) salaries and bonuses; (7) payments to affiliated organizations; (8) direct expenditures.

As a member of the Gore subcommittee staff, Dr. Heard had attempted to draft a satisfactory questionnaire to be circulated to corporations and labor unions, but it was not effective and not fully used. The experience indicated, however, the impracticability of obtaining the desired information in this manner.

Chairman McClellan related his impression to the effect that attempts are made to circumvent the law by corporations which have their officers or representatives make political donations which are charged to an excessive expense account, and by labor unions which charge such expenditures to organizational expense or to other accounts.

> The CHAIRMAN. * * * What would be your suggestion as to how you can effectively cope with that evil, if it is regarded as an evil, or that impropriety, to make it milder?
>
> Dr. HEARD. * * * I am not sure that you can. I am not sure that it is actually possible to devise a statute that would achieve that goal.
>
> One of the reasons is that, in my view, there is this terribly difficult problem of definition. Many such expenditures to which you alluded are made indirectly. Many such expenditures will be defended as falling outside of almost any definition that you might devise—and certainly outside any definition that would be held constitutional that you can devise.
>
> Personally, my approach to this whole problem is on a somewhat broader front. I feel that the entire field of campaign finance isn't susceptible to just one formula for solution. I think we have to have a piecemeal approach that will come at the thing from several angles.
>
> Personally, I favor taking as much pressure off of candidates as possible by encouraging contributions from sources other than labor unions and corporate organizations.
>
> I, myself, favor tax concessions of one kind of another.
>
> * * * * *
>
> The CHAIRMAN. I agree and support the general objective of encouraging others to contribute. But I don't know how that would necessarily keep the labor boss or the labor leader that wants to gain control of or build up political power or influence, to keep him from going on and contributing just the same.
>
> Dr. HEARD. Well, he well might.
>
> On the other hand, I believe that if a candidate has other sources of campaign money, he may personally be freer to reject such offers of assistance.

The CHAIRMAN. In other words, he may not yield so easily, he may not be tempted to accept money that may have strings on it, from either corporations or labor organizations.

Dr. HEARD. That is correct (pp. 19867, 19868).

* * * * *

Senator CHURCH. You mentioned that such an inquiry, to be helpful and adequate, as I recall your testimony, ought to take place in connection with a national election, and you suggested that the next national election being 1960 that this might be an appropriate time to undertake such a study.

Do you think that this kind of study could be undertaken apart from the framework of a national election?

Do you think that it might properly be undertaken now, for example? Do you think it can be completed prior to the next national election?

Dr. HEARD. Senator Church, I am doubtful for this reason: My observation is that a great many of the campaign organizations that become active in any campaign, senatorial campaign and certainly in a presidential campaign, are created ad hoc. They come into existence, they go out of existence. Memories are short. * * * Records get lost, if there are any records.

It is very, very difficult to come after the event and get anything but memory. You can't get very much of that (p. 19869).

* * * * *

Senator CHURCH. This committee, as you know, is operating under a special resolution that has once been extended. The life of the committee under the resolution expires on the 31st of January of this coming year (1960).

That would mean, according to the authority now vested in this committee, that we would have from now until the end of January if we were to undertake the kind of investigation you have recommended.

In your opinion, would that give us sufficient time to do the kind of job you think needs to be done?

Dr. HEARD. No, sir, I do not believe between now and the end of January, January 31, 1960, it could be done (p. 19870).

* * * * *

Senator MUNDT. May I say we are not interested in putting anybody in jail for something that happened in the past. We are simply trying to avert these improper practices from occurring in the future. * * * In our other investigations we have had the accusatory. But our thought here was to be exploratory, investigative, informative, so that perhaps something we do now might result in a little more appropriate political behavior in 1960, 1962, and 1964 (p. 19872).

* * * * *

Senator GOLDWATER. * * * You made the statement that you feel that this should be a deep study by a competent staff, that it would take 12 to 18 months. Senator Mundt has in-

formed you that we have already made up our minds about this subject, that if we are going to go into it, this present staff would do it. I think we have to be practical in this. I can't envision either party passing a resolution creating a committee to investigate political activity of unions, if this particular party is in, and corporations, if the other party is in. I am in the position of the man who has his last horse on the pony express, that you have to get there with this horse.

If we fool ourselves by saying that this problem is going to be solved by some committee that is to be appointed in the next session of this Congress, we are just playing around with foolishness. That is the practicability of politics, and you recognize it the same as I recognize it. It is one of the reasons I suggest why under the Republicans we were unable to get what I consider an adequate investigation in this field. It has been a problem under the Democrats.

I feel we have been unable to get into this field. We do have examples of staff studies that I think indicate that a staff could do this, at least do preliminary work, a staff that is not made up of political science experts, necessarily (p. 19875).

* * * I have enough confidence in our staff to feel that they can at least do the bookkeeping end of it (p. 19876).

* * * * *

Dr. HEARD. I don't really think there is much disagreement. It is a question of how far down the road and how many roads you want to go down. Obviously, you can do more in 18 months than in 8, and more in 8 than in 2 (p. 19876).

* * * * *

Senator CURTIS. I would like if this is undertaken along the lines you suggest, I would like to see two staffs. I would like to see a committee of, say, about three Democrats and one Republican investigate the Republican expenditures. That many Senators would hire the staff and put them to work.

Then I would like to see another senatorial committee of about three Republicans and one Democrat investigate the Democratic expenditures, and hire their staff to do that. * * * I think then you could get a pretty good story and have sufficient check on it that it would have to be accurate, that there would be no suppression.

But I think that every investigation that goes on just cannot be divorced from the contest itself (p. 19878).

Dr. Heard estimated that the cash expenditures in this country for all election campaigns, Federal, State, and local, totaled $140 million in 1952 and $150 to $155 million in 1956. These figures could not be broken down, in that some expenditures related to both Federal and State campaigns.

Dr. Sylvester Petro, a labor law specialist who is now a professor of law, reviewed the part of organized labor in politics.

Dr. PETRO. * * * With their emergence as the most powerful economic organizations in the history of the United States, the large trade unions have emerged also as powerful political organizations, perhaps the most active such organizations in the country today. Their political activities first became a subject of deep concern after the Second World War, and this concern was reflected by Congress in 1947, when in framing the Taft-Hartley Act it included a section broadly prohibiting contributions and expenditures by both labor organizations and corporations in connection with Federal elections.

This legislation has had an unhappy career, with no successful prosecution to date, and with the grave doubts held from the beginning concerning its constitutionality still unresolved.

Now, as this Senate select committee has demonstrated, after 12 years of the Taft-Hartley Act both the economic and the political power and activity of the large unions have increased dramatically, and the grounds for apprehension which existed in 1947 have been magnified accordingly. The Taft-Hartley Act accepted the special privileges and the ensuing power which prior legislation had accorded labor organizations. It sought to avoid the political consequences of those privileges and power by the direct method of prohibition of political expenditures. History has shown that to have been a mistaken approach. Commonsense suggests that a new approach is called for today (p. 19885).

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Dr. PETRO. * * * The few prosecutions which have been brought under section 304 in the last 12 years have produced some interesting, and confusing, decisions and opinions (p. 19886).

* * * * *

Dr. PETRO. * * * There has been an inordinate delay in resolving the constitutional issue, and this suggests that the Supreme Court is greatly disturbed on the question. Three of the present Justices have already clearly indicated that they will hold the statute unconstitutional unless it is construed into impotency. Not one of the Justices has yet committed himself to the view that the statute is constitutional, even when interpreted as restrictively as it has been.

The CHAIRMAN. If they should hold that, then there would be no way on earth for the Congress to restrict or limit or, in other words, in any other way regulate political contributions from a labor organization or a corporation.

Dr. PETRO. I believe, Senator, you have put your finger precisely on the reason for the Supreme Court's present position of frustration. They don't want to decide the case either way (p. 19889).

* * * * *

Dr. PETRO. * * * At present, unions are in a position to spend funds for political purposes and objectives opposed by

> some of the very members who contributed those funds. Worse than that, a man may be forced into a union by coercive organizing devices, kept there by a specially privileged compulsory unionism agreement, and be forced to pay dues which are spent for purposes in which he has no interest and to which indeed he may be more or less vigorously opposed (p. 19892).

Mr. Andrew Hacker, assistant professor of government at Cornell University, has spent 3 years in research concerning the American corporation. He testified that corporations in this country have always been active in politics, but there has been a change in their mood and approach, with a tendency to take a more active part in an open and planned manner. A corporate philosophy has developed since the close of World War II, based on the theory that corporations, a bit like the aristocracy of the 19th century, have an obligation to use their power and influence in society as a whole. In addition to an attitude of self-defense against the power of labor, officers of corporations feel that they are statesmen of society, that power has its responsibilities, and that they owe it to their country to contribute to political thinking.

Mr. Hacker stated that company resources, both time and money, are being used in a greater and greater way. For example, one corporation spent $30,000 in cash and considerable time backing a referendum to enact a State right-to-work law. A number of corporations, he said, favor repeal of the law prohibiting corporation support of Federal candidates.

The witness further alleged that about three to eight officials control the policies of a large corporation, while the average shareholder has no voice and is actually not concerned with the policies, wishing only to collect his dividends.

The last witness was Dr. Herbert Alexander, who stated that he is presently director of Citizens Research Foundation, dedicated to the study of money in politics, and previously taught in the department of politics at Princeton University. He was also associated with Dr. Alexander Heard in the latter's national survey on money in politics.

> Dr. ALEXANDER. * * * I think there are two goals to consider while discussing political activities and political spending by both labor and management. These are:
>
> 1. That political participation by individuals, whether union members or businessmen, is desirable and we should seek to encourage it in ways consonant with political realities.
>
> 2. That comprehensive public disclosure of union and corporate practices is essential as a preventive or deterrent to abuses, and as a means of informing the public.
>
> The political realities as I see them are that corporations, business or trade associations, and labor unions, are natural financial constituencies and their leaders should not, and constitutionally cannot, be debarred from asking stockholders or members to contribute individually to political candidates.
>
> It is also unrealistic and perhaps unconstitutional to try to prevent political appeals to other than members through disguised institutional advertising, sponsored broadcasts, or other means. But it is realistic and desirable, as well, to try to

prevent the political use of corporate or union funds collected for other purposes (p. 19908).

* * * We should encourage democracy in labor unions, in the means by which political endorsements are made, and I favor any legislation that promotes such democratic internal processes. We should try to protect the right of dissent in unions and prevent compulsory assessments or compulsion of individuals to engage in political activities against their wishes. The individual member's response often is not the result of coercion, as some would have us believe, but of social pressure or the need to conform or the urge to succeed. In many cases of cross conflict between one's own viewpoint and that taken by the organization, the result may be apathy—also something to be deplored (pp. 19909–19910).

* * * To expect union organizations not to endorse candidates or take positions on issues, is unrealistic. Thus voluntary methods are desirable and should be favorably publicized. But union funds collected for other purposes should not be used politically. * * *

Senator CHURCH. I take it from your testimony up to this point that you first recognize the legitimate right of unions or of business enterprises to participate in politics, to endorse and support candidates of their own choosing because this is the very process of self-government.

But that unions for this purpose should use voluntary funds and businesses for this purpose should use voluntary as distinct from corporate funds?

Dr. ALEXANDER. Yes, sir. * * *

I believe the use of large sums of money in political campaigns is so easily dramatized that it leads us to forget or minimize the tremendous number of corporate and union man-hours, paid or unpaid, voluntary or captive, that go into political activities. The bookkeeping of man-hours may be difficult, especially if we try to translate their worth into dollars and cents, but I think that someone ought to look into the possibilities of such accounting for time and services. Only then will we know the true cost of political campaigns and the extent of labor and management spending (pp. 19910–19911).

FINDINGS—POLITICAL CAMPAIGN CONTRIBUTIONS BY LABOR AND MANAGEMENT

The committee believes that political spending by both labor and management should be thoroughly investigated, but insufficient time remains in the approved life of the committee to permit the amount of attention which such an undertaking deserves. It is further believed that the investigation should be conducted during a general election year. Although the committee has jurisdiction over political spending as a possible improper activity in the labor-management field, such an investigation, if it is undertaken, must of necessity be left to a committee of the future.

FEBRUARY 24, 1960.

I was not a member of the Senate Select Committee on Improper Activities in the Labor or Management Field until February 1959, and consequently I did not sit in on the hearings and executive sessions on which the secondary boycott and Sheet Metal Workers sections of this report were based. Under these circumstances, I have taken no part in the preparation and submission of these two sections of this report.

HOMER E. CAPEHART,
U.S. Senator.

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