

(NATURAL GAS)

SUPPORTERS OF THE NATURAL GAS BILL FEARED ITS CHANCES OF PASSAGE WERE HURT BY A CHARGE THAT SOMEONE TRIED TO BUY A SENATOR'S VOTE.

SEN. FRANCIS CASE (R-S.D.) CHARGED YESTERDAY AN ATTORNEY OFFERED HIM \$2,500 FOR HIS CAMPAIGN FUND ON THE ASSUMPTION HE WOULD VOTE FOR THE BILL.

THE PARTY-SPLITTING MEASURE WOULD LIFT FEDERAL PRICE CONTROLS ON GAS SOLD BY PRODUCERS. IT WAS SCHEDULED TO COME UP FOR A VOTE MONDAY.

PREVIOUSLY CONFIDENT SENATE LEADERS WENT INTO HURRIED HUDDLES IN AN ATTEMPT TO WORK OUT A STRATEGY TO SAVE THE BILL. SEN. J.W. FULBRIGHT (D-ARK.), AUTHOR OF THE HOUSE-APPROVED BILL, FRANKLY ADMITTED SENATE LEADERS ARE CONCERNED.

FULBRIGHT TOLD A REPORTER THAT CASE'S CHARGE "COULD INFLUENCE" THE OUTCOME OF THE MEASURE IN THE SENATE.

"I HAVE SEEN ELECTIONS SWUNG IN SUCH A MANNER BY SUCH LAST-MINUTE CHARGES WHICH ARE LATER RETRACTED," FULBRIGHT SAID.

ANOTHER LEADING SUPPORTER OF THE BILL SAID PRIVATELY THAT "IF THE OPPONENTS WANTED TO DEFEAT THIS BILL. THEY COULD NOT HAVE THOUGHT UP A BETTER WAY THAN THROWING IN THIS LAST-MINUTE DEAD CAT."

THE CASE DISCLOSURE PUT EVERY SENATOR WHO PLANNED TO VOTE FOR THE BILL ON THE SPOT. AS FULBRIGHT PUT IT: "AS IT STANDS NOW, ANYONE WHO VOTES FOR THIS BILL IS NOW SUSPECTED OF HAVING RECEIVED SUCH A CAMPAIGN CONTRIBUTION."

SENATE DEMOCRATIC LEADER LYNDON B. JOHNSON (TEX.) AND SENATE REPUBLICAN LEADER WILLIAM F. KNOWLAND (CALIF.), WHO FAVOR THE BILL, SCHEDULED SECRET MEETINGS LATER TODAY TO DETERMINE SOME WAY TO GET THE SENATORS OFF THE SPOT.

ONE STRATEGY THE TWO LEADERS WERE CONSIDERING WAS TO HAVE THE SENATE COMMERCE COMMITTEE MAKE A FULL INVESTIGATION OF THE INCIDENT.

CASE MADE IT PLAIN THAT HE HAS NO INTENTION OF DIVULGING THE LAWYER'S NAME -- DESPITE THE URGINGS OF SENATE LEADERS.

2/4--PA848A

ADD 11 CASE

FULBRIGHT TOLD THE SENATE THAT CASE HAD MADE A "VERY SERIOUS CHARGE" ASSERTING THAT THERE HAD BEEN AN ATTEMPT TO "INFLUENCE HIS VOTE BY A BRIBE." FULBRIGHT SAID THE CHARGE WAS "SO SERIOUS" THAT CASE SHOULD SUPPLY NAMES AND FULL PARTICULARS TO THE SENATE.

MONRONEY AGREED THAT "IF SUCH A CHARGE WAS MADE" THE FULL FACTS SHOULD BE SUPPLIED.

FULBRIGHT COMMENTED THAT, WHILE CASE DID NOT SEEM TO KNOW WHO THE ATTORNEY WHO MADE THE OFFER WAS REPRESENTING, THE INCIDENT "HAS INFLUENCED" CASE'S VOTE BECAUSE HE HAS NOW DECIDED TO VOTE AGAINST THE BILL. MONRONEY AGREED THAT THE "NET RESULT" OF THE INCIDENT "HAS INFLUENCED HIS VOTE."

MONRONEY SUGGESTED THAT THE INCIDENT MIGHT BE ANOTHER EXAMPLE OF THE "DEAD CAT TECHNIQUES" EMPLOYED BY PEOPLE WHO WOULD DO ANYTHING TO KEEP THE BILL FROM PASSING. (HE CAREFULLY SAID HE WAS NOT REFERRING TO THE BILL'S SENATE OPPONENTS.)

SEN. EDWARD MARTIN (R-PA.) NOTIFIED DEMOCRATIC GOV. GEORGE M. LEADER THAT HE WOULD VOTE FOR THE BILL.

MARTIN MADE PUBLIC A TELEGRAM TO THE PENNSYLVANIA GOVERNOR WHICH SAID MARTIN SUPPORTS THE BILL "BECAUSE THE GREAT AMERICAN PRINCIPLE OF FREE ENTERPRISE IS AT STAKE."

HE SAID HE WAS MAKING HIS POSITION KNOWN BECAUSE LEADER AND OTHER GOVERNORS TELEGRAPHED HIM THAT THEY OPPOSED THE BILL.

"LET US DO SOME GOOD SOUND AMERICAN THINKING AND NOT TRY TO MAKE A POLITICAL FOOTBALL OUT OF THIS ISSUE," MARTIN SAID.

2/3--N407P

ADD 6 NATURAL GAS

IN A SEPARATE DISCUSSION WITH NEWSMEN SEN. J. W. FULBRIGHT (D-ARK.) ATTACKED THE "INEXCUSABLE TIMING" OF THE CASE SPEECH. HE COMMENTED THAT CASE COULD HAVE MADE HIS SPEECH A WEEK EARLIER OR WAITED UNTIL AFTER THE VOTE TO RAISE THE QUESTION OF THE CAMPAIGN CONTRIBUTION.

"WHY DID HE DO IT AT THE LAST MINUTE IF HE DIDN'T WANT TO INFLUENCE THE VOTE," SAID FULBRIGHT, WHO IS THE SPONSOR OF THE CONTROVERSIAL MEASURE.

FULBRIGHT PRAISED THE DECISION TO INVESTIGATE THE MATTER. ASKED WHETHER CASE CAN BE MADE TO SUPPLY FULL PARTICULARS ON THE MATTER, FULBRIGHT REPLIED:

"IF HE EXPECTS TO STAY IN PUBLIC LIFE HE'D BETTER."

FULBRIGHT AGREED WITH JOHNSON THAT THE MERITS OF THE BILL AND THE QUESTION OF THE CONTRIBUTION ARE SEPARATE. HE SAID THE CONTRIBUTION QUESTION IS PROBABLY MORE IMPORTANT IN THE LONG RUN.

"IF THE PEOPLE GET THE IDEA THAT THE SENATE CAN BE BOUGHT AND SOLD, WHO KNOWS WHAT IT WOULD DO TO THE COUNTRY," HE SAID.

FULBRIGHT, WHO HAD EXPRESSED CONCERN EARLIER THAT THE INCIDENT MIGHT SWAY THE SENATE VOTE, SAID HE IS NOW CONVINCED THAT ITS EFFECT -- IF ANY -- WILL BE TO ACT AGAINST OPPONENTS OF THE BILL.

2/4--GD216P

ADD 16 CASE

AFTER ABRUPTLY BREAKING UP THE SESSION, JOHNSON CLOSETED HIMSELF IN A HIGH-POWERED HUDDLE WITH BRIDGES, KNOWLAND AND OTHERS TO DISCUSS STRATEGY FOR DEALING WITH CASE'S DISCLOSURE OR FORCING THE SOUTH DAKOTA SENATOR TO DIVULGE THE ATTORNEY'S NAME.

IT WAS EVIDENT THAT SUPPORTERS OF THE BILL WERE SOMEWHAT CONCERNED BY THE SUDDEN BOMBSHELL THROWN INTO THE DEBATE BY THE MILD-MANNERED SOUTH DAKOTAN.

2/3--JE544P

ADD 17 CASE

SENATE LEADERS LYNDON B. JOHNSON, WILLIAM F. KNOWLAND AND STYLES BRIDGES HUDDLED FOR NEARLY AN HOUR AFTER THE SENATE ADJOURNED IN A CLOAKROOM WITH CASE.

THE SENATE LEADERS, IT WAS LEARNED, WERE CONSIDERING A STRATEGY OF HAVING THE SENATE COMMERCE COMMITTEE MAKE A FULL INVESTIGATION OF THE INCIDENT, DETERMINE THE NAME OF THE LAWYER AND REPORT BACK TO THE SENATE AS SOON AS POSSIBLE.

JOHNSON SAID AFTER THE HUDDLE THAT "ALL POSSIBILITIES" HAD BEEN EXPLORED BUT THAT NO FINAL DECISION HAD BEEN MADE. JOHNSON SAID HE WOULD TALK FURTHER WITH KNOWLAND TOMORROW "TO DETERMINE WHAT COURSE OF ACTION WE WANT TO PURSUE IN THIS MATTER."

THE SENATE INVESTIGATION MIGHT FORCE THE LAWYER'S NAME OUT INTO THE OPEN IN THE FACE OF CASE'S OPPOSITION TO DISCLOSING HIS IDENTITY.

JOHNSON SAID THAT WHILE CASE WAS FULLY COOPERATIVE WITH THE LEADERS, HE DID NOT DISCLOSE THE NAME OF THE LAWYER. CASE, HE SAID, TOOK THE POSITION THAT HE DID NOT WANT TO "VOLUNTARILY DISCLOSE" THE NAME.

JOHNSON SAID CASE MADE NO STATEMENT TO INDICATE THAT THE CONTRIBUTION WAS "OIL MONEY" OR THAT IT HAD BEEN GIVEN IN RETURN FOR ANY PROMISE.

WHILE NO FINAL DECISION HAS BEEN MADE AS TO THE FUTURE COURSE OF ACTION, JOHNSON SAID HE WAS SURE CASE WILL "COOPERATE FULLY IN ANY DECISION WE MAKE THAT IS REASONABLE."

2/3--JE6P

ADD 12 CASE

MONRONEY COMPLAINED THAT OPPOSITION TO THE BILL HAS DROPPED "BELOW THE LEVEL OF GUTTER POLITICS" TO EMPLOY EVEN THE "HITLER BIG LIE TECHNIQUE" IN "PUBLICITY" AND "NEWSPAPER EDITORIALS."

MONRONEY SAID HE WOULD HATE TO SEE THE INCIDENT SWAY THE JUDGMENT OF SENATORS WHO HAD BASED THEIR DECISION ON FACTS. STRESSING HIS BELIEF THAT THE INCIDENT MIGHT BE A OPERATION TO DEFEAT THE BILL, MONRONEY COMMENTED THAT CASE HAD, BEFORE THE OFFER WAS MADE, INDICATED THAT HE WOULD SUPPORT THE BILL.

CASE REPLIED THAT HE HAD WRITTEN HIS FRIEND THAT HE WAS PRESERVING HIS FREEDOM OF ACTION." AND CASE STRESSED THAT HE WAS VOTING AGAINST THE BILL NOT BECAUSE OF THE INCIDENT ITSELF BUT BECAUSE IT FURNISHED "CONFIRMATION" OF CHARGES THAT "SOME WINDFALL PROFITS WOULD ACCRUE" TO GAS PRODUCERS IF THE BILL BECOMES LAW.

2/3--N431P

ADD 13 CASE

FULBRIGHT AND MONRONEY, WORKING IN RELAYS, TRIED TO GET CASE TO IDENTIFY THE LAWYER, CASE SILENTLY REFUSED.

"I DO NOT UNDERSTAND WHY THE SENATOR IS NOT EAGER TO GIVE THE NAME OF THIS MAN WHO IS GOING AROUND TRYING TO BRIBE THE SENATE," FULBRIGHT TOLD CASE.

"IN ALL FAIRNESS," FULBRIGHT CONTINUED, CASE SHOULD IDENTIFY THE MAN SO THE SENATE CAN CHECK INTO THE INCIDENT, FULBRIGHT SAID.

AS IT STANDS NOW, FULBRIGHT SAID, "ANYONE WHO VOTES FOR THIS BILL IS NOW SUSPECT OF HAVING RECEIVED SUCH A CAMPAIGN CONTRIBUTION."

AS CASE REFUSED TO GIVE THE NAME, THE MONRONEY-FULBRIGHT ATTACK BECAME MORE POINTED. FULBRIGHT SAID THE CASE SPEECH REMINDED HIM OF LAST-MINUTE CAMPAIGN CHARGES WHICH ARE RETRACTED ONCE AN ELECTION IS OVER.

FULBRIGHT AND MONRONEY SUGGESTED THAT THE LAWYER ACTUALLY MIGHT HAVE REPRESENTED SOME UTILITY WHO WAS TRYING BY THIS MEANS TO SWAY THE VOTE AGAINST THE BILL.

"I SUGGEST YOU MAY NOT LIKE TO PRESS THAT POINT TOO FAR," CASE SAID.

"I RESENT THAT STATEMENT," MONRONEY SNAPPED BACK.

CASE SAID THAT SO FAR AS HE WAS ABLE TO DETERMINE FROM HIS INVESTIGATION, "THE PERSON WAS NOT AN OPPONENT OF THE BILL."

2/3--N449P

ADD 14 CASE

AFTER CASE LEFT THE SENATE FLOOR, MONRONEY MADE THE MOST VIGOROUS ATTACK YET ON FOES OF THE BILL AND ON CITY GAS DISTRIBUTORS WHO OPPOSE IT.

HE SAID THAT "DESPERATE TACTICS ARE BEING USED TO GIVE THIS BILL A BAD NAME." HE QUESTIONED "HOW MUCH OF THIS ORIGINATES WITH THE BIG, FAT DISTRIBUTING COMPANIES, WHO HAVE ON CAPITOL HILL ONE OF THE MOST POWERFUL LOBBIES I HAVE EVER SEEN."

MONRONEY SAID THE BROOKLYN GAS CO. MAILED OUT "RUBBISH" LITERATURE TO ITS CUSTOMERS ALONG WITH THEIR MONTHLY BILLS. HE SAID THE LITERATURE INCLUDES A BLANK FOR THE CUSTOMERS TO SIGN AND MAIL TO THEIR SENATORS IN PROTEST AGAINST THE BILL.

HE SAID BROOKLYN CONSUMERS PAY \$2.20 PER THOUSAND CUBIC FEET FOR THEIR GAS. HE SAID THE PRODUCER GETS 7.8 CENTS OF THIS, THE PIPELINE 32 CENTS AND THE DISTRIBUTOR \$1.90.

SEN. ALBERT GORE (D-TENN.) ROSE TO DEFEND CASE. HE SAID HE DOES NOT KNOW WHY CASE REFUSED TO IDENTIFY THE MAN WHO MADE THE CAMPAIGN FUND OFFER, BUT HE SAID HE IS SURE CASE WILL ACT IN ACCORDANCE WITH WHAT HE BELIEVES TO BE HIS DUTY.

"FRANCIS CASE IS AN HONEST MAN, A JUST MAN...COURAGEOUS...GOOD... A SENATOR OF PERFECT INTEGRITY."

GORE SAID HE DID NOT LIKE "SOME OF THE IMPLICATIONS" IN THE DEBATE THAT SEEMED TO REFLECT ON CASE. MONRONEY, LIKE GORE A LONG TIME ASSOCIATE OF CASE IN BOTH THE SENATE AND THE HOUSE, QUICKLY JOINED IN PRAISING HIM.

MONRONEY SAID HE HAS BEEN ATTACKING ONLY THE "DRUMFIRE FROM FORCES WITHOUT" THAT HAS MISREPRESENTED THE BILL AND THE MOTIVES OF THOSE WHO SPONSORED IT.

2/3--N456P

ADD 15 CASE

MONRONEY ALSO CHARGED THAT THE PHILADELPHIA GAS CO. MADE "DELIBERATE, BRAZEN MISREPRESENTATIONS" TO ITS CONSUMERS ABOUT THE FULBRIGHT BILL.

HE ALSO CHARGED THAT SOME NEWSPAPER COLUMNISTS "TWISTED" SENATE RULES TO IMPLY THAT SENATORS WITH A FINANCIAL INTEREST IN THE GAS INDUSTRY SHOULD NOT VOTE ON THE BILL.

MONRONEY SAID HE DOES NOT OWN A NICKLE'S WORTH OF OIL OR GAS STOCK--BUT HE SAID SENATE RULES REQUIRE EACH SENATOR PRESENT TO VOTE UNLESS THE SENATE SPECIFICALLY VOTES TO EXCUSE HIM.

SEN. SPESSARD HOLLAND (D-FLA.) ALSO TOOK THE SENATE FLOOR TO DENY PUBLISHED REPORTS THAT HE HAD AN INTEREST IN THE GAS INDUSTRY.

SEN. JOHN MARSHALL BUTLER (R-MD.), A SUPPORTER OF THE BILL, ANNOUNCED TO THE SENATE THAT HE HAS BEEN INFORMED THAT "CERTAIN OF MY COLLEAGUES" HAVE MADE RECORDS FOR CIRCULATION IN HIS STATE "WITH THE PURPOSE OF INFLUENCING MY VOTE ON THE GAS BILL."

BUTLER SAID HE UNDERSTANDS THE RECORDINGS WERE MADE AT THE REQUEST OF CERTAIN "LABOR ORGANIZATIONS." HE SAID HE WILL STAND FIRM AGAINST SUCH PRESSURES.

CASE'S CHARGE RESULTED IN A TENSE HUDDLE IN THE CENTER OF THE SENATE BETWEEN DEMOCRATIC LEADER LYNDON B. JOHNSON (TEX.), GOP LEADER WILLIAM F. KNOWLAND (CAL.) AND CHAIRMAN STYLES BRIDGES (N.H.) OF THE REPUBLICAN POLICY COMMITTEE.

JOHNSON AND KNOWLAND LATER MET WITH CASE IN THE REPUBLICAN CLOAKROOM IN AN EFFORT TO PERSUADE HIM TO NAME THE MAN WHO OFFERED THE \$2,500.

JOHNSON SUDDENLY EMERGED FROM THE CLOAKROOM AT 4:56 P.M., INTERRUPTED A ROLL CALL WHICH WAS APPARENTLY A TIME-CONSUMING MANEUVERING, AND ABRUPTLY RECESSED THE SENATE UNTIL 10 A.M. MONDAY.

2/3--N503P

ADD 9 CASE

MEANWHILE, DEMOCRATIC PRESIDENTIAL HOPEFUL ADLAI STEVENSON THREW HIS SUPPORT BEHIND THE OPPOSITION TO THE BILL. SEN. HUBERT H. HUMPHREY (D-MINN.) SAID HE HAD BEEN AUTHORIZED TO ANNOUNCE THAT STEVENSON, IF A MEMBER OF THE SENATE, WOULD VOTE AGAINST THE BILL ON GROUNDS "IT FAILS TO AFFORD SUFFICIENT PROTECTION TO CONSUMERS."

2/3--GD336P

ADD 10 CASE

FULBRIGHT INTERRUPTED SEN. A. S. MIKE MONRONEY (D-OKLA.), WHO WAS DELIVERING A SPEECH FOR THE BILL, TO BRING UP THE INCIDENT DISCLOSED BY CASE. FULBRIGHT SAID THE INCIDENT "LEFT THE IMPRESSION THAT AN ATTEMPT TO BRIBE HIM (CASE) HAD BEEN MADE BY SOMEONE THAT HE BELIEVES REPRESENTS THE PRODUCERS."

FULBRIGHT SAID THAT IF SUCH AN ATTEMPT WAS MADE THE "FULL FACTS" SHOULD BE LAID BEFORE THE SENATE AND AN "ATTEMPT TO PROSECUTE" SHOULD BE MADE.

MONRONEY HAD BEEN ATTACKING WHAT HE CALLED THE "DELUGE OF CONFUSION" RAISED AGAINST THE BILL.

2/3--GD339P

ADD 2 CASE

CASE SAID THE CLERK "THOUGHT HE HAD MADE SOME INQUIRY ABOUT THE NATURAL GAS BILL."

CASE SAID HE THEN REMEMBERED RECEIVING A LETTER FROM A SOUTH DAKOTA FRIEND EARLY IN DECEMBER, RELATING THAT "THE OTHER DAY A GENTLEMAN BY THE NAME OF (BLANK) FROM (ANOTHER STATE) "VISITED HIM AND INQUIRED ABOUT CASE'S POSITION ON THE NATURAL GAS BILL."

CASE SAID HE WROTE A LETTER IN REPLY STATING THAT HE PROBABLY WOULD VOTE FOR THE BILL, BUT HAD NOT DECIDED FINALLY.

HE SAID THAT WHEN THE ATTORNEY CAME TO HIS OFFICE AND TALKED WITH THE CLERK, "HE PROBABLY GAINED THE IMPRESSION" THAT CASE'S INCOMING MAIL FAVORED THE BILL "AND THAT AS FAR AS ANYONE KNEW, I WAS LIKELY TO VOTE FOR THE BILL."

2/3--JE137P

ADD 3 .CASE

CASE SAID THAT AS SOON AS HE KNEW THE SOURCE OF THE FUNDS, HE KNEW HE COULD HAVE NOTHING TO DO WITH THEM. HE SAID HE WIRED HIS FRIEND TO RETURN THE MONEY -- OR, IF THE REAL DONOR COULD NOT BE IDENTIFIED, TO TURN THE MONEY OVER TO THE SOUTH DAKOTA CHILDREN'S HOME SOCIETY AND GET A RECEIPT.

CASE TOLD THE SENATE SOME PEOPLE MIGHT SAY THE INCIDENT ENDED THERE, AND HE WAS FREE TO VOTE AS HE PLEASED. BUT HE SAID THE XPERIENCE REVEALS "THE INTEREST WHICH SOMEBODY SOMEWHERE HAS IN THE OUTCOME OF THIS LEGISLATION, AND THE COURSE THAT HAS BEEN FOLLOWED TO INFLUENCE ONE VOTE."

"IT IS IDLE TO PRETEND THERE WAS NOTHING TO IT...THAT THERE ARE NOT SUBSTANTIAL PROFITS IN THIS BILL FOR SOME PERSON OR PERSONS TO PUT UP THE MONEY."

CASE SAID HE DID NOT OBJECT TO MANY FEATURES OF THE BILL. BUT HE SAID:

"THE POINT AT WHICH I OBJECT...IS THAT OF DOING SOMETHING SO VALUABLE TO THOSE INTERESTED IN NATURAL GAS THAT THEY ADVANCE HUGE SUMS OF MONEY AS A DOWN PAYMENT, SO TO SPEAK, ON THE PROFITS THEY EXPECT TO HARVEST."

2/3--JE148P

ADD 4 CASE.

"GOVERNMENT CANNOT REMAIN FREE IF THOSE WHO WRITE THE LAWS ARE OBLIGATED TO THOSE WHO WILL GET THE EXTRAORDINARY PROFITS FROM LAWS ENACTED," SAID CASE.

HE TOLD THE SENATE HE PROBABLY WOULD HAVE VOTED FOR THE BILL IF THE INCIDENT HAD NOT HAPPENED. BUT HE SAID:

"I CANNOT VOTE TO PLACE UPON THE FREEDOM OF POLITICAL THOUGHT CHAINS THAT WOULD BE BOUGHT AND PAID FOR BY THE VERY PEOPLE PLACED UNDER BONDAGE, NOT EVEN IF THEY ASKED FOR IT."

MEANWHILE, SEN. ALBERT GORE (D-TENN.) ATTACKED THE GAS BILL, SAYING IT FAILS TO PROVIDE ADEQUATE REGULATION OF THE PRICE OF NATURAL GAS IN THE FIELD.

2/3--JE150P

AGE 3 CASE

THE BILL WOULD EXEMPT INDEPENDENT PRODUCERS FROM FEDERAL CONTROL OF THE PRICE OF GAS SOLD FOR INTERSTATE SHIPMENT, PROVIDING THAT IT WAS SOLD AT A "REASONABLE MARKET PRICE." BOY GORE SAID, "THERE CAN BE NO REASONABLE MARKET PRICE UNLESS THE PARTIES ARE EQUALLY FREE TO BARGAIN." AND HE SAID THE NATURE OF THE GAS INDUSTRY IS SUCH THAT IT CANNOT HAVE FREE COMPETITION.

SEN. BARRY H. GOLDWATER (R-Ariz.), WHO FAVORS THE BILL, JOINED SENATOR AT THE DIVIDED DEMOCRATIC SIDE OF THE SENATE.

GOLDWATER, CHAIRMAN OF THE SENATE REPUBLICAN CAMPAIGN COMMITTEE, SAID THE DEMOCRATS COULD NOT DECIDE AMONG THEMSELVES WHAT IS "BIG BUSINESS" AND THE INTEREST OF THE COUNTRY, WHICH THEY ARE SUPPOSED TO BE, IS IN THE HANDS OF THE PARTY OF BIG BUSINESS.

HE SAID ENDS OF THE BILL, WHICH IS SUPPORTED BY DEMOCRATIC LEADERS WITHIN CONGRESS AND OTHER DEMOCRATS FROM GAS-PRODUCING STATES, "THROW BEYOND ANY SHADOW OF A DOUBT THAT THE DEMOCRATIC PARTY OF THE DEMOCRAT PARTY IS JUST AS MUCH A CHAMPION OF 'BIG BUSINESS' AS THEY ACCUSE THE REPUBLICAN PARTY OF BEING."

"THIS DEBATE SHOULD STOP AND FOR ALL PUT AN END TO THE IRRESPONSIBLE HABIT OF OUR DEMOCRAT FRIENDS OF 'SNEAR BY SLOGAN,'" GOLDWATER SAID.

2/3--JE158P

ADD 6 CASE

SEN. J. W. FULBRIGHT (D-ARK.), CO-AUTHOR OF THE LEGISLATION, SAID HE "WOULD CERTAINLY JOIN IN CONDEMNING" ANYONE WHO WOULD MAKE SUCH AN OFFER. HE CALLED IT "DEPLORABLE... A VERY BAD THING."

BUT FULBRIGHT SAID HE REGRETTED THAT IT LED CASE TO OPPOSING THE BILL RATHER THAN FAVORING IT ON THE GROUND THAT IT OFFERED A "MORE SENSIBLE AND MORE EFFECTIVE WAY" OF REGULATING THE GAS INDUSTRY.

CASE SAID HE NOW IS OPPOSING THE MEASURE BECAUSE THE CAMPAIGN CONTRIBUTION OFFER MADE CLEAR THAT IT "WILL CREATE INORDINATE, EXTRAORDINARY WINDFALLS FOR OWNERS OF GAS RESERVES."

HE AGREED WITH SEN. GEORGE D. AIKEN (R-VT.) THAT ACCEPTANCE OF THE CONTRIBUTION WOULD HAVE MADE HIM INELIGIBLE TO VOTE ON THE BILL BECAUSE OF CONFLICT OF INTEREST.

"IF TACTICS LIKE THAT CAN BE FOLLOWED, FREEDOM IS GONE IN THE U.S. SENATE," CASE DECLARED.

2/3--GD211P

ADD 7 CASE

NEWSMEN ASKED CASE AS HE LEFT THE SENATE FLOOR WHETHER HE REGARDED THE OFFER AS AN ATTEMPT TO "BRIBE" HIM.

CASE REPLIED THAT HE COULD NOT SAY. HE COMMENTED THAT THERE HAS BEEN "NO SUGGESTION AT ALL OF ANY STRINGS TIED TO IT." HE ADDED THAT IT IS HARD TO SIT IN JUDGMENT ON THE "MOTIVES" OF A MAN HE HAS NEVER MET.

THE SENATOR DECLINED TO NAME THE ATTORNEY OR SAY WHERE HE LIVES.

BUT HE SAID HE HAS CHECKED BACK AND DISCOVERED THAT INFORMATION.

ASKED WHETHER HE REGARDED THE OFFER AS AN ATTEMPT TO "INFLUENCE" HIS VOTE, CASE AGAIN SAID HE COULD JUDGE ANOTHER MAN'S MOTIVES.

BUT HE STRESSED THAT THE ATTORNEY WAS NOT FROM SOUTH DAKOTA AND "SO FAR AS I KNOW, THE ONLY INQUIRY HE HAD EVER MADE ABOUT ME WAS IN REGARD TO MY POSITION ON THE GAS BILL."

"HE HAD TO HAVE SOME SPECIAL INTEREST IN MY ELECTION," CASE COMMENTED, POINTING OUT THAT, SINCE HE IS NOT YET NOMINATED AS A GOP CANDIDATE, THE INTEREST COULD NOT BE IN BACKING A GOP CANDIDATE TO INSURE A REPUBLICAN CONGRESS.

HE SAID THE INCIDENT "INDICATED TO ME A MEASURE OF INTEREST THAT SOME PEOPLE HAD IN GETTING A SINGLE VOTE ON WHAT MAY BE A VERY CLOSE VOTE."

HE SAID HE HAS NO PLANS ON FOLLOWING UP THE INCIDENT EXCEPT FOR HIS ATTEMPT TO RETURN THE MONEY OR SEE THAT IT GOES TO THE CHILDREN'S HOME. HE COMMENTED THAT IT WOULD BE "VERY DIFFICULT TO PROVE" THAT THERE HAD BEEN ANYTHING ILLEGAL OR IMPROPER ABOUT THE OFFER.

2/3--GD239P

ADD 7 NATURAL GAS

CASE DECLINED TO COMMENT ON THE DECISION OF THE SENATE LEADERSHIP. HE IMPLIED, HOWEVER, THAT HE WILL COOPERATE IF AN INVESTIGATION IS ORDERED.

HE INSISTED "OTHER PEOPLE ARE PLACING A MORE SINISTER INTERPRETATION" ON THE INCIDENT THAN HE DOES. HE NOTED HE HAD NOT USED THE TERM BRIBERY.

2/4--GD319P

CORRESPONDENTS:

THE FOLLOWING MAY BE INSERTED IN TODAY ON CAPITOL HILL (SENATE):
PASSED AND SENT TO WHITE HOUSE NATURAL GAS BILL AFTER REJECTING
MOTION TO SEND MEASURE BACK TO COMMITTEE.

WCNS

2/6--FP845P

(ROLL CALL)

THE 53 TO 38 ROLL CALL VOTE BY WHICH THE SENATE APPROVED THE
NATURAL GAS BILL:

FOR PASSAGE -- 53

DEMOCRATS FOR (22) -- ANDERSON, BIBLE, DANIEL, EASTLAND, ELLENDER,
FREAR, FULBRIGHT, HAYDEN, HOLLAND, JOHNSON, JOHNSTON, KERR, LONG,
MANSFIELD, MCCLELLAN, MONRONEY, MURRAY, O'MAHONEY, SCOTT, SMATHERS,
STENNIS AND THURMOND.

REPUBLICANS FOR (31) -- ALLOTT, BARRETT, BEALL, BENNETT, BRICKER,
BRIDGES, BUTLER, CAPEHART, CARLSON, COTTON, CURTIS, DIRKSEN, DWORSHAK,
FLANDERS, GOLDWATER, HICKENLOOPER, HRUSKA, KNOWLAND, KUCHEL, MALONE,
MARTIN OF IOWA, MARTIN OF PENNSYLVANIA, MCCARTHY, MUNDT, PAYNE,
SALTONSTALL, SCHOEPPEL, WATKINS, WELKER, WILLIAMS AND YOUNG.

2/6--W0852P

ADD 1 ROLL CALL

AGAINST PASSAGE -- 38

DEMOCRATS AGAINST (24) -- BARKLEY, BYRD, CLEMENTS, DOUGLAS, GORE,
GREEN, HENNINGS, HILL, HUMPHREY, JACKSON, KEFAUVER, KENNEDY, KILGORE,
LEHMAN, MAGNUSON, MCNAMARA, MORSE, NEELY, NEUBERGER, PASTORE, ROBERTSON,
RUSSELL, SPARKMAN, AND SYMINGTON.

REPUBLICANS AGAINST (14) -- AIKEN, BENDER, BUSH, CASE OF NEW JERSEY,
CASE OF SOUTH DAKOTA, DUFF, IVES, JENNER, LANGER, POTTER, PURTELL,
SMITH OF MAINE, THYE AND WILEY.

PAIRED FOR THE BILL -- CHAVEZ (D) AND MILLIKIN (R).

PAIRED AGAINST THE BILL -- ERVIN (D) AND GEORGE (D).

2/6--W0858P

ADD 28 NATURAL GAS

BY A VOICE VOTE THE SENATE DEFEATED AN AMENDMENT BY SEN. ARTHUR V. WATKINS (R-UTAH) TO BAN THE IMPORTATION OF NATURAL GAS WHEN IT WOULD RESULT IN UNEMPLOYMENT OR INJURY TO COMPETING DOMESTIC FUEL INDUSTRIES.

2/6--W0443P

ADD 32 NATURAL GAS

ALTHOUGH THE SENATE KNOCKED DOWN MOST AMENDMENTS ONE BY ONE, THE BILL'S SPONSORS AGREED TO ACCEPT TWO MINOR AMENDMENTS TO BRING THE MEASURE'S LANGUAGE IN LINE WITH THE BILL AS PASSED BY THE HOUSE.

ONE AMENDMENT, BY SEN. MIKE MANSFIELD (D-MONT.), STRUCK OUT A SECTION CONTAINING A TECHNICAL DEFINITION OF INTERSTATE COMMERCE THAT WOULD HAVE DISCOURAGED IMPORTATION OF GAS FROM CANADA.

SEN. RICHARD B. RUSSELL (D-GA.) OFFERED THE OTHER AMENDMENT, WHICH WOULD PUT INDUSTRIAL USERS ON THE SAME BASIS AS DOMESTIC AND COMMERCIAL USERS IN FEDERAL POWER COMMISSION REGULATION.

2/6--W0648P

(SUPERIOR OIL)

SEN. PAUL H. DOUGLAS (D-ILL.) NOTED TODAY THAT THE STOCK OF SUPERIOR OIL CO. OF AUSTIN, TEX., WHICH WAS REPRESENTED BY JOHN M. NEFF, JUMPED \$120 PER SHARE LAST WEEK.

DURING DEBATE ON THE NATURAL GAS BILL, DOUGLAS OBSERVED THAT THE STOCK OF SUPERIOR OPENED LAST WEEK AT \$1,095 PER SHARE AND CLOSED AT \$1,215. GAINS WERE ALSO RECORDED BY OTHER OIL AND GAS COMPANIES.

"THE BOYS HAVE GOT THE WORD," DOUGLAS COMMENTED. "THEY HAVE ALSO GOT THE GRAVY," SEN. HUBERT H. HUMPHREY (D-MINN.) INTERJECTED.

NEFF, WHO TRIED TO MAKE A \$2,500 CONTRIBUTION TO SEN. FRANCIS CASE'S CAMPAIGN FUND, WAS REGISTERED AS A LOBBYIST FOR SUPERIOR OIL DURING THE 1955 SESSION OF THE NEBRASKA LEGISLATURE.

2/6--W0623P

ADD 31 NATURAL GAS
SEN. EUGENE D. MILLIKIN (R-COLO.) WAS THE ONLY OTHER ABSENTEE AT
THE OUTSET. HE HAS BEEN CONFINED TO A HOSPITAL HERE FOR SEVERAL WEEKS.
2/6--W0602P

ADD 29 NATURAL GAS

BY A 58 TO 35 VOTE, THE SENATE DEFEATED AN AMENDMENT BY DOUGLAS TO RETAIN FEDERAL CONTROL OVER THE BIG GAS PRODUCERS BUT EXEMPT SMALL PRODUCERS FROM FEDERAL REGULATION.

THE DOUGLAS AMENDMENT WOULD HAVE EXEMPTED PRODUCERS SELLING LESS THAN TWO BILLION CUBIC FEET OF GAS PER YEAR. THE EFFECT, DOUGLAS SAID, WOULD BE TO EXEMPT 96 PER CENT OF THE 5,557 PRODUCERS WHO PRODUCE LESS THAN 10 PER CENT OF THE TOTAL GAS SOLD. THE ADVANTAGE, HE SAID WOULD BE TO RELIEVE THE FPC OF THE BURDEN OF REGULATING ALL PRODUCERS, AND AT THE SAME TIME PRESERVE COMPETITION IN THE GAS FIELDS.

SEN. A. S. MIKE MONRONEY (D-OKLA.) OBJECTED THAT THE RESULT WOULD BE TO KEEP THE BIG PRODUCERS BIG AND RUN THE SMALL INDEPENDENTS OUT OF BUSINESS.

2/6--JE546P

ADD 30 NATURAL GAS

SEN. H. ALEXANDER SMITH (R-N.J.), ONE OF ONLY TWO ABSENTEES ON THE RECOMMITTAL VOTE, CABLED THE UNITED PRESS FROM LIMA, PERU, THROUGH HIS OFFICE HERE TO EXPLAIN THAT HE WAS NOT DECLARED ON THE ISSUE BECAUSE HE HAD NO CHANCE TO STUDY AND EVALUATE THE CASE DISCLOSURES.

SMITH HAD BEEN ATTENDING THE PRESIDENTIAL INAUGURATION IN BRAZIL AND IS RETURNING VIA PERU. HE CABLED THAT HE WAS "IN PERU AT THE REQUEST OF THE STATE DEPARTMENT" WITH AN INTERNATIONAL COOPERATION MISSION "TO STUDY THE FOREIGN AID PROGRAM."

THE NEW JERSEY REPUBLICAN SAID "I AM UNABLE TO COMMENT ON THE LATEST DEVELOPMENTS IN THE NATURAL GAS BILL, HAVING ONLY MEAGER DETAILS ON THE CASE DISCLOSURES."

2/6--JE551P

ADD 33 NATURAL GAS

BY VOICE VOTE THE SENATE ALSO REJECTED A PASTORE AMENDMENT WHICH WOULD HAVE PROVIDED THAT A PIPELINE COMPANY WOULD NOT BE OBLIGATED TO PAY A GAS PRODUCER ANY MORE THAN THE "REASONABLE MARKET PRICE" AS DETERMINED BY THE FEDERAL POWER COMMISSION, DESPITE THE CONTRARY PROVISION OF ANY CONTRACT.

2/6--W0710P

2-6--W07201

ADD 34 NATURAL GAS

OPPONENTS OF THE MEASURE ATTEMPTED TO PREVENT THE BILL FROM GOING TO THE WHITE HOUSE BY A LAST MINUTE PARLIAMENTARY MANEUVER. IT FAILED. SEN. WAYNE MORSE (D-ORE.) ASKED VICE PRESIDENT NIXON TO RULE WHETHER A MOTION COULD BE MADE TO SUBSTITUTE THE HOUSE BILL FOR THE SENATE MEASURE UNDER THE TERMS OF THE VOTING AMENDMENT.

VICE PRESIDENT NIXON RULED THAT THE MEASURE COULD BE SUBSTITUTED. SOME OPPONENTS APPEARED DISPOSED TO DEBATE THE POINT. BUT PASTORE TOLD THE SENATE IT WAS CLEAR. WHEN HE HELPED TO NEGOTIATE THAT VOTING AGREEMENT ON BEHALF OF THE BILL'S OPPONENTS, THAT SUCH A SUBSTITUTION MOTION WOULD COME WITHIN ITS TERMS.

AS THE PROLONGED DEBATE DREW TO A CLOSE, SEN. HERBERT H. LEHMAN (D-N.Y.) CHARGED THAT THE LEADERSHIP HAD SUBSTITUTED THE HOUSE BILL BECAUSE THEY WERE "AFRAID" TO HAVE THE LEGISLATION GO BACK TO THE HOUSE, WHERE IT WAS APPROVED BY A NARROW MARGIN LAST YEAR.

LEHMAN ALSO SAID THE LEADERSHIP'S PROPOSAL OF AN INVESTIGATION INTO THE CASE INCIDENT WAS "MERELY A GESTURE" SINCE ANY FINDS OF A SELECT COMMITTEE CANNOT AFFECT THE ACTIONS OF THE SENATE AFTER THE BILL HAS BEEN PASSED.

2/6--W0731P

ADD 36 NATURAL GAS

THE SENATE BEGAN A QUORUM CALL AT 8:17 P.M. PRELIMINARY TO A FINAL VOTE ON THE BILL.

2/6--FP820P

ADD NATURAL GAS

THE SENEATE TONIGHT PASSED THE BILL.

2/6--FP829P

ADD NATURAL GAS

THE SENATE APPROVED THE CONTROVERSIAL MEASURE AFTER DEFEATING, 64 TO 30, A MOVE TO SEND IT BACK TO THE COMMERCE COMMITTEE PENDING A FULL INQUIRY. ALSO DEFEATED WERE A STRING OF AMENDMENTS OFFERED BY OPPONENTS OF THE BILL TO GIVE MORE PROTECTION TO GAS CONSUMERS.

THE ONLY CHANGES MADE IN THE SENATE BILL BROUGHT IT INTO EXACT CONFORMITY WITH THE MEASURE PASSED BY THE HOUSE BY A RAZOR-THIN MAJORITY LAST YEAR. THEN THE SENATE AGREED TO SUBSTITUTE THE HOUSE MEASURE FOR THE SENATE BILL.

THAT PROCEDURE ELIMINATED THE POSSIBILITY THAT THE BILL MIGHT HAVE TO GO BACK TO THE HOUSE WHERE SOME OPPONENTS THOUGHT THE MARGIN MIGHT BE OVERTHROWN. THE BILL GOES, INSTEAD, TO THE WHITE HOUSE FOR PRESIDENT EISENHOWER'S CONSIDERATION.

THE MEASURE WILL REMOVE NATURAL GAS PRODUCERS FROM DIRECT UTILITY-TYPE REGULATION BY THE FEDERAL POWER COMMISSION. PASSAGE CLIMAXED THREE WEEKS OF EXTENDED DEBATE ON THE BILL.

THE VOTE ON FINAL PASSAGE WAS 53 TO 38.

BUT PASSAGE FAILED TO QUIET THE DEBATE'S BIGGEST FUROR. STILL BE ACTED UPON WAS THE PROPOSAL OF SENATE DEMOCRATIC AND REPUBLICAN LEADERS THAT THE SENATE VOTE A SPECIAL INVESTIGATION OF A \$2,500 CASH CAMPAIGN CONTRIBUTION REPORTED TO THE SENATE FRIDAY BY SEN. FRANCIS CASE (R-S.D.)

IN AN OUTGROWTH OF THE SENATE DELIBERATIONS, SEN. THOMA C. HENNINGS JR. (D-MO.) ANNOUNCED THAT A SENATE PRIVILEGES AND ELECTIONS SUBCOMMITTEE WILL MEET TOMORROW ON THE CASE MATTER AND "EVERY OTHER DAMN MATTER" CONNECTED WITH IT. HENNINGS FAVORS A WIDE-RANGING INVESTIGATION OF CAMPAIGN CONTRIBUTIONS MADE BY BOTH SIDES IN THE GAS DEBATE.

SUPPORTERS CONTENDED DURING THE LONG DEBATE THAT THE BILL WILL ASSURE FREE ENTERPRISE IN THE GAS FIELDS AND THUS MAKE CERTAIN THAT ADEQUATE SUPPLIES OF NATURAL GAS ARE MOVED IN INTERSTATE PIPELINES. THEY ARGUED THAT PRICES PAID PRODUCERS ARE SMALL AND NOT TO BLAME FOR HIGH PRICES PAID BY CONSUMERS.

OPPONENTS CONTENDED THAT THE BILL WILL GIVE GAS PRODUCERS A PROFIT WINDFALL. THEY SAID IT WILL BOOST CONSUMER PRICES BY HUNDREDS OF MILLIONS OF DOLLARS.

2/6--FP838P

(SENATE)

THE SENATE ADJOURNED AT 8:31 P.M. UNTIL 11 A.M. TOMORROW.

2/6--FP839P

GOOD NITE TO 8:30 P.M. EST POINTS.

2/6--FP839P

(GAS PRODUCERS)

THE FEDERAL POWER COMMISSION UPHELD A DECISION THAT NATURAL GAS SALES BY SEVEN INDEPENDENT PRODUCERS ARE SUBJECT TO FPC JURISDICTION.

THE SENATE TONIGHT HOWEVER COMPLETED CONGRESSIONAL ACTION ON A BILL EXEMPTING NATURAL GAS PRODUCERS FROM DIRECT FEDERAL CONTROL.

THE PRODUCERS SELL GAS TO MONTANA-DAKOTA UTILITIES CO., MINNEAPOLIS, MINN.

THE DECISION ORIGINALLY WAS ISSUED DEC. 7 BY FPC EXAMINER RICHARD N. IVINS. CONTINENTAL OIL CO., HOUSTON, TEX., ONE OF THE PRODUCERS, FILED EXCEPTIONS TO THE ORDER.

THE ORDERS GRANTS CERTIFICATES TO THE SEVEN PRODUCERS AUTHORIZING THEM TO CONTINUE SALES TO MONTANA-DAKOTA IN THE SOUTH ELK BASIN UNIT AREA IN PARK COUNTY, WYO.

ALL SEVEN PRODUCERS HAD APPLIED FOR CERTIFICATES COVERING SALES. BUT THEY ASKED THE FPC TO ISSUE AN ORDER DISCLAIMING JURISDICTION.

THE OTHER PRODUCERS ARE KNOX OIL CO., WYOPARK OIL CO., AND OXFORD OIL CO., ALL OF HOUSTON; FRED M. ANNING, AND THE ESTATE OF E. E. BROWN, OF DENVER, COLO., AND FRED GOODSTEIN, OF CASPER, WYO.

2/6--W0910P

(READ IT CASPER, WYO.)

(GAS PRODUCER)

A FEDERAL POWER COMMISSION EXAMINER TODAY DENIED A RATE INCREASE TO AN INDEPENDENT NATURAL GAS PRODUCER IN THE FIRST CASE TO BE DECIDED SINCE THE SUPREME COURT HELD THAT THE PRODUCERS ARE SUBJECT TO THE NATURAL GAS ACT.

EXAMINER FRANCIS L. HALL DENIED A PROPOSED \$17,184 ANNUAL RATE INCREASE BY DAVIDOR & DAVIDOR, OF OKLAHOMA CITY, OKLA. THE PRODUCER HAD PROPOSED TO INCREASE ITS RATES TO CITIES SERVICE GAS CO., OKLAHOMA CITY, FROM 5.2 CENTS TO 10 CENTS PER 1,000 CUBIC FEET.

HOWEVER, THE SENATE TONIGHT PASSED A HOUSE-APPROVED BILL TO EXEMPT GAS PRODUCERS FROM DIRECT FEDERAL PRICE REGULATIONS.

THE DECISION IS SUBJECT TO REVIEW BY THE FULL COMMISSION, EITHER BY APPEAL BY PARTIES TO THE PROCEEDING OR UPON THE FPC'S OWN MOTION. IF THERE IS NO REVIEW IN 30 DAYS, THE DECISION BECOMES FINAL.

HALL SAID DAVIDOR & DAVIDOR HAD NOT PROVED THE PROPOSED RATE INCREASE "IS JUST UNREASONABLE."

2/6--W0910P

(NEFF)

LEXINGTON, NEB.--A LEXINGTON, NEB., ATTORNEY HAS ADMITTED CONTRIBUTING \$2,500 TO THE CAMPAIGN FUND OF SEN. FRANCIS CASE (R-S.D.), BUT DENIED THAT THE MONEY WAS INTENDED TO SWAY CASE'S VOTE ON THE NATURAL GAS BILL NOW BEING DEBATED BEFORE THE SENATE.

THE OMAHA WORLD-HERALD FIRST BROKE THE STORY IN A COPYRIGHTED ARTICLE EARLY TODAY.

JOHN M. NEFF, 47, TOLD UNITED PRESS EARLY TODAY HE WOULD BE WILLING TO EITHER TESTIFY BEFORE THE SENATE OR ANSWER QUESTIONS BY THE FBI IN CONNECTION WITH THE MATTER.

NEFF SAID THE MONEY WAS GIVEN "WITH ABSOLUTELY NO STRINGS ATTACHED." HE WOULD NOT SAY WHETHER HE HAD ANY CONNECTION WITH NATURAL GAS INTERESTS NOR WOULD HE COMMENT AS TO WHETHER HE HAD MADE ANY SIMILAR CONTRIBUTIONS TO OTHER NATIONAL LEGISLATORS.

WHEN ASKED WHERE THE MONEY CAME FROM AND WHY HE SHOULD BE INTERESTED IN THE CAMPAIGN FUND OF A SENATOR FROM ANOTHER STATE, NEFF REPLIED "I BELIEVE THAT IS SOMETHING THAT WILL HAVE TO WAIT UNTIL EITHER THE SENATE OR THE FBI QUESTIONS ME ON THE MATTER."

2/6--GE902A

(NATURAL GAS)

THE SENATE DECIDES TODAY WHETHER TO DELAY VOTING ON THE NATURAL GAS BILL UNTIL AFTER IT INVESTIGATES A POSSIBLY IMPROPER ATTEMPT TO INFLUENCE ONE MEMBER'S VIEWS.

SENATE DEMOCRATIC LEADER LYNDON JOHNSON HAS INSISTED THAT THERE BE NO DELAY AND THAT VOTING PROCEED TODAY AS SCHEDULED. BUT SEN. PAUL H. DOUGLAS (D-ILL.), A LEADING OPPONENT OF THE BILL, SAID YESTERDAY THAT IT MIGHT BE A "GOOD IDEA" TO SEND THE MEASURE BACK TO COMMITTEE WHILE THE SENATE AND FBI INVESTIGATE AN INCIDENT INVOLVING SEN. FRANCIS CASE (R-S.D.).

THE SENATE WILL BE CALLED INTO SESSION TODAY TWO HOURS BEFORE ITS USUAL MEETING TIME. JOHNSON AND REPUBLICAN LEADER KNOWLAND WERE READY TO PROPOSE FIRST CREATION OF A BIPARTISAN, BLUE-RIBBON COMMITTEE OF FOUR MEMBERS TO GET ALL THE FACTS SURROUNDING THE CASE INCIDENT. THEY HOPED FOR QUICK APPROVAL OF THE PROPOSED INVESTIGATION TO PROTECT THE GOOD NAME OF THE SENATE ITSELF.

THEN THEY PLANNED TO START VOTING ON THE GAS BILL ITSELF.

SOURCES CLOSE TO THE SENATE LEADERS SAID REVELATION OF THE LAWYER'S NAME WOULD NOT CHANGE THEIR PLANS TO CONDUCT A FORMAL INQUIRY. THEY SAID THE SENATE STILL HAS TO LOOK INTO ALL THE FACTS.

2/6--GE905A

ADD NEFF, LEXINGTON

NEFF SAID HE SENT A TELEGRAM TO CASE LAST SATURDAY, INFORMING THE SENATOR THAT HE ASSUMED HIMSELF TO BE THE MAN REFERRED TO IN CASE'S STATEMENT. HE SAID "... I DELIVERED A CONTRIBUTION TO YOUR CAMPAIGN FUND SEVERAL WEEKS AGO."

THE TELEGRAM WENT ON TO SAY THAT NEFF HAS BEEN INTERESTED IN THE PASSAGE OF THE HARRIS BILL FOR SOME TIME AND STILL IS.

NEFF SAID HE FIRST LEARNED OF CASE'S VIEWS ON THE NATURAL GAS QUESTION WHEN IN SOUTH DAKOTA LAST NOVEMBER. HE SAID HE RETURNED TO SOUTH DAKOTA AGAIN IN JANUARY WHEN THE \$2,500 CONTRIBUTION WAS MADE.

NEFF TERMED AS "IMPROPER INFERENCES AND IMPLICATIONS" CASE'S STATEMENT BEFORE THE SENATE THAT AN UNNAMED ATTORNEY HAD MADE THE CONTRIBUTION IN AN APPARENT BRIBE ATTEMPT. NEFF VIGOROUSLY DENIED THAT SUCH WAS HIS INTENTION WHEN MAKING THE CONTRIBUTION.

2/6--GE907A

ADD 1 NATURAL GAS

NEFF REFUSED TO TELL REPORTERS WHETHER HE HAD ANY CONNECTION WITH NATURAL GAS INTERESTS OR WHETHER HE HAD MADE SIMILAR CONTRIBUTIONS TO OTHER SENATORS. HE ACKNOWLEDGED THAT HE WAS "INTERESTED IN PASSAGE" OF THE GAS BILL, BUT SAID HE COULD NOT SAY MORE UNTIL QUESTIONED BY THE SENATE INVESTIGATORS OR BY THE FBI.

SEN. ROMAN L. HRUSKA (R-NEB.) TOLD NEWSMEN THAT NEFF APPROACHED HIM ON BEHALF OF THE GAS BILL.

"HE TALKED TO ME IN THE INTERESTS OF THE GAS BILL," HRUSKA SAID, ADDING THAT THEIR CONVERSATIONS TOOK PLACE "IN OMAHA AND HERE IN WASHINGTON BRIEFLY."

HRUSKA SHOOK HIS HEAD NEGATIVELY WHEN ASKED WHETHER HE KNEW OF OTHER CAMPAIGN CONTRIBUTIONS BY NEFF. THE SENATOR SAID HE DOES NOT BELIEVE NEFF MENTIONED A CONNECTION WITH ANY SPECIFIC GAS INTEREST.

2/6--GE1032A

ADD 2 NATURAL GAS

SEN. PAUL H. DOUGLAS (D-ILL.), A LEADING OPPONENT OF THE GAS BILL, ANNOUNCED MEANWHILE THAT A MOTION TO BOUNCE THE CONTROVERSIAL BILL BACK TO THE SENATE COMMERCE COMMITTEE WILL BE OFFERED.

"THERE WILL BE A MOTION TO RECOMMIT," DOUGLAS SAID, "BUT IN ALL PROBABILITY IT WILL COME FROM THE REPUBLICAN SIDE OF THE AISLE."

SEN. STYLES BRIDGES (R-N.H.), CHAIRMAN OF THE SENATE REPUBLICAN POLICY COMMITTEE AND A SUPPORTER OF THE GAS BILL, SAID HE BELIEVES THE CAMPAIGN CONTRIBUTION INCIDENT HAS CHANGED THE VOTING ALIGNMENT ON THE BILL "A LITTLE." BUT BRIDGES SAID THE CHANGES MAY HAVE RUN IN BOTH DIRECTIONS. PREVIOUS OUTLOOK WAS THAT THE BILL WOULD BE PASSED IN A CLOSE VOTE SCHEDULED FOR THIS AFTERNOON.

BRIDGES SAID THE INCIDENT HAS "MADE SOME PEOPLE MAD" AND ALSO MAY HAVE EFFECTED "SOME SHAKY ONES" WHO HAD BEEN SUPPORTING THE BILL.

AS THE SENATE CONVENED AT 10 A.M., JOHNSON TOLD REPORTERS HE BELIEVES THAT SUPPORTERS OF THE GAS BILL CAN BEAT BACK ANY MOVE TO RETURN IT TO COMMITTEE.

HE SAID ANY OTHER SENATOR WHO HAS INFORMATION ABOUT SIMILAR OFFERS SHOULD TELL THE SENATE PUBLICLY ABOUT THEM.

VOICING CONFIDENCE THAT THE BILL WILL BE PASSED JOHNSON TOLD NEWSMEN: "I BELIEVE THE MAJORITY (OF THE SENATE) WILL NOT BE INTIMIDATED BY THE TACTS THAT ARE BEING EMPLOYED. I THINK YOU'LL BE PROUD OF YOUR SENATE TODAY."

JOHNSON'S RESOLUTION PROVIDES FOR VICE PRESIDENT RICHARD M. NIXON TO APPOINT TWO REPUBLICANS AND TWO DEMOCRATS TO THE SPECIAL INVESTIGATING COMMITTEE. THIS PROCEDURE WAS USED WHEN THE SENATE INVESTIGATED THE CONDUCT OF SEN. JOSEPH MCCARTHY (R-WIS.). ACTUALLY, SENATE LEADERS MAKE THEIR CHOICES FOR THE COMMITTEE AND RELAY THEM TO NIXON.

THE RESOLUTION WOULD GIVE THE SPECIAL COMMITTEE A \$10,000 BUDGET, PERMIT IT TO SUBPENA WITNESSES AND DOCUMENTS, HOLD HEARINGS, TAKE TESTIMONY AND HIRE A TEMPORARY STAFF. THE COMMITTEE WOULD CHOOSE ITS OWN CHAIRMAN.

2/6--GE1038A

ADD 3 NATURAL GAS

CASE WAS IN HIS SEAT ON THE SENATE FLOOR, SITTING WITH HIS CHIN IN HAND, AS JOHNSON ASKED THE SENATE TO APPROVE THE INQUIRY. HE DECLINED IMMEDIATE COMMENT ON NEFF'S DISCLOSURE.

2/6--GE1053A

ADD 4 NATURAL GAS

JOHNSON MADE AN IMPASSIONED PLEA TO THE SENATE TO GO AHEAD AND PASS THE GAS BILL TODAY.

"THE SENATE WOULD INDICT ITSELF AND RETURN ITS OWN CONVICTION IN THE PUBLIC EYE IF INDEPENDENT AND HONEST CONCLUSIONS ARE HASTILY ABANDONED. I FEAR THAT EXPRESSION OF THOSE CONCLUSIONS MIGHT BE TAKEN AS AN ADMISSION OF IMPROPER INFLUENCE," JOHNSON SAID.

"I, FOR ONE, FEEL NO COMPULSION TO ESTABLISH MY INTEGRITY BY VOTING AGAINST THIS BILL, BECAUSE TO DO SO, WOULD, IN MY EYES, ESTABLISH AN ABSENCE OF INTEGRITY."

HE INVITED ANY SENATOR TO STAND UP AND SAY IF HE KNEW OF ANY SIMILAR CONTRIBUTIONS TO SENATORS FAVORING THE BILL. NO ONE ROSE.

JOHNSON SAID THE SENATE HAS "AN OBLIGATION" TO INVESTIGATE THE INCIDENT. AT PRESENT, HE SAID, THERE IS AN ABSENCE OF "ANY TANGIBLE EVIDENCE FROM WHICH PROPER CONCLUSIONS MAY BE DRAWN."

KNOELAND, SUPPORTING JOHNSON, TOLD THE SENATORS THEY HAVE A "CLEAR AND PRESENT DUTY" TO PROCEED WITH THE INVESTIGATION.

KNOWLAND ALSO EMPHASIZED THAT THE ISSUES POSED BY THE INCIDENT ARE "SEPARATE AND APART FROM THE MERITS OF THE LEGISLATION."

2/6--EG1109A

ADD 5 NATURAL GAS

SEN. THOMAS C. HENNINGS, JR., (D-MO.) SUGGESTED THAT THE INQUIRY BE "ENLARGED" TO COVER ANY ALLEGED IMPROPER ATTEMPT TO INFLUENCE THE VOTE OF ANY SENATOR ON THE NATURAL GAS BILL THROUGH POLITICAL CONTRIBUTIONS OR OTHER METHODS.

HE SAID THAT AN INQUIRY RESTRICTED TO THE OFFER TO CASE WAS "LIKE GOING LION HUNTING WITH A PEA SHOOTER."

JOHNSON SAID HE WOULD INSIST ON A LARGER INQUIRY IF THERE WERE ANY CIRCUMSTANCES WARRANTING IT. HE SAID THAT IF ANY ATTEMPT HAD BEEN MADE TO IMPROPERLY INFLUENCE THE VOTE OF ANY SENATOR, THAT SENATOR SHOULD "ARISE AND DIVULGE THE INFORMATION."

BUT JOHNSON SAID HE DID NOT WANT TO "START A GENERAL FISHING EXPEDITION." IF NO OTHER SENATORS DISCLOSED ANY ATTEMPT TO INFLUENCE THEM IMPROPERLY, HE SAID, THE INQUIRY IN THE CASE INCIDENT SHOULD BE STARTED PROMPTLY.

HENNINGS SAID IT APPEARED TO HIM THAT NO ATTEMPT WAS MADE TO "BRIBE" CASE.

"NOT ONLY IS FRANCIS CASE ABOVE BEING BRIBED FOR \$2,500 BUT FOR \$25 MILLION," HENNINGS SAID.

2/6--EG1114A

ADD 6 NATURAL GAS

LEADERS IN BOTH PARTIES URGED THE SENATE TO VOTE THE INVESTIGATION
BUT AN OBJECTION BLOCKED IMMEDIATE ACTION.

SEN. WILLIAM LANGER (R-N.D.) OBJECTED TO THE LEADERSHIP PROPOSAL THAT
A SPECIAL COMMITTEE BE APPOINTED TO INVESTIGATE THE INCIDENT. WITH THE
SENATE BOUND BY UNANIMOUS CONSENT TO START VOTING ON THE GAS BILL,
LANGER'S OBJECTION WAS SUFFICIENT TO DELAY THE ACTION.

LYNDON JOHNSON SERVED NOTICE THAT HE WILL PRESS FOR ACTION AFTER THE
GAS BILL VOTING HAS BEEN CONCLUDED.

2/6--EG1118A

ADD 7 NATURAL GAS

LANGER ACTED AFTER HENNINGS ASKED JOHNSON TO BROADEN THE INVESTIGATION TO INCLUDE THE ACTIVITIES AND EXPENDITURES OF SUPPORTERS AND OPPONENTS OF THE BILL. JOHNSON DECLINED, SAYING THAT THE CASE INCIDENT SHOULD BE DISPOSED OF AT ONCE, AND HENNINGS WAS UNABLE TO OFFER HIS PROPOSAL AS A SUBSTITUTE BECAUSE OF THE UNUSUAL PARLIAMENTARY TANGLE.

LANGER CONTENDED THAT HENNINGS' OWN RULES SUBCOMMITTEE ON PRIVILEGES AND ELECTIONS HAS JURISDICTION OF SUCH MATTERS. LANGER TOLD KNOWLAND THAT THE ELECTIONS GROUP SHOULD NOT HAVE BEEN "SHUNTED ASIDE."

2/6--EG1122A

ADD 8 NATURAL GAS

MEANWHILE, CASE CONFIRMED THAT NEFF WAS THE MAN WHO MADE THE CAMPAIGN CONTRIBUTION.

CASE READ TO THE SENATE A TELEGRAM FROM NEFF, SENT SATURDAY, IN WHICH NEFF DESCRIBED HIMSELF AS "A CONSERVATIVE REPUBLICAN" WHO HAS "BEEN INTERESTED IN PASSAGE" OF THE NATURAL GAS BILL.

IN THE TELEGRAM, NEFF SAID THE CONTRIBUTION WAS MADE "WITH NO STRINGS ATTACHED" AND THAT HE WAS "INCENSED" AT THE IMPLICATION IT WAS "A SHADY DEAL."

CASE TOLD THE SENATE "PERSONALLY I WOULD LIKE TO SEE THE MATTER INVESTIGATED." HE ADDED "I HAD NO IDEA THIS WAS GOING TO BE BLOWN UP THE WAY IT WAS."

CASE LASHED BACK AT JOHNSON FOR THE SUGGESTION THAT CASE HAD WITHHELD HIS DISCLOSURE UNTIL THE LAST MINUTE IN AN ATTEMPT TO DEFEAT THE BILL.

"THE TIMING WAS NOT UNDER MY CONTROL," HE SAID. "I BROUGHT IT OUT AT THE EARLIEST MOMENT I COULD."

2/6--EG1133A

ADD 9 NATURAL GAS

JOHNSON TOLD THE SENATE THE INQUIRY SHOULD NOT BE "DIVERTED" FROM THE CASE INCIDENT BY TURNING THE INQUIRY INTO "A GENERAL FISHING EXPEDITION." HE SAID THAT HENNINGS PROPOSAL, WHETHER OR NOT IT WAS SO INTENDED, CONSTITUTED "AN ATTEMPT TO FURTHER INFLUENCE THE VOTE ON THIS BILL."

THE DEMOCRATIC LEADER SAID HE WOULD NOT OBJECT TO INDEPENDENT CONSIDERATION OF HENNINGS' ALTERNATIVE PROPOSAL AFTER A VOTE ON HIS OWN. BUT HE COMMENTED THAT HENNINGS, AS HEAD OF THE ELECTIONS SUBCOMMITTEE, ALREADY HAS "COMPLETE AUTHORITY" TO INVESTIGATE CAMPAIGN SPENDING AND SUCH MATTERS.

REPLYING TO LANGER'S ASSERTION THAT THE ELECTIONS SUBCOMMITTEE SHOULD HAVE BEEN EMPOWERED TO CONDUCT THE ENTIRE INQUIRY, JOHNSON SAID SENATE LEADERS HAD CONSULTED THE PRECEDENTS AND DECIDED THAT AN EVENLY DIVIDED BI-PARTISAN GROUP WOULD BE PREFERABLE TO A COMMITTEE CONTROLLED BY THE DEMOCRATS. JOHNSON SAID THE MATTER SHOULD BE LOOKED INTO BY "THE ABLEST MEN IN THE SENATE."

LANGER COMMENTED THAT THE SENATE WOULD BE IN A ZRIDICULOUS POSITION" IF THE SPECIAL SUBCOMMITTEE AND THE ELECTIONS SUBCOMMITTEE SHOULD CONDUCT SEPARATE INQUIRIES AND MAKE DIFFERENT FINDINGS. HE OBJECTED TO IMMEDIATE ACTION ON THE JOHNSON RESOLUTION.

IN THE DISCUSSION, CASE TOLD THE SENATE THAT THE LEADERS, AT HIS SUGGESTION, TRIMMED FROM THE TERMS OF THE RESOLUTION A DIRECTION THAT THE COMMITTEE INVESTIGATE THE "ALLEGATION OF BRIBERY" IN CONNECTION WITH THE CASE INCIDENT.

CASE HAS CONSISTENTLY REFUSED TO USE THAT TERM. SUPPORTERS OF THE BILL HAVE SAID THAT IMPLICATION WAS IMPLICIT IN CASE'S ACCOUNT OF THE INCIDENT.

2/6--EG1157A

ADD 10 NATURAL GAS

THE GALLERIES WERE NEARLY FILLED AND MOST OF THE SENATORS WERE ON THE FLOOR.

CASE, STANDING AT HIS BACK-ROW DESK, PRESENTED A DEFENSE OF HIS POSITION THAT BROUGHT A "HEAR, HEAR" FROM COLLEAGUES NEARBY.

NOTING THAT HE HAS SERVED 20 YEARS IN CONGRESS, CASE SAID THAT IF THIS SHOULD BE HIS LAST BECUSE OF THE INCIDENT, "LET THE RECORD SHOW THAT MY INTENT WAS TO PRESERVE THE FREEDOM FOR THE MEN AND WOMEN WHO LABOR HERE... THAT THEIR MINDS MAY BE UNFOGGED BY THE MIRAGES OF CAMPAIGN CONTRIBUTIONS."

"MY FAITH IS THAT OUR GOVERNMENT CAN BE FREE ONLY WHEN THE MINDS OF THE MEN WHO RITE THE LAWS ARE FREE," HE SAID.

CASE PLEDGED "FULL COOPERATION" WITH ANY COMMITTEE THE SENATE SETS UP TO INVESTIGATE THE INCIDENT. SUCH COOPERATION, HE SAID, HAS ALREADY BEEN GIVEN TO THE FBI.

CASE SAID HE IDENTIFIED NEFF NOW ONLY BECAUSE NEFF'S NAME ALREADY HAD BEEN MADE PUBLIC. HE SAID NEFF'S TELEGRAM SHOWED THAT THE MONEY WAS LEFT WITH A FRIEND OF CASE'S "WITH THE UNDERSTANDING THAT MY MIND WAS NOT MADE UP" ON THE NATURAL GAS BILL.

CASE TOLD THE SENATE "ON MY HONOR" THAT THE FRIEND WITH WHOM THE MONEY WAS LEFT IS "NOT MY CAMPAIGN MANAGER."

THE FRIEND, HE SAID, WAS "BEWILDERED" AND TELEPHONED HIM ASKING WHAT TO DO WITH THE ENVELOP CONTAINING THE \$100 BILLS.

2/6--EG1204P

ADD 11 NATURAL GAS

CASE'S WORDS ABOUT HIS POLITICAL FUTURE WERE PARTICULARLY DIRECTED AT SEN. J.W. FULBRIGHT (D-ARK.), WHO ON SATURDAY HAD SAID CASE HAD BETTER IDENTIFY THE CONTRIBUTOR "IF HE EXPECTS TO STAY IN PUBLIC LIFE."

FULBRIGHT RETORTED THAT CASE MUST BEAR THE RESPONSIBILITY FOR THE 'BRIBE' INTERPRETATION THAT HAS BEEN PLACED ON THE INCIDENT.

AS REALIZED BY CASE, FULBRIGHT SAID, "IN PLAIN EVERY DAY LANGUAGE IT WAS AN ATTEMPT TO BRIBE."

FULBRIGHT AGAIN CRITICIZED CASE FOR THE "INEXCUSABLE" TIMING OF HIS DISCLOSURE AND SAID INJECTION OF SUCH "AN EXTRANEIOUS ISSUE" IN THE LAST DAY OF DEBATE IS "AN UNACCEPTABLE PRACTICE."

2/6--EG1217P

ASS 12 NATURAL GAS

LATER LANGER OBJECTED TO A PROPOSAL BY SEN. THOMAS C. HENNINGS, JR. (D-MO.) WHICH WOULD HAVE AUTHORIZED A SPECIAL COMMITTEE TO CONDUCT A BROAD-GUAGE INVESTIGATION OF 1952, '54 AND '56 CAMPAIGN CONTRIBUTIONS AND THEIR RELATIONS TO OIL AND GAS LEGISLATION. THE HENNINGS RESOLUTION WOULD HAVE SUSPENDED CONSIDERATION OF THE GAS BILL UNTIL THE COMMITTEE MADE ITS REPORT.

LANGER MADE HIS OBJECTION AS OTHER SENATORS WERE PREPARING TO DO SO. AMONG THEM WAS FULBRIGHT WHO SAID HE WAS READY TO OBJECT BECAUSE THE "ON" AMONG THEM WAS FULBRIGHT WHO SAID HE WAS READY TO OBJECT BECAUSE THE "ONLY PURPOSE" OF THE MOVE WAS TO DELAY ACTION ON THE GASE BILL.

ARGUING FOR HIS RESOLUTION, HENNINGS CONTENDED THAT LIMITING THE INQUIRY WAS LIKE "STORMING THE CITADEL WITH A PEA SHOOTER." HE SAID STRENGTHENED LAWS RELATING TO CAMPAIGN CONTRIBUTIONS ARE NEEDED SINCE THE PRESENT LAWS INVITE "EVASION" AND VIOLATIONS.

SEN. MIKE MANSFIELD (D-MONT.) SAID IN A PREPARED SPEECH THAT HE HAD DECIDED TO SUPPORT THE BILL AFTER LONG DELIBERATION BECAUSE "CAREFUL EXAMINATION OF THE ISSUES HAS CONVINCED ME THAT THE BEST INTERESTS OF THE PRODUCERS AND CONSUMERS IN MONTANTA WILL BE SERVED IF THE SENATE APPROVES THE BILL BEFORE US AND IT BECOMES LAW."

MANSFIELD SAID HE HAD BEEN UNDER ENORMOUS PRESSURE FROM BOTH SIDES IN THE DEBATE. BUT "IN MAKING A DECISION ON THE MEASURE NOW BEFORE THE SENATE I HAVE HAD TO DECIDE FOR MYSELF WHAT I THOUGHT BEST FOR THE NATION AND FOR THE STATE OF MONTANA."

2/6--EG1225P

(BALLOONS)

ADD 13 NATURAL GAS

THE SENATE BEGAN DEBATING COMMITTEE AMENDMENTS TO THE BILL SHORTLY BEFORE NOON. AND SEN. CHARLES E. POTTER (R-MICH.) ASKED A PARLIAMENTARY QUESTION WHICH MADE IT CLEAR THAT HE PLANS TO OFFER A MOTION TO RECOMMIT THE MEASURE. POTTER DID NOT HAVE THE FLOOR AND SO COULD NOT OFFER THE PROPOSAL AT ONCE.

2/6--JE102P

ADD 14 NATURAL GAS

AS ACTUAL DEBATE BEGAN ON THE BILL, SEN. CHARLES E. POTTER (R-MICH.) OFFERED A MOTION TO SEND THE BILL BACK TO COMMITTEE. POTTER'S RECOMMITTAL MOTION PROVIDED AN IMMEDIATE SHOWDOWN VOTE ON THE BILL. AN HOUR OF DEBATE WAS ALLOTTED TO THE MOTION.

MEANWHILE, SEN. THOMAS C. HENNINGS (D-MO.) ANNOUNCED TO THE SENATE THAT HIS ELECTIONS SUBCOMMITTEE WILL MEET TOMORROW TO LOOK INTO THE BROAD QUESTION OF CAMPAIGN CONTRIBUTIONS.

JOHNSON, WHO HAD OPPOSED HENNINGS' SUGGESTION FOR A BROADER INQUIRY EARLIER, SAID THE SENATE LEADERSHIP WOULD NOT BE "DIVERTED" FROM ITS PLAN OF CREATING A SPECIAL COMMITTEE JUST TO INVESTIGATE THE CASE INCIDENT.

2/6--JE142P

ADD 15 NATURAL GAS

POTTER URGED THAT THE BILL BE SENT BACK TO THE COMMERCE COMMITTEE UNTIL THE CASE INCIDENT IS INVESTIGATED FULLY.

HE CHARGED THAT THE CASE INCIDENT "MAY WELL BE...JUST A SMALL PART OF ...THE OVERALL EFFORT" TO GET SENATE APPROVAL OF THE LEGISLATION.

OPPOSING THE RECOMMITAL MOTION, SEN. A. S. MIKE MONRONEY (D-OKLA.) SAID HE WAS SURE THE SENATE "IS INTELLIGENT ENOUGH, HAS INTEGRITY ENOUGH TO FACE THIS ISSUE (THE BILL) ON ITS MERITS" DESPITE THE CASE INCIDENT.

2/6--JE154P

ADD 16 NATURAL GAS

SEN. CARL T. CURTIS (R-NEB.) TOLD THE UNITED PRESS UNDER QUESTIONING THAT NEFF ALSO HAD TALKED WITH HIM ABOUT THE GAS BILL. HOWEVER, CURTIS SAID NEFF NEVER OFFERED HIM A CAMPAIGN CONTRIBUTION, HAS NEVER CONTRIBUTED TO CURTIS' CAMPAIGNS SO FAR AS CURTIS KNEW, AND MADE "NO SPECIAL SALES TALK" FOR THE BILL.

CURTIS SAID HE TALKED WITH NEFF "ONCE OR TWICE IN NEBRASKA" AND ONCE HERE ABOUT THE BILL. BUT HE SAID NEFF, AS A CONSTITUENT, ALSO CONFERRED WITH HIM ABOUT OTHER MATTERS.

"I TOLD HIM I HAD VOTED FOR THE BILL THREE TIMES IN THE HOUSE AND EXPECTED TO VOTE FOR IT AGAIN," CURTIS SAID. HE SAID NEFF HAS NO "SELLING" JOB TO DO WITH HIM BECAUSE HE FAVORED THE BILL.

CURTIS SAID HE DID NOT KNOW WHETHER NEFF HAS ANY OIL COMPANIES AMONG HIS CLIENTS.

2/6--E210P

ADD 17 NATURAL GAS

HENNINGS LATER TOLD REPORTERS HIS SUBCOMMITTEE IS "GOING TO
LOOK INTO THE CASE MATTER AND EVERY OTHER DAMN MATTER CONNECTED WITH
IT AND GET AT THE BIG BOYS IF WE CAN."

HE SAID HE HAS NO OBJECTIONS TO A SELECT COMMITTEE INVESTIGATING IT
ALSO.

2/6--E216P

ADD 18 NATURAL GAS

THE SENATE REFUSED TO SHELVE THE BILL WHILE AN INVESTIGATING COMMITTEE DETERMINES WHETHER IMPROPER INFLUENCE WAS EMPLOYED IN AN EFFORT TO SWAY THE SENATE'S VOTE ON THE MEASURE.

THE SENATE DEFEATED THE POTTER PROPOSAL WHICH WOULD HAVE SENT THE BILL BACK TO THE SENATE COMMERCE COMMITTEE. THE ACTION WAS A SIGNIFICANT VICTORY FOR SUPPORTERS OF THE CONTROVERSIAL BILL ON THE FIRST TEST VOTE.

SUPPORTERS OF THE RECOMMITAL DRIVE CONTENDED THAT ANY CLOUD OVER THE QUESTION SHOULD BE REMOVED BEFORE THE SENATE VOTES. OPPONENTS REPLIED THAT THE SENATE HAS ALL THE INTEGRITY AND INFORMATION IT NEEDS TO VOTE ON THE MERITS OF THE BILL.

2/6--E224P

ADD19 NATURAL GAS

BEFORE THE VOTE, MONRONEY PLEADED WITH THE SENATE NOT TO RECOMMIT THE BILL. "IF WE WANT TO KILL THE BILL, LET'S DO IT ON ITS MERITS... LET'S DON'T SEND IT BACK TO COMMITTEE FOR DEEP FREEZE TREATMENT."

MONRONEY SAID CHAIRMAN WARREN G. MAGNUSON (D-WASH.) OF THE COMMERCE COMMITTEE, WHO OPPOSES THE BILL, TOLD MONRONEY THAT HE WANTED TO KILL THE BILL BUT DID NOT WANT IT DUMPED BACK ON HIS COMMITTEE.

ANOTHER OPPONENT, SEN. EDWARD J. THYE (R-MINN.), ALSO ARGUED AGAINST RECOMMITAL. THYE SAID "I DO NOT BELIEVE ANY GOOD COULD COME FROM SENDING IT BACK."

BUT DOUGLAS SAID RECOMMITAL WAS URGENTLY NEEDED TO LET THE COMMITTEE STUDY RECENT DEVELOPMENTS AND TO PERMIT THE INVESTIGATION OF CASE'S CHARGES.

2/6--E226P

ADD 20 NATURAL GAS

THE RECOMMITAL MOTION WAS DEFEATED BY A 64 TO 30 ROLL CALL VOTE.

2/6--E226P

ADD 21 NATURAL GAS

SEN. ALBEN W. BARKLEY (D-KY.) ASKED HOW MUCH SPEAKING TIME WAS LEFT FOR ADVOCATES OF THE RECOMMITAL MOTION.

"THREE MINUTES", THE PRESIDING SENATOR SAID.

"WELL, THAT ISN'T ENOUGH FOR ME," BARKLEY SAID AND SAT DOWN.

2/6--E227P

ADD 22 NATURAL GAS

RECORDS AT LINCOLN, NEB., SHOWED THAT NEFF WAS REGISTERED AS A LOBBYIST FOR THE SUPERIOR OIL CO., AUSTIN, TEX., DURING THE 1955 SESSION OF THE NEBRASKA LEGISLATURE. HE OPPOSED AN OIL AND GAS CONSERVATION BILL, WHICH WAS DEFEATED.

6/2--E254P

ADD 23 NATURAL GAS

WITH DEFEAT OF THE RECOMMITAL MOTION, SEN. JOHN O. PASTORE (D-R.I.) CALLED UP HIS "CONSUMER PROTECTION" AMENDMENT.

THE PASTORE AMENDMENT WOULD SPECIFY THAT THE FEDERAL POWER COMMISSION, IN DETERMINING FOR RATE PURPOSES "THE REASONABLE MARKET PRICE" OF GAS AT THE WELLHEAD, MUST TAKE INTO CONSIDERATION "THE PROTECTION OF THE INTEREST OF THE CONSUMER."

DURING THE THREE WEEKS OF DEBATE, PASTORE TOLD THE SENATE, BOTH SIDES HAVE BEEN TALKING ABOUT PROTECTING THE CONSUMER. BUT NOWHERE IN THE BILL, HE SAID, IS THE WORD "CONSUMER" USED.

THE AMENDMENT, HE SAID, "FORTIFIES THE BILL AND MAKES IT STRONGER FOR THE CONSUMER." IT WOULD LEAVE UNCHANGED, HE SAID, THE BILL'S FORMULA THAT INTERSTATE PIPELINES MAY ONLY BE ALLOWED IN THEIR RATES "A REASONABLE MARKET PRICE" FOR THE GAS THEY PURCHASE FROM PRODUCERS.

6/2--E257P

ADD 24 NATURAL GAS

FULBRIGHT CONTENDED THAT THE LANGUAGE IS NOT NEEDED TO SAFEGUARD THE PUBLIC INTEREST. HE SAID PASTORE DID NOT SEE FIT TO OFFER THE AMENDMENT AS A MEMBER OF THE SENATE COMMERCE COMMITTEE.

2/6--E310P

(TEXT)

TEXT OF A TELEGRAM SENT FEB. 4 FROM JOHN M. NEFF OF LEXINGTON, NEB., TO SEN. FRANCIS CASE (R-S.D.) REGARDING THE \$2,500 CAMPAIGN CONTRIBUTION:

LEXINGTON, NEB.
FEB. 4, 1956

SEN. FRANCIS CASE
SENATE OFFICE BUILDING
WASHINGTON, D.C.

I WAS AMAZED AND SHOCKED AT THE NEWS RELEASE IN THE PAPERS, ON THE RADIO AND TV CONCERNING YOUR SPEECH IN THE SENATE YESTERDAY. I ASSUME THAT I AM "THE MAN" YOU REFERRED TO SINCE I DELIVERED A CONTRIBUTION TO YOUR CAMPAIGN FUND SEVERAL WEEKS AGO.

I HAVE ALWAYS BEEN A CONSERVATIVE REPUBLICAN AND HAVE BEEN ACTIVE IN REPUBLICAN MATTERS ALL MY LIFE, AS WAS MY FATHER BEFORE ME. I BELIEVE IN MIDWEST REPUBLICAN POLICIES, AND HAVE BEEN INTERESTED IN THE PASSING OF THE HARRIS (NATURAL GAS) BILL, AND STILL AM.

WHEN IN SOUTH DAKOTA IN NOVEMBER, I WAS INFORMED BY PERSONS CLOSE TO YOU THAT YOU FELT AS I DO ON GOVERNMENT ISSUES OF THE DAY. I WAS ALSO TOLD THAT YOU INTENDED TO RUN AGAIN FOR ELECTION AND WOULD NEED CAMPAIGN FUNDS.

IN JANUARY I MADE ANOTHER TRIP TO SOUTH DAKOTA AND LEFT WITH THE MAN I BELIEVED TO BE YOUR CHAIRMAN OF YOUR CAMPAIGN FUND \$2,500 WHICH I HAD BEEN ABLE TO RAISE AS A CAMPAIGN CONTRIBUTION WITHOUT ANY STRINGS ATTACHED.

I WAS INCENSED TO LEARN THAT YOU MENTIONED THIS MATTER ON THE SENATE FLOOR WITHOUT DIVULGING THE NAMES AND WITH THE NECESSARY IMPLICATIONS AND INFERENCES THAT IT WAS SOME KIND OF A SHADY DEAL. SUCH IMPROPER INFERENCES AND IMPLICATIONS ARE APT TO FOLLOW ME THE REST OF MY LIFE, TO MY DETRIMENT AND TO THE DETRIMENT OF MY FAMILY UNLESS THEY ARE NOW CORRECTED.

YOU MUST HAVE THOUGHT ME NAIVE TO HAVE MADE A CAMPAIGN CONTRIBUTION SEVERAL WEEKS BEFORE THE VOTE ON THE ISSUE THINKING THAT IT WOULD INFLUENCE YOUR VOTE ON THE HARRIS BILL OR ANY OTHER PIECE OF LEGISLATION.

IN DECEMBER I COMPLIMENTED YOU TO OUR MUTUAL FRIEND THAT YOU WERE THE TYPE OF SENATOR WHO WOULD NOT MAKE UP YOUR MIND DEFINITELY UNTIL THE BILL WAS UP FOR VOTE. I STILL ADHERE TO THAT POLICY AND I DID WHEN I DELIVERED THE CAMPAIGN CONTRIBUTION.

YOU, I KNOW, ARE AWARE THAT FOR SEVERAL MONTHS, MEN IN BOTH PARTIES HAVE BEEN RAISING CAMPAIGN FUNDS FOR INDIVIDUAL CANDIDATES AS WELL AS FOR EACH PARTY AS A WHOLE OR AS A STATE UNIT WITHOUT THE THOUGHT OR IMPLICATION THAT SUCH CONTRIBUTIONS WERE IN ANY WAY RELATED TO ANY PIECE OF LEGISLATION NOW PENDING IN THE CONGRESS. I HAVE DONE NO MORE OR NO LESS IN THIS INSTANCE. AGAIN THIS LETTER IS WRITTEN ON THE ASSUMPTION THAT I AM "THE MAN" TO WHOM YOU REFERRED ON THE SENATE FLOOR YESTERDAY (FRIDAY), SINCE I DID RAISE A \$2,500 CAMPAIGN CONTRIBUTION FOR YOUR CAMPAIGN FOR REELECTION THIS YEAR, WITH NO STRINGS ATTACHED.

IN MY EXPERIENCE I KNOW THAT IT TAKES A LOT OF MONEY TO WAGE A SUCCESSFUL CAMPAIGN. I REPEAT, YOU KNEW WHERE THIS CAMPAIGN FUND CAME FROM AND TO WHOM IT WAS GIVEN. YOU ALSO KNEW IT HAS NO STRINGS ATTACHED WHATSOEVER.

AGAIN, I CANNOT HELP BEING INCENSED BY YOUR MAKING SUCH STATEMENTS AND STILL WITHHOLDING INFORMATION WHICH YOU HAD AT THE TIME OF SPEECH, WHICH NECESSARILY CAST REFLECTION ON ME AND ON THE PARTY WHICH WE BOTH SERVE. I HAVE NO APOLOGIES TO MAKE FOR ATTEMPTING TO BE HELPFUL TO YOU UNDER THE CIRCUMSTANCES. I AM CONFIRMING THIS TELEGRAM BY LETTER MAILED THIS DAY.

(SIGNED) JOHN M. NEFF

(END TEXT)

2/6--E322P

ADD 25 NATURAL GAS

THE SENATE DEFEATED BY A 53 TO 40 VOTE THE PASTORE AMENDMENT. THE AMENDMENT PROVIDED THAT THE FPC MUST TAKE INTO CONSIDERATION "THE PROTECTION OF THE INTEREST OF THE CONSUMER," IN DETERMINING "THE REASONABLE MARKET PRICE" OF GAS AT THE WELLHEAD.

THE PASTORE "CONSUMER PROTECTION" AMENDMENT WAS DEFEATED BY A COMBINATION OF 23 DEMOCRATS AND 30 REPUBLICANS. IT WAS SUPPORTED BY 25 DEMOCRATS AND 15 REPUBLICANS.

2/6--E324P

ADD 26 NATURAL GAS

THEN THE SENATE REJECTED POTTER'S "FAIR AND EQUITABLE" AMENDMENT BY A 59 TO 33 ROLL CALL VOTE. TWENTY DEMOCRATS AND 13 REPUBLICANS VOTED FOR THE AMENDMENT; 29 DEMOCRATS AND 30 REPUBLICANS AGAINST IT.

THE AMENDMENT WOULD HAVE REQUIRED THE FPC TO INSIST THAT PIPELINES PAY "FAIR AND EQUITABLE" PRICES FOR GAS INSTEAD OF "REASONABLE MARKET" PRICES. POTTER SAID THE BILL'S FORMULA IS "LOADED" IN FAVOR OF THE PRODUCER AND OFFERS "NOT ONE THREAD OF PROTECTION FOR THE CONSUMER."

UNDER THE BILL'S FORMULA, POTTER SAID, PRODUCERS WILL BE ABLE TO CHARGE "ALL THE MARKET WILL INCREASINGLY BEAR" IN SELLERS' MARKET WHERE COMPETITIVE FACTORS DO NOT APPLY. IF THE BILL IS PASSED AS IT STANDS, POTTER PREDICTED, CONGRESS WILL BE "CALLED BACK" NEXT YEAR TO CHANGE IT.

BUT FULBRIGHT SAID THE POTTER PROPOSAL IS JUST "AN OBLIQUE WAY OF INSERTING REGULATION" FOR PRODUCERS UNDER A "UTILITY TYPE" RATE FORMULA. HE URGED THAT THE AMENDMENT BE DEFEATED.

2/6--W04P

ADD 27 NATURAL GAS

BY A 59 TO EQ VOTE, THE SENATE DEFEATED AN AMENDMENT BY SEN. HUBERT H. HUMPHREY (D-MINN.) TO BAR ESCALATION CLAUSES IN NATURAL GAS CONTRACTS. PROPONENTS OF THE BILL ARGUED THIS PROBLEM WAS ALREADY PROVIDED FOR IN THE LEGISLATION.

2/6--W0417P

(ROLL CALL)

THE 64-30 VOTE BY WHICH THE SENATE DEFEATED A MOVE TO RECOMMIT
THE GAS BILL TO COMMITTEE:

FOR RECOMMITTAL--30.

DEMOCRATS FOR--(18)--BARKLEY, DOUGLAS, GORE, GREEN, HENNINGS, HILL,
HUMPHREY, JACKSON, KEFAUVER, KENNEDY, KILGORE, LEHMAN, MCNAMARA,
MORSE, NEELY, NEUBERGER, PASTORE, SPARKMAN AND SYMINGTON.

REPUBLICANS FOR--(11)--AIKEN, BENDER, BUSH, CASE OF N.J., CASE OF
S.D., DUFF, IVES, LANGER, POTTER, PURTELL AND WILEY.

-0-

(MAKE IT READ DEMOCRATS FOR --(19)

(MORE 2/6--E232P

ADD ROLL CALL

AGAINST RECOMMITTAL--64.

DEMOCRATS AGAINST--(30)--ANDERSON, BIBLE, BYRD, CHAVEZ, CLEMENTS,
DANIEL, EASTLAND, ELLENDER, ERVIN, FREAR, FULBRIGHT, GEORGE,
HAYDEN, HOLLAND, JOHNSON OF TEX., JOHNSTON OF S.C., KERR, LONG,
MAGNUSON, MANSFIELD, MCCLELLAN, MONRONEY, MURRAY, O'MAHONEY, ROBERTSON,
RUSSELL, SCOTT, SMATHERS, STENNIS, AND THURMOND.

REPUBLICANS AGAINST--(34)--ALLOTT, BARRETT, BEALL, BENNETT, BRICKER,
BRIDGES, BUTLER, CAPEHART, CARLSON, COTTON, CURTIS, DIRKSEN, DWORSHAK,
FLANDERS, GOLDWATER, HICKENLOOPER, HRUSKA, JENNER, KNOWLAND, KUCHEL,
MALONE, MARTIN OF IA., MARTIN OF PA., MCCARTHY, MUNDT, PAYNE,
SALTONSTALL, SCHOEPPEL, SMITH OF ME., THEY, WATKINS, WELKER, WILLIAMS
AND YOUNG.

ANNOUNCED AGAINST RECOMMITAL--MILLIKIN (R).

6/2--E236P

(ROLL CALL)

THE 53-40 VOTE BY WHICH THE SENATE REJECTED THE PASTORE AMENDMENT
TO THE NATURAL GAS BILL:

FOR THE AMENDMENT--40.

DEMOCRATS FOR--(25)--BARKLEY, CLEMENTS, DOUGLAS, ERVIN, GORE,
GREEN, HENNINGS, HILL, HUMPHREY, JACKSON, KEFAUVER, KENNEDY, KILGORE,
LEHMAN, MAGNUSON, MANSFIELD, MCNAMARA, MORSE, MURRAY, NEELY, NEUBERGER,
PASTORE, ROBERTSON, SPARKMAN AND SYMINGTON.

REPUBLICANS FOR--(15)--AIKEN, BENDER, BUSH, CASE OF N.J., CASE OF
S.D., DUFF, IVES, JENNER, LANGER, POTTER, PURTELL, SMITH OF ME., THYE,
WILEY AND WILLIAMS.

AGAINST THE AMENDMENT--53.

DEMOCRATS AGAINST--(23)--ANDERSON, BIBLE, BYRD, CHAVEZ, DANIEL,
EASTLAND, ELLENDER, FREAR, FULBRIGHT, HAYDEN, HOLLAND, JOHNSON OF
TEX., JOHNSTON OF S.C., KERR, LONG, MCCLELLAN, MONRONEY, O'MAHONEY,
RUSSELL, SCOTT, SMATHERS, STENNIS AND THURMOND.

REPUBLICANS AGAINST--(30)--ALLOTT, BARRETT, BEALL, BENNETT, BRICKER,
BRIDGES, BUTLER, CAPEHART, CARLSON, COTTON, CURTIS, DIRKSEN, DWORSHAK,
FLANDERS, GOLDWATER, HICKENLOOPER, HRUSKA, KNOWLAND, KUCHEL, MALONE,
MARTIN OF IA., MARTIN OF PA., MCCARTHY, MUNDT, PAYNE, SALTONSTALL,
SCHOEPPPEL, WATKINS, WELKER AND YOUNG.

2/6--E333P

(NATURAL GAS)

LEADERS OF BOTH PARTIES FORMALLY URGED THE SENATE TODAY TO CREATE A SPECIAL FOUR-MAN COMMITTEE TO INVESTIGATE "AN ALLEGED IMPROPER ATTEMPT . . . TO INFLUENCE THE VOTE" OF SEN. FRANCIS CASE (R-S.D.) ON THE CONTROVERSIAL NATURAL GAS BILL.

SENATE DEMOCRATIC LEADER LYNDON JOHNSON INTRODUCED A BI-PARTISAN RESOLUTION AUTHORIZING THE INVESTIGATION SHORTLY AFTER A NEBRASKA ATTORNEY IDENTIFIED HIMSELF AS THE MAN WHO CONTRIBUTED \$2,500 TO CASE'S CAMPAIGN FUND AFTER ASCERTAINING THAT CASE FAVORED THE GAS BILL.

THE ATTORNEY, JOHN M. NEFF, 47, OF LEXINGTON, NEB., DENIED THAT HE WAS TRYING TO INFLUENCE CASE'S VOTE ON THE GAS BILL. HE SAID THE MONEY WAS GIVEN "WITH NO STRINGS ATTACHED." CASE HAD TOLD THE SENATE FRIDAY HE ORDERED THE MONEY RETURNED AND NOW PLANNED TO VOTE AGAINST THE GAS BILL. THE FBI IS ALSO INVESTIGATING THE AFFAIR.

THE RESOLUTION INTRODUCED BY JOHNSON ON BEHALF OF HIMSELF AND SENATE REPUBLICAN LEADER KNOWLAND WOULD CREATE A FOUR-MAN BI-PARTISAN SENATE COMMITTEE TO CONDUCT "AN IMMEDIATE INVESTIGATION" OF THE CIRCUMSTANCES SURROUNDING THE DONATION.

THE COMMITTEE WOULD BE REQUIRED TO REPORT FINDINGS AND RECOMMENDATIONS "AT THE EARLIER POSSIBLE DATE," AND NO LATER THAN MARCH 1.

2/6--GE1029A

FOR IMMEDIATE RELEASE

QUESTIONS INTENDED TO MAKE CLEAR THE
LEGISLATIVE INTENT OF S. 1853, TO
AMEND THE NATURAL GAS ACT, AS AMENDED

Presented on the Senate Floor by Senator
Joseph C. O'Mahoney (D. Wyoming)
during the debate on the Natural Gas Bill

1. Is Section 1 of the Act of June 21, 1938, amended by this bill?

This question is asked because if it is not modified these words
of Section 1(b) will continue to be the law:

"(b) The provisions of this chapter shall apply to the transportation of natural gas in interstate commerce, to the sale in interstate commerce of natural gas for resale for ultimate public consumption for domestic, commercial, industrial, or any other use, and to natural gas companies engaged in such transportation or sale."

2. Section 2 of S. 1853 adds two new definitions not contained in the existing law. They are:

New Subsection 10 which defines "transportation of natural gas in interstate commerce."

New Subsection 11 which defines "sale in interstate commerce of natural gas for resale."

Does the definition of transportation of natural gas as being only such transportation "as occurs after the completion in or within the vicinity of the field or fields where produced of all production, gathering, processing, treating, compressing and delivering" mean that the managers of the bill intended by the use of the words "within the vicinity of the field or fields" to change the interpretation of Section 1(b) of the existing law above quoted, which says that "the provisions of this chapter shall apply to the transportation of natural gas in interstate commerce for resale for ultimate public consumption for domestic, commercial, industrial, or any other use"?

3. Does the new definition in new Subsection 11 of sale in interstate commerce of natural gas for resale modify the meaning of Section 1(b) above quoted?

4. Is there any definition in the proposed legislation of the meaning of the phrase "in or within the vicinity of the field or fields where produced"?
5. If gas is produced in a field which contains parts of two or more states, how is the definition of interstate commerce as contained in Subsection 7 affected?

This definition says that the phrase means "commerce between any point in a state and any point outside thereof." It is therefore important to know whether, if natural gas is delivered to a transportation pipeline in such a field embracing two or more states, the delivery can be made at a point within the vicinity of the field regardless of in what state the delivery is made.

6. Is it intended by the managers of the bill that the measure shall be understood to include a producer of natural gas as well as a transporting pipeline company in new Subsections (b) and (c)?

Subsection (b) deals with the filing with the Commission of an increase in any rate or charge "based in whole or in part upon any contract executed or renegotiated after the date this subsection takes effect."

Q. Does this provision allow the producer of natural gas to file with the Commission "an increase in any rate or charge for natural gas"?

In answering this question it must be borne in mind that in Section 2 of the present law, which is not amended by this bill, a natural gas company includes a person engaged in "the sale in interstate commerce of such gas for resale," namely, a producer.

7. Does the Federal Power Commission have the authority under the proposed Section 5(b) to determine the reasonable market price of natural gas whenever an increase in rate or charge is filed?
8. What is the reason for the provision in new Subsection (b) for the exception contained in lines 11 and 12 on page 6 of the bill and reading "unless there has been a prior determination under Subsection (c)"?
9. Is this exception designed to enable a pipeline company under proposed Subsection (c) to file an application with the Federal Power Commission after the execution of any new contract to purchase from the producer and thus obtain a finding as to "reasonable market price" for the entire period of such new contract even though such contract may be for twenty years or for the entire life of the field from which the gas is produced?
10. If the application for the determination of "reasonable market price" is to be filed only by a transporting company, what provision is made to allow a producer to secure an increase in price for the natural gas if conditions have changed and an increase is desirable?
11. Is the natural gas company which is a producer of gas to receive "notice and opportunity for hearing"? If so, has it been made clear in the bill?
12. A producing company which is an affiliate of a pipeline company is excluded from the provisions of the proposed new Subsection (b) by the use of the words "other than an affiliate" in lines 10 and 11. Why is this exemption made?

13. Is it intended by the managers of the bill to have a different policy in the treatment of independent producers and producers which are the affiliates of pipeline transportation companies?

This question is asked because the new Subsection (e) provides that the pipeline company "shall be obligated to pay only such part of the increase in price" as does not exceed the reasonable market price. This provision would seem to impair the obligation of a contract between a pipeline company and an independent producer. This clause does not appear in new Subsection (d) which deals with the producer affiliated with a pipeline transportation company. This section does not attempt to release the pipeline company from the payment of the sums required by escalation clauses when above the "reasonable market price," although new Subsection (e) does release the pipeline company from escalation payments to the independent.

Senators Have Conflicts of Interests

By Drew Pearson

Here is how low the moral standards of the greatest deliberative body, the United States Senate, have sunk today.

Not only is it highly unlikely that any Senator will invoke Rule 12 and refrain from voting on the natural gas bill because he owns gas lands or stock, but another pocketbook interest bill is due for debate next week—the sugar bill.

Senators from Florida, Indiana, Texas, Oklahoma, Louisiana, New Hampshire and Arkansas are reported to have financial interests in gas-oil lands or gas-oil companies. But there is no indication to date that they will step aside and refrain from voting their pocketbook interest as provided under Senate Rule 12.

On top of this, the sugar bill, due for debate immediately after the gas bill, already finds one Senator in violation of Senate rules. He is Allen Ellender of Louisiana.

Sen. Ellender purchased from the South Downs Sugar Co. of Louisiana four acres of extremely valuable residential-oil land on the edge of Houma, La., his home town, for only \$2500 an acre, though the company had refused to sell the same land to others at that price. The land faces the United States Agricultural Experimental Station and is considered an extremely choice location.

The South Downs Sugar Co., which owned the property, is actively engaged in lobbying for the new sugar bill, increasing domestic cane-sugar quotas, and its president, Wallace Kemper, testified before the Senate Agriculture Committee of which Ellender is chairman.

Ellender claims that he got the land cheap because he forewent oil rights.

Inside Lobbying

Much more important when it comes to judging Senate ethics, however, was Ellender's behavior during testimony on the sugar bill last summer. As chairman of the Senate Agriculture Committee, he not only pushed the bill personally but demanded that Congressman Cooley of North Carolina, chairman of the House Agriculture Committee, act on the sugar bill or else Ellender in turn would not act

on the parity price support bill affecting other farm commodities.

However, there is the real breach of Senate ethics. On Aug. 1, Ellender brought two sugar lobbyists into the highly secret sessions of the Senate Finance Committee to discuss the sugar bill. They were Robert Shields, representing the beet-sugar lobby, and Joe Ferris, representing the cane-sugar lobby.

A secret committee session is not supposed to be open to anyone outside Congress. The public, the press are not admitted, much less the representatives of a special-interest group pushing certain legislation.

Once, in 1925, When Sen. Hiram Bingham of Connecticut admitted a representative of the Connecticut Manufacturers Association to a secret session of the Senate Finance Committee, he was officially censured by vote of the Senate.

However, ethical standards were higher in those days. Senators were more honest, had more courage. Today there is not one Senator who dares stand up to move the censure of Ellender of Louisiana though they know about his admission of lobbyists to the executive session of the Senate Finance Committee. Nor is there one Senator who will stand up and challenge the voting right of Kerr of Oklahoma, or Long of Louisiana or others to vote on the natural gas bill because they have investments in gas.

This is the depth to which the prestige of the world's greatest deliberative body has sunk today.

Note—It was Sen. George of Georgia who helped lead the censure vote against Sen. Bingham of Connecticut in 1925.

Hoffman Subpenas

Butolic Congressman Clare Hoffman of Alegen, Mich., who wears no pockets in his coat and once was voted down by every Republican on his own Government Operations Committee, went to Arthur Pearlman, counsel of that committee, last week and demanded:

"I want you to subpoena Drew Pearson."

"What for?" asked Pearlman.

"Make him come up here and answer before the House of Representatives as to where he got that information regarding Al Sarena. Make him produce that 'Dear Doug' letter which he says Eisenhower wrote to Secretary McKay. I want a subpoena issued for Pearson at once."

"Then," replied Pearlman,

we would also have to subpoena Secretary McKay."

"On no, no, no," replied Congressman Hoffman, promptly dropping the matter.

Note—Hoffman had first demanded that the Senate Interior Committee subpoena this writer.

Nix on Nixon

Ike has a secret, self-appointed board of strategy of New Yorkers, including some of his closest friends such as Tom Dewey and Gen. Lucius Clay.

They are determined that Vice President Nixon shall not run with him.

They feel that if he does run, most people, remembering his statement about his own health, would be voting for Vice President. Nixon, they feel, would bog down the ticket, might even defeat it.

Washington Pipeline

A canine corps of blood-thirsty hounds has been secretly proposed for the Mex-

ican border patrol by Immigration Commissioner J. M. Swing.

Swing is now doing a much better job handling immigration, but his canine solution for the Mexican "wetback" problem has given the State Department nightmares. It would play havoc with United States-Mexican relations. . . . If Harlem Congressman Adam Clayton Powell's anti-segregation school amendment is beaten on the floor of the House during consideration of the school construction bill. It might become judicial precedent, could then be cited in future court cases aimed at reversing the 1954 Supreme Court decision. . . .

Consumers of TVA power have bought \$1.5 billion worth of electric home appliances since World War II, topping the national average. . . . Average expenditure per family was \$1600 for TVA homes, contrasted with \$1350 Nation-wide. . . . Sixty-two per cent of the homes in the TVA area are equipped with electric ranges.

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2:55 p.m.
Feb. 4, 1956

Bill Kittrell just called from Mr. Rayburn's office (x 204) and asked that I type up the following and give it to you.

"I am not concerned about the effect of the action of this Bill on the fortunes of the big oil and gas companies, but I am concerned about the effect of the passage of this Bill on the people of Texas who receive 8% of all of the well-head value of the gas produced in Texas in addition to the ordinary property taxes paid."

Processing Note:

2/24/2025

There are 7 copies of the following two-page document. Only one copy has been scanned.

Robert Mar

Digitization Technician

STATEMENT BY SENATE DEMOCRATIC LEADER LYNDON B. JOHNSON

February 4, 1956

A member of the Senate has reported a set of circumstances which raise the inference that an improper attempt was made to influence the vote on a pending issue. An allegation of such weight must be tracked down to the very end.

The facts, as reported by Senator Case, are not clear. He has told us that a man who had reason to believe that Senator Case would vote for the Natural Gas bill left a campaign contribution on \$2,500 with a friend in South Dakota. The contribution was rejected.

However, there are a number of unanswered questions.

Senator Case says he has never met the man.

Senator Case says no "strings" were attached to the "contribution."

Senator Case says he would probably have voted for the bill anyway in line with "the overwhelming sentiment" of the people of his State.

Senator Case says his deduction that the man who left the money was interested in the passage of the bill was based upon a vague recollection of a lady clerk and upon a letter from a third party in South Dakota inquiring about Senator Case's position on the bill.

Thus far, Senator Case has declined to reveal the name of the man who left the money in South Dakota, even though that information was requested on the Senate floor eleven times.

(more)

We do not presume to make a judgment in advance of the facts. Nevertheless, we believe the man's name should be made public and if any attempted bribery was involved, the case should be prosecuted to the fullest extent of the law.

The inference raised in this matter reflects upon the integrity of the Senate itself. Unless the issue is resolved, it will haunt the Senate for years to come -- beclouding the outcome of any vote.

No allegation has been made that any Senator has acted improperly. But it must be made clear to any misguided individual that the United States Senate is not susceptible to improper influences.

Therefore, it is my intention to move on Monday for the creation of a Select Committee of the Senate. This Committee -- composed of two members from each party - will be granted every power necessary to place every relevant fact upon the public record.

The members of this Committee will be men respected throughout the country. They will be backed by the full authority of the Senate itself.

It does not matter who is involved. Our people are entitled to the full story -- without fear or favor -- and they will have it.

#

United States Senate

MEMORANDUM

Feb. 4, 1956

Senator: ~~X~~

Apparently, the papers are going to play this according to their commitments on the gas bill. The Times and the Post (which oppose the bill) splashed the story on the front page. The Herald-Tribune (which supports the bill) overrode ordinary news judgment and buried it on the 4th page. The Baltimore Sun (which has been equivocal) put it on the front page but below the fold. The early radio roundups that eye heard didn't even mention it. Under these circumstances, a vote Monday would seem OK.

Eye suggest the attached as a joint statement for you and Senator Knowland.

GER

United States Senate

MEMORANDUM

3 p.m.
2/3

Senator:

Some of the newspaper boys have talked to Senator Case and he says "people are reading more sinister implications into this than I do."

He says "all I read into it is that there is a lot of money involved in this Bill."

GER

M E M O R A N D U M

1. Regardless of the merits or the demerits of the point made by Senator Case, his charge is certain to become a major issue that will persist for some time unless the air is cleared. The press people quite rightly consider it one of the biggest stories of the day.
2. Unfortunately, the charge was made against a background of a debate which a number of leading columnists consider corrupt. They are going to seize upon any scrap of evidence, no matter how flimsy, to "prove" their case.
3. Every Senator who votes before the matter is cleared up is going to have to live with that vote for years to come. He will be assailed with vicious cartoons and columns--all of which will be unfair (after all, Case's point was that he did not accept the bribe)--but which will be hard to live with.
4. Even more basic is that the Case speech challenges the integrity of the Senate itself. Unless the matter is cleared up, any crank with access to a columnist (and there are plenty) will be able to challenge the integrity of any vote he doesn't like. If the Case charge is allowed to go by the boards, the challenge will have an audience.

RECOMMENDATIONS

1. Very serious consideration should be given to postponing the vote until the Case charge can be examined. To vote in advance of ~~any~~ examination is unfair to all the proponents of the bill.
2. That an inquiry be conducted by a Select Committee of the Senate. Since the charge involves the dignity of the Senate, it would be best to handle the matter through the machinery of the whole Senate itself--rather than a Standing Committee.

#

United States Senate



MEMORANDUM

Feb. 4, 1956

Senator Daniel says to tell you:

1. Senator Byrd is at home. Won't be in until Monday morning.
2. Have contacted the Press
3. Under Case's theory the Senators who receive CIO contributions should not vote against the bill --- that is, the opposing Senators who receive CIO contributions should not vote against the bill.

mary

He is still at Mayflower but says can come out any time you want to talk to him.

SELECT COMMITTEE FOR CONTRIBUTION INVESTIGATION

Mr. George, from the Select Committee
submitted the following

REPORT

(To accompany S. Res. 205)

INTRODUCTION

The Select Committee which is presenting this report was established by Senate Resolution 205 adopted by the Senate on February 7, 1956. The objectives of the Committee's inquiry are best set forth in the language of the resolution itself:

84th CONGRESS
2d Session

S. RES. 205

IN THE SENATE OF THE UNITED STATES

February 6 (Legislative day, January 16), 1956

Mr. Johnson of Texas (for himself and Mr. Knowland) submitted the following resolution; which was ordered to lie over under the rule

February 7, 1956

Considered and agreed to

RESOLUTION

RESOLVED, That there is hereby established a Select Committee to investigate the circumstances involving an alleged improper attempt through political contributions to influence the vote of the junior Senator from South Dakota, Mr. Case, in connection with the Senate's consideration of the bill S. 1853, the natural gas bill.

SEC. 2. The Vice President shall appoint two members from the majority and two members from the minority Members of the Senate who shall constitute the Select Committee. A chairman shall be selected from among the members appointed upon their first meeting to be called by the Vice President.

SEC. 3. The Select Committee is hereby authorized and directed to conduct an immediate investigation of these circumstances and report its findings and recommendations to the Senate at the earliest possible date, in no event later than March 1, 1956, and upon the filing of its report, the Select Committee shall cease to exist.

SEC. 4. For the purpose of this resolution the Select Committee is authorized (1) to make such expenditures from the contingent fund of the Senate; (2) hold such hearings; (3) sit and act at such times and places during the sessions, recesses, and adjournment periods of the Senate; (4) require by subpoena or otherwise the attendance of such witnesses and production of such correspondence, books, papers, and documents; (5) administer such oaths; (6) take such testimony either orally or by deposition; and (7) employ on a temporary basis such technical, clerical, and other assistants and consultants as it deems advisable.

SEC. 5. The expenditures authorized by this resolution shall not exceed \$10,000. 1/

The genesis of the inquiry was in a speech made to the Senate by the junior Senator from South Dakota, Mr. Case, during the course of the debate on the Harris-Fulbright bill (S. 1853), the so-called natural gas bill. In this speech, Senator Case set forth the reasons for his vote against the legislation. These reasons centered around a set of circumstances which indicated that a sizeable campaign contribution to Senator Case's forthcoming campaign had been presented to an individual in South Dakota by a man who presumably was interested in passage of the measure. The donor, according to Senator Case, had first ascertained that Senator Case was likely to favor passage of the measure.

The circumstances related by Senator Case raised the question whether an improper attempt had been made to influence his vote or at least to reward him in advance for his vote. Even though Senator Case had rejected the contribution, the Senate deemed it proper to conduct an inquiry by a select committee divided equally by the members of the majority and the minority and between the proponents and opponents of S. 1853. Accordingly, Senate Resolution 205 was adopted on February 7, 1956 and the Vice President appointed the following Members of the Senate to serve on the Select Committee: Walter F. George, senior Senator from Georgia; Carl Hayden, senior Senator from Arizona; Styles Bridges, senior Senator from New Hampshire; and Edward J. Thye, senior Senator from Minnesota.

The Select Committee met in the afternoon of that day to organize and commence its investigation. The senior Senator from Georgia, Mr. George,

1/ As subsequently amended to extend the life of the Committee until March 31, 1956, and increase the amount of the funds to \$20,000.

was elected Chairman and the senior Senator from New Hampshire, Mr. Bridges, was elected Secretary. The Committee reconvened on the morning of February 8, 1956, selected Charles W. Steadman as its Chief Counsel, organized its staff and prepared for the inquiry. The hearings began on February 10 and were concluded on March 5, 1956. A total of 22 witnesses appeared and testified under oath. The testimony covered 849 pages in the report of proceedings.

The facts disclosed in the course of these hearings are summarized below.

STATEMENT OF THE FACTS

The testimony shows that Mr. Howard B. Keck, President of Superior Oil Company of California, in 1947 or 1948 established a personal campaign contribution fund from which he gave money to Elmer Patman, an attorney for Superior Oil Company, at "various times, both in cash and by check, and so it would be available for various purposes." Over the years, this fund averaged "five or six thousand dollars: a year. In 1955, Patman received either \$8500 or \$9500 from Mr. Keck. According to Keck, the contribution to Senator Francis Case was not at his instruction, and, as Patman said, "I didn't tell him (Keck) until after the speech, and then I called him and told him that it was his money."

Elmer Patman, who performs general legal duties for Superior Oil Company, has authority to employ the services of lawyers in other States.

Patman had twice previously employed John Neff who maintains his home and offices in Lexington, Nebraska. On October 1, 1955, he offered Neff employment as an attorney on a monthly retainer basis. Patman, in this conversation suggested that Neff determine the "attitude of the Nebraska Senators with respect to the Harris-Fulbright Bill." In this or a subsequent conversation on October 8, 1955, Patman also indicated that \$5,000 would be available as a contribution to the Republican Party of Nebraska.

Neff sent a bill for \$2,000 to the Superior Oil Company of California, through Patman, on October 8, 1955. Patman, a few days later forwarded the bill to the Houston office of the Superior Oil Company, after writing across the fact of the bill "Natural Gas Act."

On October 10, 1955, Neff told Mr. Donald Ross, the United States Attorney in Omaha, Nebraska that he wanted to talk to the two Nebraska Senators in an effort to "ascertain their feelings toward the natural gas bill."

Neff offered to employ Ross in connection with this activity but Ross refused. Ross arranged appointments with Senator Roman L. Hruska, (R) of Nebraska, and Senator Carl T. Curtis, (R) of Nebraska.

Senator Hruska saw Neff on October 11, 1955 at the Omaha Athletic Club, at the appointed time, and informed Neff that he would reserve his right to vote until the bill came on the floor in final form. Neff did not mention contributions to Senator Hruska.

The next day, Neff drove to Lincoln Nebraska and had a conversation regarding the Harris-Fulbright Bill with Senator Curtis that lasted "probably less than a minute". Senator Curtis informed Neff that he had voted for the bill in the House and he was going to vote for the Bill in the Senate. There was no conversation regarding contributions. Neff reported his visits with Senators Hruska and Curtis to Patman.

On October 17, Neff opened savings accounts at the Home Federal Savings and Loan Association, Lexington, in the amount of \$100 each for Donald Ross' five children, and ~~thence~~ sent the savings books to Ross.

Ross received the savings books on October 18, and testified that "my first reaction was that I was mad that he would do something like that." Ross immediately returned the books. The money was subsequently returned to the Neff law firm account. Ross, some weeks later, informed Senator Hruska of this incident.

Neff conferred in Washington, D. C., on October 27 and 28 with Patman. Patman gave Neff \$2500 for the Nebraska Republican State Central Committee.

On the afternoon of October 28, Neff happened to see Mr. Joseph Wishart, whom he knew to be the Treasurer of the Nebraska Republican State Central Committee in the lobby of the Mayflower Hotel. Neff approached Wishart and gave him a \$2500 contribution for the State Central Committee.

On October 31, the law firm of Neff and Gerdes submitted to the

Superior Oil Company of California, through Patman, a fee statement in the amount of \$1,480.43. \$1,000 was for services rendered and the rest for expenses, including travel. In approving this statement, Patman wrote on its face in longhand, "Natural Gas Act."

In October or early November, Mr. John Griffin, A Sioux Falls, South Dakota druggist, met with Senator Case in Sioux Falls, and agreed to raise money for Senator Case's campaign fund in the Sioux Falls area. In addition, Mr. Jarvis Davenport became Chairman of Finance for Senator Case's campaign.

On November 1, Neff and Mr. Paul Whaley, Sheriff of Dawson County, Nebraska drove to Sioux Falls, South Dakota. They checked in at a hotel a few blocks from the office of the Argus Leader, a leading newspaper in South Dakota.

On November 2, Neff made inquiry of the hotel room clerk to find out who were the Republican functionaries in Sioux Falls. He then telephoned several of these individuals. He was referred to a Mr. John Christopherson, Editor of the Argus Leader, a newspaper. Neff, accompanied by Whaley, went to the office of the Argus Leader where they saw Mr. Ernest J. Kahler, Business Manager of the Argus Leader. Neff sought to learn Senator Case's attitude on the Harris-Fulbright bill. Kahler agreed to check with Senator Case to determine his attitude on the bill. Neff testified that also in this conversation Kahler indicated to Neff that Senator Case was up for re-election, and would probably need some help. This was corroborated by the testimony of Mr. Whaley, although Kahler testified that he had no recollection of any discussion with respect to campaign contributions on this occasion.

On the return to Omaha, Neff recalled some old friends living in Storm Lake, Iowa, Mr. and Mrs. Richard Barr. Neff and Whaley drove to Storm Lake.

Neff went to visit Mrs. Barr at the law offices of Edson and Cooper. After determining that her employers were both Republican, he asked to meet one of them. The only one in the office at that time was Mr. Wendell Edson. He asked Edson if he would determine the attitude of Senator Bourke B. Hickenlooper (R) of Iowa, on the Harris-Fulbright bill. It was Edson's and Neff's testimony that Neff indicated there would be a contribution of \$2500, "to any Republican fund that might be designated in Iowa"; and, as Neff said, "in the event that Senator Hickenlooper was in favor of the bill."

Mr. Patman submitted an affidavit to the Select Committee after the close of the hearings, stating that he had not instructed Neff to make this trip, and that he first learned of it by reading a news account of Edson's testimony.

After arriving in Omaha, Neff telephoned Paul Gerdes, his law partner, in Lexington. He asked Gerdes if he knew someone who could arrange an appointment with Mr. Robert K. Goodwin, the Republican National Committeeman for the State of Iowa. Gerdes arranged the appointment.

On November 3, Neff and Gerdes saw Goodwin in Des Moines, Iowa. Neff expressed to Goodwin an interest in determining how Senator Hickenlooper felt about the Harris-Fulbright Bill. Mr. Goodwin told Neff that he would arrange an appointment, or he would ascertain the Senator's position on the bill. Mr. Goodwin testified, but Neff denied, that an offer of \$2500 was made to Senator Hickenlooper's campaign fund.

Mr. Neff "inadvertently" left on Goodwin's desk, a typewritten list containing the full membership of the United States Senate. The Senators' names were listed under three headings: "FOR" "DOUBTFUL," AND "AGAINST," which presumably referred to their positions on the Harris-Fulbright Bill.

After concluding their conference, Neff and Gerdes returned to Nebraska.

On November 7, 1955, Mr. Neff wrote to Mr. Edson telling him that he had made "other arrangements in regard to the Harris bill." Mr. Goodwin, on November 16, wrote to Mr. David Martin of Kearney, Nebraska, an acquaintance of his, asking for any information which Mr. Martin might be able

figure out that I put that in would be very likely to impress Mr. Neff that I had visited with him as well as heard from him, but I did not visit with him."

Under date of December 31 Neff submitted to the Superior Oil Company of California a statement for his December services and expenses. This statement was in the amount of \$1,389.48. It was sent to Patman who affixed his initials and sent it to the office of the Superior Oil Company at Houston without any further notation.

Mr. Neff wrote to Mr. Kahler on January 2, 1956, stating that he "presumed" his name had been mentioned to Senator Case and further "that it would be agreeable with both you and the Senator if I should contact him directly." Neff's letter further states that he would see Senator Case about January 15. On January 4, Kahler acknowledged Neff's letter of January 2, and advised him that it would be in order for Neff to visit Senator Case in Washington.

Mr. Neff telephoned a Mr. Fred Ashenhurst at Lingle, Wyoming, on January 5 and inquired concerning the position of the Wyoming Senators on the gas bill. Mr. Ashenhurst informed Neff that he felt that the Republican Senator should vote for the bill, but that he did not know nor care to find out the position of the other Senator.

On January 12 Neff discussed various aspects of the bill with Patman in Washington but testified that they did not discuss Senator Case. Later in the day, Neff made two visits to Senator Case's office, but was unable to talk with the Senator. He discussed the Harris-Fulbright bill with Miss Opal Van Horn, Senator Case's legislative clerk and Miss Van Horn showed Neff some of the correspondence they were sending to constituents concerning the bill, but did not commit Senator Case to any definite position on it. After the second visit, Miss May Aaberg, Senator Case's secretary, placed a note on the Senator's desk telling him that Neff had called at the office.

On January 13, Neff advised Patman that he would like to make a campaign contribution to Senator Case. Mr. Patman mentioned that he thought he "could help you (Mr. Neff) out." The sum of \$2500 was decided upon, whereupon Patman gave Neff the money in cash, stating that there no strings attached to it, and that this should be made clear to Senator Case's campaign

manager.

On January 15, Neff discussed with Ross in Omaha the matter of making a second contribution to the Republican Party in Nebraska. Mr. Ross advised Mr. Neff that it should be done through the Republican Central Committee in Nebraska.

Mr. Neff saw Kahler in his office at Sioux Falls on January 16. They discussed the gas bill and some unrelated matters. Neff said that he would like to leave a campaign contribution for Senator Case but did not mention the amount. While placing the money on Kahler's desk, he said that there were "no strings attached" to the contribution.

Kahler opened the envelope containing the money and found twenty-five \$100 bills. Kahler placed the envelope in a small safe in his office, where it remained for approximately nine days.

Kahler called Senator Case, at Washington, on January 25, to say that he had a \$2500 campaign contribution. The Senator testified that it "sort of took my breath away." Mr. Kahler advised Senator Case that the money had been left by Mr. Neff of Lexington, Nebraska. Senator Case then advised Kahler to turn the money over to John Griffin who was collecting funds in Sioux Falls. Mr. Kahler advised Senator Case that "this money is left here absolutely with no strings attached to it in any way, shape, or form."

Mr. Griffin testified that Senator Case called him on January 26 and said that "Ernie Kahler called and he has some campaign funds in the amount of 25 C's." Senator Case asked Griffin if the money had been turned over to him and was advised by Griffin that he had not received it. Senator Case then said that he doubted that he would keep it, but told Griffin to accept the money, put it in some safe place, but not to mingle it with other campaign funds. Mr. Kahler later that day turned the money over to Griffin.

On January 26, Senator Case canvassed his staff to determine whether there were any irregularities in connection with Neff's visit to his office. Miss Van Horn was away and did not return to the office until January 30. Upon her return, Senator Case discussed Mr. Neff with Miss Van Horn. The testimony indicates that on either January 30 or February 1 Senator Case determined that

Neff was interested in the Harris-Fulbright bill.

Senator Case, on January 30 or 31, called Senator Hruska concerning Neff, and was told that Neff was an attorney from Lexington, Nebraska.

On January 30, the Senate agreed to begin voting on the Harris-Fulbright bill on February 6. On February 1, Senator Case indicated to Griffin that he was not going to vote for the natural gas bill. He also informed him that he was not going to use the money. Mr. Griffin told him, "If you don't vote for it, be sure to make a statement on the floor and say you are not going to vote for it, and make it strong and clear as to why you feel that way, because there is a lot of feeling pro and con."

OBSERVATIONS

The Senate has charged this Committee with the duty of investigating the circumstances surrounding the alleged improper attempt through political contributions to influence the vote of the Junior Senator from South Dakota, Mr. Case, in connection with the Natural Gas Bill. In the course of the inquiry into this matter, it was necessary for the Committee to explore other activities of Mr. Neff et al that appeared to be part of the same pattern of behavior. We have thoroughly and carefully reviewed the facts and circumstances which have heretofore been summarized.

John Neff was employed on October 1, 1955 by Superior Oil as an attorney to represent its interests in Nebraska. He had twice before been employed by the Company, once to assist in preparing a legal brief, and once as a lobbyist before the Nebraska State Legislature. His activities this time, as spelled out in the record, involved determining the attitude of Senators on the natural gas bill and the making or offering of campaign contributions to candidates and political committees. In addition to his activities in the State of South Dakota, Neff contacted or attempted to contact political leaders from the States of Nebraska, Iowa, Wyoming, and Montana. He actually made campaign contributions to the Chairman of the Nebraska Republican State Central Committee and to associates of Senator Case. According to the testimony in the record, the source of these contributions, totalling \$7500, was the personal political fund of Howard Keck, President of Superior Oil Company. The funds were furnished to Neff in cash by Elmer Patman, attorney on a full-time basis for Superior Oil Company. Neff's retainer fee and expenses during the period of this employment were paid by the Superior Oil Company.

Even though the testimony was that there were "no strings" attached to the contributions, the circumstances of the contributions made to Senator Case, in view of the overall pattern of Mr. Neff's activities, leave no room for doubt that they were connected with the natural gas bill. While we fully recognize the basic right of American citizens to attempt by proper means to ascertain and influence the attitudes and votes of

legislators, there are limits beyond which such activities become improper and illegal. The legal limits upon such activities, and the legal limitations upon campaign contributions are not clear under the existing statutes. The need for clarification and modernization of these archaic, outmoded and ambiguous statutes is acute as is dramatically illustrated by the Committee's investigation.

The Committee is informed that the Department of Justice is investigating this case and that it is under consideration by a Grand Jury. The Committee is in no position to anticipate the results that will be reached, nor would it be appropriate for the Committee to attempt to do so.

However, the Committee is firmly of the opinion that, whatever may be the legal consequences of the events that we have narrated with respect to violations of law, the actions of Mr. Neff are subject to the severest condemnation. As to Mr. Keck and Mr. Patman and the Superior Oil Company, on the basis of evidence that we have before us, the conclusion is inescapable that there was at least an absence of supervision which amounted to toleration, if not more, of activities that led to the described events.

The mere statement of these facts from the record is in itself an ample description of behavior which this Committee does not condone.

It is the duty and responsibility of our Executive enforcement agencies and the courts to determine the legality or illegality of the conduct set forth in this record. It is our duty to report to the Senate our findings and conclusions.

The investigation conducted by this Committee does not provide an adequate basis for the making of specific legislative recommendations. That is the function and responsibility of the Special Committee later established to conduct a general inquiry into campaign contributions, lobbying and attempts improperly or illegally to influence members of the Senate. Accordingly, and on the basis of the facts and conclusions herein, the Committee recommends as follows:

1. That the Department of Justice carefully review this record and make such further investigation as it deems necessary and appropriate

in order to insure full and vigorous prosecutions of any violations of the law which may be found.

2. That the Senate proceed as promptly as possible to accomplish a complete revision of the relevant statutes including the Federal Lobbying Registration Act and the Corrupt Practices Act.

3. That the Senate proceed as expeditiously as possible to the enactment of election reform legislation which will produce full and timely disclosure of campaign contributions.

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SELECT COMMITTEE FOR CONTRIBUTION INVESTIGATION

Mr. George, from the Select Committee
submitted the following

REPORT

(To accompany S. Res. 205)

INTRODUCTION

The Select Committee which is presenting this report was established by Senate Resolution 205 adopted by the Senate on February 7, 1956. The objectives of the Committee's inquiry are best set forth in the language of the resolution itself:

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IN THE SENATE OF THE UNITED STATES

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RESOLVED, That there is hereby established a Select Committee to investigate the circumstances involving an alleged improper attempt through political contributions to influence the vote of the junior Senator from South Dakota, Mr. Case, in connection with the Senate's consideration of the bill S. 1853, the natural gas bill.

SEC. 2. The Vice President shall appoint two members from the majority and two members from the minority Members of the Senate who shall constitute the Select Committee. A chairman shall be selected from among the members appointed upon their first meeting to be called by the Vice President.

SEC. 3. The Select Committee is hereby authorized and directed to conduct an immediate investigation of these circumstances and report its

findings and recommendations to the Senate at the earliest possible date, in no event later than March 1, 1956, and upon the filing of its report, the Select Committee shall cease to exist.

SEC. 4. For the purpose of this resolution the Select Committee is authorized (1) to make such expenditures from the contingent fund of the Senate; (2) hold such hearings; (3) sit and act at such times and places during the sessions, recesses, and adjournment periods of the Senate; (4) require by subpoena or otherwise the attendance of such witnesses and production of such correspondence, books, papers, and documents; (5) administer such oaths; (6) take such testimony either orally or by deposition; and (7) employ on a temporary basis such technical, clerical, and other assistants and consultants as it deems advisable.

SEC. 5. The expenditures authorized by this resolution shall not exceed \$10,000. 1/

The genesis of the inquiry was in a speech made to the Senate by the junior Senator from South Dakota, Mr. Case, during the course of the debate on the Harris-Fulbright bill (S. 1853), the so-called natural gas bill. In this speech, Senator Case set forth the reasons for his vote against the legislation. These reasons centered around a set of circumstances which indicated that a sizeable campaign contribution to Senator Case's forthcoming campaign had been presented to an individual in South Dakota by a man who presumably was interested in passage of the measure. The donor, according to Senator Case, had first ascertained that Senator Case was likely to favor passage of the measure.

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The Select Committee met in the afternoon of that day to organize and commence its investigation. The senior Senator from Georgia, Mr. George, was elected Chairman and the senior Senator from New Hampshire, Mr. Bridges, was elected Secretary. The Committee reconvened on the morning of February 8, 1956, selected Charles W. Steadman as its Chief Counsel, organized its staff and prepared for the inquiry. The hearings began on February 10 and were concluded on March 5, 1956. A total of 22 witnesses appeared and testified under oath. The testimony covered 849 pages in the report of proceedings.

The facts disclosed in the course of these hearings are summarized below.

STATEMENT OF THE FACTS

The testimony shows that Mr. Howard B. Keck, President of Superior Oil Company of California, in 1947 or 1948 established a personal campaign contribution fund from which he gave money to Elmer Patman, an attorney for Superior Oil Company, at "various times, both in cash and by check, and so it would be available for various purposes." Over the years, this fund averaged "five or six thousand dollars a year. In 1955, Patman received either \$8500 or \$9500 from Mr. Keck. According to Keck, the contribution to Senator Francis Case was not at his instruction, and, as Patman said, "I didn't tell him (Keck) until after the speech, and then I called him and told him that it was his money."

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On October 31, the law firm of Neff and Gerdes submitted to the Superior Oil Company of California, through Patman, a fee statement in the amount of \$1,480.43. \$1,000 was for services rendered and the rest for expenses, including travel. In approving this statement, Patman wrote on its face in longhand, "Natural Gas Act."

In October or early November, Mr. John Griffin, a Sioux Falls, South Dakota druggist, met with Senator Case in Sioux Falls, and agreed to raise money for Senator Case's campaign fund in the Sioux Falls area. In addition, Mr. Jarvis Davenport became Chairman of Finance for Senator Case's campaign.

On November 1, Neff and Mr. Paul Whaley, Sheriff of Dawson County, Nebraska, drove to Sioux Falls, South Dakota. They checked in at a hotel a few blocks from the office of the Argus Leader, a leading newspaper in South Dakota.

On November 2, Neff made inquiry of the hotel room clerk to find out who were the Republican functionaries in Sioux Falls. He then telephoned several of these individuals. He was referred to a Mr. John Christopherson, Editor of the Argus Leader, a newspaper. Neff, accompanied by Whaley,

On November 3, Neff and Gerdes saw Goodwin in Des Moines, Iowa.

Neff expressed to Goodwin an interest in determining how Senator Hickenlooper felt about the Harris-Fulbright Bill. Mr. Goodwin told Neff that he would arrange an appointment, or he would ascertain the Senator's position on the bill. Mr. Goodwin testified, but Neff denied, that an offer of \$2500 was made to Senator Hickenlooper's campaign fund.

Mr. Neff "inadvertently" left on Goodwin's desk, a typewritten list containing the full membership of the United States Senate. The Senators' names were listed under three headings: "FOR," "DOUBTFUL," and "AGAINST," which presumably referred to their positions on the Harris-Fulbright Bill.

After concluding their conference, Neff and Gerdes returned to Nebraska.

On November 7, 1955, Mr. Neff wrote to Mr. Edson telling him that he had made "other arrangements in regard to the Harris bill." Mr. Goodwin, on November 16, wrote to Mr. David Martin of Kearney, Nebraska, an acquaintance of his, asking for any information which Mr. Martin might be able to furnish regarding Neff. He told Mr. Martin that Neff had requested "an opportunity" to talk to Senator Hickenlooper about some legislation. Mr. Martin replied to Mr. Goodwin by a letter of November 21, informing him that Neff "does not have too high a standing in his community." He suggested that Goodwin "ignore his request."

Mr. Goodwin testified that some time thereafter, the exact date of which he was unable to recall, Neff made a second trip to Des Moines and talked with him again. He further testified that he and Neff were alone on this occasion. And he also stated that Neff renewed his offer of \$2500 and proposed that Goodwin accept \$1000 at that time.

Neff denies having made this second trip or having had another conference with Goodwin.

On November 30, a fee statement was submitted by Neff and Gerdes in the amount of \$1,390.60. \$1000 was for services rendered and \$390.60 for expenses and travel. In approving the statement, Patman wrote in longhand on its face his initials and "Natural Gas Bill."

On December 6, Mr. Neff drove to Billings, Montana, accompanied by Paul Whaley to ascertain the attitudes of the Montana Senators on the Harris-Fulbright bill, but saw no one who had knowledge of their attitude although he talked to several individuals.

Neff subsequently billed Superior Oil Company of California for the expenses he incurred on this Montana trip, as well as those of Whaley.

Mr. Kahler, on December 7, wrote to Senator Case, advising him that "a gentleman by the name of Neff" of Lexington, Nebraska, had inquired concerning the attitude of the Senators of South Dakota regarding the Harris-Fulbright bill. Senator Case wrote Kahler on December 14 and informed him, generally, of his attitude on the Harris-Fulbright bill. Mr. Kahler wrote Neff on December 22 that he had "visited with" Senator Case relative to the Harris-Fulbright bill and quoted Senator Case's letter of December 14. Mr. Kahler testified that, contrary to the statement in his letter of December 22 to Neff, he had not visited with Senator Case. He testified "the only reason I can figure out that I put that in would be very likely to impress Mr. Neff that I had visited with him as well as heard from him, but I did not visit with him."

Under date of December 31 Neff submitted to the Superior Oil Company of California a statement for his December services and expenses. This statement was in the amount of \$1,389.48. It was sent to Patman who affixed his initials and sent it to the office of the Superior Oil Company at Houston without any further notation.

Mr. Neff wrote to Mr. Kahler on January 2, 1956, stating that he "presumed" his name had been mentioned to Senator Case and further "that it would be agreeable with both you and the Senator if I should contact him directly."

Neff's letter further states that he would see Senator Case about January 15. On January 4, Kuhler acknowledged Neff's letter of January 2, and advised him that it would be in order for Neff to visit Senator Case in Washington.

Mr. Neff telephoned a Mr. Fred Ashenhurst at Lingle, Wyoming, on January 5 and inquired concerning the position of the Wyoming Senators on the gas bill. Mr. Ashenhurst informed Neff that he felt that the Republican Senator should vote for the bill, but that he did not know nor care to find out the position of the other Senator.

On January 12 Neff discussed various aspects of the bill with Patman in Washington but testified that they did not discuss Senator Case. Later in the day, Neff made two visits to Senator Case's office, but was unable to talk with the Senator. He discussed the Harris-Fulbright bill with Miss Opal Van Horn, Senator Case's legislative clerk, and Miss Van Horn showed Neff some of the correspondence they were sending to constituents concerning the bill, but did not commit Senator Case to any definite position on it. After the second visit, Miss May Aaberg, Senator Case's secretary, placed a note on the Senator's desk telling him that Neff had called at the office.

On January 13, Neff advised Patman that he would like to make a campaign contribution to Senator Case. Mr. Patman mentioned that he thought he "could help you (Mr. Neff) out." The sum of \$2500 was decided upon, whereupon Patman gave Neff the money in cash, stating that there were no strings attached to it, and that this should be made clear to Senator Case's campaign manager.

On January 15, Neff discussed with Ross in Omaha the matter of making a second contribution to the Republican Party in Nebraska. Mr. Ross advised Mr. Neff that it should be done through the Republican Central Committee in Nebraska.

Mr. Neff saw Kahler in his office at Sioux Falls on January 16. They discussed the gas bill and some unrelated matters. Neff said that he would like to leave a campaign contribution for Senator Case but did not mention the

amount. While placing the money on Kahler's desk, he said that there were "no strings attached" to the contribution.

Kahler opened the envelope containing the money and found twenty-five \$100 bills. Kahler placed the envelope in a small safe in his office, where it remained for approximately nine days.

Kahler called Senator Case, at Washington, on January 25, to say that he had a \$2500 campaign contribution. The Senator testified that it "sort of took my breath away." Mr. Kahler advised Senator Case that the money had been left by Mr. Neff of Lexington, Nebraska. Senator Case then advised Kahler to turn the money over to John Griffin who was collecting funds in Sioux Falls. Mr. Kahler advised Senator Case that "this money is left here absolutely with no strings attached to it in any way, shape, or form."

Mr. Griffin testified that Senator Case called him on January 26 and said that "Ernie Kahler called and he has some campaign funds in the amount of 25 C's." Senator Case asked Griffin if the money had been turned over to him and was advised by Griffin that he had not received it. Senator Case then said that he doubted that he would keep it, but told Griffin to accept the money, put it in some safe place, but not to mingle it with other campaign funds. Mr. Kahler later that day turned the money over to Griffin.

On January 26, Senator Case canvassed his staff to determine whether there were any irregularities in connection with Neff's visit to his office. Miss Van Horn was away and did not return to the office until January 30. Upon her return, Senator Case discussed Mr. Neff with Miss Van Horn. The testimony indicates that on either January 30 or February 1 Senator Case determined that Neff was interested in the Harris-Fulbright bill.

Senator Case, on January 30 or 31, called Senator Hruska concerning Neff, and was told that Neff was an attorney from Lexington, Nebraska.

On January 30, the Senate agreed to begin voting on the Harris-Fulbright bill on February 6. On February 1, Senator Case indicated to Griffin that he was not going to vote for the natural gas bill. He also informed him that he

was not going to use the money. Mr. Griffin told him, "If you don't vote for it, be sure to make a statement on the floor and say you are not going to vote for it, and make it strong and clear as to why you feel that way, because there is a lot of feeling pro and con."

OBSERVATIONS

The Senate has charged this Committee with the duty of investigating the circumstances surrounding the alleged improper attempt through political contributions to influence the vote of the Junior Senator from South Dakota, Mr. Case, in connection with the Natural Gas Bill. In the course of the inquiry into this matter, it was necessary for the Committee to explore other activities of Mr. Neff et al that appeared to be part of the same pattern of behavior. We have thoroughly and carefully reviewed the facts and circumstances which have heretofore been summarized.

John Neff was employed on October 1, 1955 by Superior Oil as an attorney to represent its interests in Nebraska. He had twice before been employed by the Company, once to assist in preparing a legal brief, and once as a lobbyist before the Nebraska State Legislature. His activities this time, as spelled out in the record, involved determining the attitude of Senators on the natural gas bill and the making or offering of campaign contributions to candidates and political committees. In addition to his activities in the State of South Dakota, Neff contacted or attempted to contact political leaders from the States of Nebraska, Iowa, Wyoming, and Montana. He actually made campaign contributions to the Chairman of the Nebraska Republican State Central Committee and to associates of Senator Case. According to the testimony in the record, the source of these contributions, totalling \$7500, was the personal political fund of Howard Keck, President of Superior Oil Company. The funds were furnished to Neff in cash by Elmer Patman, attorney on a full-time basis for Superior Oil Company. Neff's retainer fee and expenses during the period of this employment were paid by the Superior Oil Company.

Even though the testimony was that there were "no strings" attached to the contributions, the circumstances of the contributions made to Senator Case, in view of the overall pattern of Mr. Neff's activities, leave no room for doubt that they were connected with the natural gas bill. While we fully recognize the basic right of American citizens to attempt by proper means to ascertain and influence the attitudes and votes of legislators, there are limits beyond which such activities become improper and illegal. The legal limits upon such activities, and the legal limitations upon campaign contributions are not clear under the existing statutes. The need for clarification and modernization of these archaic, outmoded and ambiguous statutes is acute as is dramatically illustrated by the Committee's investigation.

The Committee is informed that the Department of Justice is investigating this case and that it is under consideration by a Grand Jury. The Committee is in no position to anticipate the results that will be reached, nor would it be appropriate for the Committee to attempt to do so.

However, the Committee is firmly of the opinion that, whatever may be the legal consequences of the events that we have narrated with respect to violations of law, the actions of Mr. Neff are subject to the severest condemnation. As to Mr. Keck and Mr. Patman and the Superior Oil Company, on the basis of evidence that we have before us, the conclusion is inescapable that there was at least an absence of supervision which amounted to toleration, if not more, of activities that led to the described events.

The mere statement of these facts from the record is in itself an ample description of behavior which this Committee does not condone.

It is the duty and responsibility of our Executive enforcement agencies and the courts to determine the legality or illegality of the conduct set forth in this record. It is our duty to report to the Senate our findings and conclusions.

The investigation conducted by this Committee does not provide an adequate basis for the making of specific legislative recommendations. That is the function

and responsibility of the Special Committee later established to conduct a general inquiry into campaign contributions, lobbying and attempts improperly or illegally to influence members of the Senate. Accordingly, and on the basis of the facts and conclusions herein, the Committee recommends as follows:

1. That the Department of Justice carefully review this record and make such further investigation as it deems necessary and appropriate in order to insure full and vigorous prosecutions of any violations of the law which may be found.

2. That the Senate proceed as promptly as possible to accomplish a complete revision of the relevant statutes including the Federal Lobbying Registration Act and the Corrupt Practices Act.

3. That the Senate proceed as expeditiously as possible to the enactment of election reform legislation which will produce full and timely disclosure of campaign contributions.

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WESTERN UNION

W. P. MARSHALL, PRESIDENT

1220

SYMBOLS

DL=Day Letter

NL=Night Letter

LT=Int'l Letter Telegram

VLT=Int'l Victory Ltr.

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

WA246 LONG PD=LEXINGTON NEBR 4 325PMC= 1956 FEB 4 PM 7 33

HONORABLE SENATOR LYNDON JOHNSON=

MAJORITY SENATE LEADER SENATE OFFICE BLDG=

HONORABLE SENATOR JOHNSON:

THE FOLLOWING TELEGRAM WAS SENT TO SENATOR FRANCIS CASE THIS MOMENT:

I WAS AMAZED AND SHOCKED AT THE NEWS RELEASES IN THE PAPER, ON THE RADIO AND T.V. CONCERNING YOUR SPEECH IN THE SENATE YESTERDAY. I ASSUME THAT I AM "THE MAN" YOU REFERRED TO SINCE I DELIVERED A CONTRIBUTION TO YOUR CAMPAIGN FUND SEVERAL WEEKS AGO.

I HAVE ALWAYS BEEN A CONSERVATIVE REPUBLICAN AND HAVE BEEN ACTIVE IN REPUBLICAN MATTERS ALL MY LIFE AS WAS MY FATHER BEFORE ME. I BELIEVE IN MIDWEST REPUBLICAN POLICIES AND HAVE BEEN INTERESTED IN THE PASSING OF THE HARRIS BILL AND STILL AM.

WHEN IN SOUTH DAKOTA IN NOVEMBER, I WAS INFORMED BY PERSONS CLOSE TO YOU THAT YOU FELT AS I DO ON GOVERNMENT ISSUES OF THE DAY. I WAS ALSO TOLD THAT YOU INTENDED TO RUN AGAIN FOR ELECTION AND WOULD NEED CAMPAIGN FUNDS.

IN JANUARY I MADE ANOTHER TRIP TO SOUTH DAKOTA AND LEFT WITH THE MAN I BELIEVED TO BE YOUR CHAIRMAN OF YOUR CAMPAIGN FUND, \$2,500.00 WHICH I HAD BEEN ABLE TO RAISE AS A CAMPAIGN CONTRIBUTION WITHOUT ANY STRINGS ATTACHED.

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1956 FEB 4 PM 7 34
I WAS INCENSED TO LEARN THAT YOU MENTIONED THIS MATTER ON THE SENATE FLOOR WITHOUT DIVULGING THE NAMES AND WITH THE NECESSARY IMPLICATIONS AND INFERENCES THAT IT WAS SOME KIND OF A SHADY DEAL. SUCH IMPROPER INFERENCES AND IMPLICATIONS ARE APT TO FOLLOW ME THE REST OF MY LIFE TO MY DETRIMENT AND TO THE DETRIMENT OF MY FAMILY UNLESS THEY ARE NOW CORRECTED.

YOU MUST HAVE THOUGHT ME NAIVE TO HAVE MADE A CAMPAIGN CONTRIBUTION SEVERAL WEEKS BEFORE THE VOTE ON THE ISSUE THINKING THAT IT WOULD INFLUENCE YOUR VOTE ON THE HARRIS BILL OR ANY OTHER PIECE OF LEGISLATION. IN DECEMBER I COMPLIMENTED YOU TO OUR MUTUAL FRIEND THAT YOU WERE THE TYPE OF SENATOR WHO WOULD NOT MAKE UP YOUR MIND DEFINITELY UNTIL THE BILL WAS UP FOR VOTE. I STILL ADHERE TO THAT POLICY AND I DID WHEN I DELIVERED THE CAMPAIGN CONTRIBUTION.

YOU, I KNOW, ARE AWARE THAT FOR SEVERAL MONTHS, MEN IN BOTH PARTIES HAVE BEEN RAISING CAMPAIGN FUNDS FOR INDIVIDUAL CANDIDATES AS WELL AS FOR EACH PARTY AS A WHOLE OR AS A STATE UNIT WITHOUT THE THOUGHT OR IMPLICATION THAT SUCH CONTRIBUTIONS WERE IN ANYWAY RELATED TO ANY PIECE OF LEGISLATION NOW PENDING IN THE CONGRESS. I HAVE DONE NO MORE OR NO LESS IN THIS INSTANCE. AGAIN THIS LETTER IS WRITTEN ON THE ASSUMPTION THAT I AM "THE MAN" TO WHOM YOU REFERRED ON THE SEATE FLOOR YESTERDAY, SINCE I DID RAISE A \$2,500.00 CAMPAIGN CONTRIBUTION FOR YOUR CAMPAIGN FOR RE-ELECTION THIS YEAR, WITH NO STRINGS ATTACHED.

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1956 FEB 4 PM 7 35

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¶ IN MY EXPERIENCE I KNOW IT TAKES A LOT OF MONEY TO WAGE A SUCCESSFUL CAMPAIGN. I REPEAT, YOU KNEW WHERE THIS CAMPAIGN FUND CAME FROM AND TO WHOM IT WAS GIVEN. YOU ALSO KNEW IT HAD NO STRINGS ATTACHED WHAT SO EVER.

¶ AGAIN, I CANNOT HELP BEING INCENSED BY YOUR MAKING SUCH STATEMENTS AND STILL WITHHOLDING INFORMATION WHICH YOU HAD AT THE TIME OF YOUR SPEECH, WHICH NECESSARILY CAST REFLECTION UPON ME AND EVEN ON THE PARTY WHICH WE BOTH SERVE. I HAVE NO APOLOGIES TO MAKE FOR ATTEMPTING TO BE HELPFUL TO YOU UNDER THE CIRCUMSTANCES. I AM CONFIRMING THIS TELEGRAM BY LETTER MAD THIS DAY=

=JOHN M NEFF=

M E M O R A N D U M

1. In substance, this telegram reveals Senator Case's \$2,500 man to be merely another Republican campaign contributor. Unfortunately, it does not answer a number of questions which should be answered before proceeding further. The most important are:
 - a) Is he connected with the gas and oil industry or is his "interest" in the "Harris" bill merely the interest of a man who does not like government controls?
 - b) What was the source of the campaign contribution--a client or a number of individuals he has met in the course of his Republican activities?
 - c) What does he mean by the phrase "several weeks ago."
 - d) Did he ever inquire specifically about Case's position on the gas bill?
2. Fortunately, there is no need for acting tonight. In fact, it would be premature to do so as ~~the~~ the Majority Leader has stressed the need for "responsible" revelation of the facts. It would be somewhat irresponsible to leap in the dark. The following steps would seem in order:
 - a) An effort to contact Neff and get the answers to the questions above.
 - b) A discussion with the Senate Minority Leader, the Chairman of the Senate Minority Policy Committee and the Senate Majority Whip.
 - c) A discussion by some of the above with Senator Case to determine whether he wants to release it himself.

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3. ~~at~~ The guiding principle which should obtain is that no information will be released piecemeal or on the authority of one individual. Regardless of what Senator Case did, the response should reflect the voice of the whole Senate. Otherwise, it becomes merely a "fight between the interests" and there is no telling who will win that one.

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#

Mr. JOHNSON (Texas) (for himself and Mr. KNOWLAND)

That there is hereby established a Select Committee to investigate the circumstances involving an alleged improper attempt through political contributions to influence the vote of the Junior Senator from South Dakota, Mr. Case, in connection with the Senate's consideration of the bill S. 1853, the Natural Gas bill.

Sec. 2. The Vice President shall appoint two (2) members from the majority and two (2) members from the minority members of the Senate who shall constitute the Select Committee. A Chairman shall be selected from among the members appointed upon their first meeting to be called by the Vice President.

Sec. 3. The Select Committee is hereby authorized and directed to conduct an immediate investigation of these circumstances and report its findings and recommendations to the Senate at the earliest possible date, in no event later than March 1, 1956, and upon the filing of its report, the Select Committee shall cease to exist.

Sec. 4. For the purposes of this resolution the Select Committee is authorized to (1) make such expenditures from the contingent fund of the Senate; (2) hold such hearings; (3) sit and act at such times and places during the sessions, recesses, and adjournment periods of the Senate; (4) require by subpoena or otherwise the attendance of such witnesses and production of such correspondence, books, papers, and documents; (5) administer such oaths; (6) take such testimony either orally or by deposition; and (7) employ on a temporary basis such technical, clerical and other assistants and consultants as it deems advisable.

Sec. 5. The expenditures authorized by this resolution shall not exceed \$10,000.

February 4, 1956

MEMORANDUM TO SENATOR JOHNSON

FROM: G. W. Siegel *gws*

SUBJECT: Senator Case's changed position on the McCarthy censure.

After joining with the other 5 members of the Select Committee in a unanimous recommendation that the Senate censure Senator McCarthy for 3 acts of misconduct, Senator Case subsequently retreated from his original position.

The 3 items were (1) statements made by Senator McCarthy about Senator Hendrickson, (2) his rejection of invitations to testify before the Senate Elections Subcommittee on charges made against him, and (3) his abuse of General Zwicker in the Peress hearings.

On November 11, 1954, during the course of the Senate debate, Senator Case suggested that Senator McCarthy could avoid censure if (1) he would apologize the Senator Hendrickson; (2) set forth his reasons for not testifying before the Privileges and Elections Subcommittee, and (3) if the Senate would disavow the Select Committee's finding that Senator McCarthy abused General Zwicker. Senator McCarthy rejected this offer. On November 15, Senator Case announced that he had changed his mind on the Zwicker count because of a letter received from Secretary of the Army Stevens on November 13 which indicated that the Army had possession of Senator McCarthy's letter demanding Peress' court-martial prior to the issuance of the order for Peress' discharge from the service.

Most persons felt, and the Senate vote confirmed, that the circumstances disclosed in the Stevens letter did not alter the censurable character of Senator McCarthy's treatment of General Zwicker during the Peress hearings. The vote on the Zwicker issue in the Senate was 55 to 33 to keep it an item of censure. Senator Bridges offered the tabling motion and he and Senator Case were joined by 27 other Republicans and 4 Democrats in the effort to reject this item.

Subsequently, however, the Zwicker charge in the censure resolution was deleted and there was substituted therefor the Bennett amendment which condemned Senator McCarthy for derogatory statements made about the character and behavior of the members of the Select Committee. Thus, the final result was that the shift by Senator Case resulted in the Senate not censuring Senator McCarthy for his treatment of General Zwicker.

Mr. President:

I send a resolution to the desk sponsored jointly by myself and the leader of the minority, Mr. Knowland. The senior Senator from New Hampshire, Mr. Bridges, and the senior Senator from Kentucky, Mr. Clements, were associated with us in drafting the resolution and have authorized me to announce their accord with it and support for it.

The resolution authorizes the creation of a select committee of four members, to be appointed by the Vice-President, to investigate the episode related to the Senate on Friday by the junior Senator from South Dakota in which a sum of money was given to a person not connected with the Senate.

The junior Senator from South Dakota, Mr. Case, has made a part of the Senate record a recital of events in which he and acquaintances of his in his home state have been a part. He did not ask that any investigation be made. He has not made public to the Senate or to the press the names or connections of the person or persons involved because he does not suggest that any violation of law occurred. He has said -- contrary to published reports -- that he does not regard the episode as an instance of attempted "bribery."

The expressed purpose of the Senator in relating this episode was to present the predicate for the announcement of how he intends to vote on the legislation pending before the Senate. The Senator selected for inclusion in the Record those facts which, in his opinion, were sufficient to influence his decision; that ~~xxx~~ selection of facts was entirely the Senator's own, and, as he has stated, he submitted such facts as support of arguments advanced by some opposed to the pending measure.

Every Senator has every right to introduce into any debate such information as he may consider relevant and germane, and that right is in no way challenged by this resolution.

The junior Senator from South Dakota elected to present his narrative on the final day and in the final hours of the debate which has proceeded now for three weeks.

Under the circumstances, the Senate would render itself impotent to conduct its business in orderly fashion if transactions between persons outside the Senate -- persons who are nameless and unidentified in the Record -- could, when partially reported to the Senate after a consent agreement had been entered, cause the Senate to set aside indefinitely the established order of business.

The Senate of the United States can ill afford to prostrate itself before phantoms. That is what we would be doing if we delayed the vote now at hand.

The junior Senator from South Dakota has said that no strings were attached to the sum of money he mentioned in his presentation. Accordingly, his recital of the episode has attached no strings to the Senate's voting.

The Record is filled abundantly with supported and supportable facts about the issue before the Senate. From these facts, honorable men may honorably arrive at differing conclusions, and most of the Senators already have done so.

The Senate would indict itself and return its own conviction in the public eye if independent and honest conclusions are hastily abandoned in fear that expression of those conclusions might be taken as an admission of improper influence.

My own position on this legislation is well and widely known. That position represents my honest conviction. I, for one, feel no compulsion to establish my integrity by voting against this bill, because to do so, would, in my eyes, establish an absence of integrity. Any Senator influenced by fear of undeserved and unmerited censure is yielding to an improper influence as surely as a man would be who sold his vote for money.

Popular favor, quite as much as the coin of the realm, can lead men into paths of temptation, and this is well known by all who make it their business or their calling to attempt to sway the legislative processes.

What the junior Senator from South Dakota has placed before the Senate is a challenge which cannot be answered -- and which will not be answered -- by the outcome of the voting on the pending legislation.

The Senator has submitted to the Senate a narrative of how he arrived at a certain conclusion based upon statements of staff members and associates. This narrative has been entered in the Record in the context of evidence, but there is absent from the Record at this point any tangible evidence from which proper conclusions may be drawn.

Who gave and who received the money mentioned is not a matter of Record. The present disposition of the sum is not known. What was said by the principals in the case has not been properly established; the Senator from South Dakota was not present and the conversation was not witnessed. Neither the details of the episode nor the motives involved have been developed for our Record. This must be done, or else the Senate, by its apathy, will give its assent to a standard of unconcern that is incompatible with the integrity of the legislative processes.

The credibility and integrity of the junior Senator from South Dakota are in no way questioned by this resolution. What the Senator has placed before us is, in the judgment of your leadership on both sides of the aisle, a matter of concern to all Senators, not just one Senator.

If any law has been violated, that violation should be prosecuted to the fullest. If any effort has been made to subvert the conduct of the Senate's business, that effort should be condemned with the fullest force of the Senate's authority. If, as the Senator from South Dakota suggests, the facts are less sinister than some have made them appear, then that, too, should be made a matter of common public knowledge.

We need not anticipate the end of this investigation to recognize and acknowledge our obligation to begin the investigation.

This is no time for hesitation.

The true sense of the Senate can only be reflected by its unanimity.

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Processing Note:

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There are 2 copies of the following two-page document. Only one copy has been scanned.

Robert Mar

Digitization Technician

Mr. JOHNSON (Texas) (for / himself and Mr. KNOWLAND)

That there is hereby established a Select Committee to investigate the circumstances involving an alleged attempted bribe of the Junior Senator from South Dakota, Mr. Case, or an otherwise improper attempt through political contributions to influence the vote of said Senator, in connection with the Senate's consideration of the bill S. 1893, the Natural Gas bill.

Sec. 2. The Vice President shall appoint two (2) members from the majority and two (2) members from the minority members of the Senate who shall constitute the Select Committee. A Chairman shall be selected from among the members appointed upon their first meeting to be called by the Vice President.

Sec. 3. The Select Committee is hereby authorized and directed to conduct an immediate investigation of these circumstances and report its findings and recommendations to the Senate at the earliest possible date, in no event later than the adjournment sine die of the 84th Congress, and upon the filing of its report, the Select Committee shall cease to exist.

Sec. 4. For the purposes of this resolution the Select Committee is authorized to (1) make such expenditures from the contingent fund of the Senate; (2) hold such hearings; (3) sit and act at such times and places during the sessions, recesses, and adjournment periods of the Senate; (4) require by subpoena or otherwise the attendance of such witnesses and production of such correspondence, books, papers, and documents; (5) administer such oaths; (6) take such testimony either orally or by deposition; and (7) employ on a temporary basis such technical, clerical and other assistants and consultants as it deems advisable.

Sec. 5. The expenditures authorized by this resolution shall not exceed \$10,000.

REMARKS BY SENATOR FRANCIS CASE (R-SD) ON THE NATURAL GAS BILL
IN THE SENATE -- FEBRUARY 3, 1956.

MR. CASE of South Dakota. Mr. President, I rise to make a difficult speech. I had not expected to take part in the debate on this pending legislation -- the so-called Natural Gas Bill. I know very little about the economics in the collection and distribution of natural gas. I speak, therefore, only because one phase of the matter before us has presented itself to me in an unsought and unavoidable manner.

By far the overwhelming sentiment of the people of my State as expressed in telegrams and letters over the past several weeks favors the passage of this bill. In these folders on my desk, 94 telegrams urge me to vote for the bill; only 11 telegrams oppose it. Of the letters received from South Dakota sources, 45 favor the bill while 30 oppose it. Editorials in the State papers, both daily and weekly, are predominantly for the bill.

Among the senders of the telegrams are many of my very closest personal friends. Among the writers of the letters and resolutions are many officials and quasi-public bodies. A decent respect for these people who have expressed themselves in good faith on the evidence before them compels me to state in as clear a way as I can the reason or reasons why I cannot vote for the bill as it stands before the Senate today.

About a week ago, as I was signing out the day's mail, and talking at the same time to a couple of visitors, a long distance telephone call came in. I took it at once with the visitors present since it was after five o'clock, and I did not want to be late for other engagements by asking that the operator call back.

The voice at the other end of the line was that of a friend of mine in a South Dakota city who said that a caller had left an envelope with him that was to be given to me -- a contribution for my forthcoming campaign. My friend said that he had opened the envelope and found it to contain hundred dollar bills, 25 of them in fact. He said, "What shall I do with it?"

I was a bit startled -- that would be the largest single contribution I could remember for any campaign of mine. But, the visitors were present; I was short on time; so I suggested he might turn it over to another friend in the same city, who, it so happened, within the past month had been receiving a few voluntary contributions to help with the preliminary costs of my campaign for re-election. But I asked, "What did you say was in the envelope?" and, "Who did you say left it?"

My friend said the envelope had been left by a man who had been in Washington to see me recently. He gave his last name. It did not register with me at once, but with the visitors present and with time short, I did not prolong the conversation.

But once the visitors had left, I asked my secretary who was folding the mail that night, if she could remember any caller by the name given. She did not. Next day, I asked others in the office. None remembered him, but my legislative clerk was away all last week attending the funeral of her mother. So that morning, I telephoned my friend who had been receiving campaign contributions and told him that if an envelope with currency was turned over to him not to deposit the funds and not to mingle them with any other funds but to hold them in a safe until we learned more about them.

When my legislative clerk returned this week, she vaguely recalled that someone by the name mentioned had been in one day when I was at committee or

otherwise tied up and that she had talked with him briefly. She thought he had made some inquiry about the Natural Gas Bill. Then it seemed to me that I recalled having received a letter earlier in this this man's name had been mentioned by a South Dakota correspondent.

We did not find the letter for a couple days because it was received early in December and had been put in the storeroom files for last year. The letter stated that "the other day a gentleman by the name of _____ from _____ (another state), stopped in my office during which time we were visiting relative to the Harris Bill which is coming up in the next session."

The visitor had inquired of my correspondent about my probable stand on the bill and my friend wrote to inquire. He stated his own opinion that "a lot of controls should come out of Washington and go to the States instead of more controls going to Washington."

My letter in reply said --

"Generally speaking, I think the purpose of the Harris Bill is desirable, and unless it has some complicated issues, I would expect to vote for it when it comes up in the Senate. However, I should like to retain freedom of action should it appear upon analysis that it would have issues that would conflict with what I understand to be its main purpose in maintaining state control for intra-state development."

My legislative clerk has been unable to recall that when this visitor of a similar name did call that any specific question was asked as to my stand. She thinks he probably gained the impression that the correspondence coming to my office was predominantly in favor of the bill and that as far as anyone knew, I was likely to vote for the bill but that the letters we had written refrained from any final commitment, one way or the other.

I then asked a friend here in Washington from this man's State if he knew a party by that name. He did. He was an attorney by occupation. At once, I deduced that he was representing clients. I have not tried to find out if he is registered as a lobbyist.

As soon as it was thus determined that the out-of-state party who had left the envelope in South Dakota was interested in the passage of the pending bill, I knew of course that I could have nothing to do with its contents. You need not pin any halos on me for such a conclusion.

I knew that if the contribution were listed and reported that a contribution of that size would stick out like a sore thumb among the \$5, \$10 and \$25 run of contributions in any list of mine. Reported, it would be instant meat for a columnist whose name I do not need to mention.

And, were I to take advantage of the fact that the contribution was in currency and not report it -- well, I would be the prisoner for the rest of my legislative career of a man who I had never met, whose restraint, if he wanted a vote some future day, no one was guaranteeing.

And, if no exposure ever took place, Mr. President, I come from a State which still cherishes a remark once made by a distinguished predecessor, the Honorable William J. Bulow, who once in these chambers when he had to oppose a bill many friends wanted, said, "I have to walk with my conscience to the end of my days."

So pin no halos on me -- with the identity of interests established, I promptly sent a telegram to the friend who was holding the envelope and told him that we could not accept the funds, and that if the real donor was not identifiable and return was impractical, I suggested they be turned over to the South Dakota Children's Home Society and appropriate receipt be taken.

I presume that some people may think the incident might well end at this point. Someone offered us a campaign contribution; handy as it would have been, we decline it. That's that. So what. I am free to vote on the bill as I please. Free to vote for free enterprise. Free to vote against more regulation and red tape. Free, Mr. President, except for one thing -- and that is what this experience reveals as to the nature of the problem before us.

Consider for a moment, as I have had to consider, what this experience reveals as to the interest which somebody somewhere has in the outcome of this legislation and the course that has been followed to influence one vote.

It is idle to pretend that there is nothing to it when a lawyer from another State whom I had never known would contact a mutual friend in my State and ask him about my stand back in December and then that this lawyer should come to Washington

and identify himself/^{as} knowing my friend in South Dakota, and, failing to see me because I was tied up when he came, should visit with my legislative clerk about the pending bill and endeavor to get some idea of my probable attitude; and then should return to the west and go to South Dakota and there leave an envelope with 25 hundred dollar bills in it with this friend and say, "It's for his campaign."

It is idle to pretend, Mr. President, that there are not substantial profits in this bill for some person or persons to put up the money to employ the lawyer on that kind of enterprise. Bear in mind that I am not yet a party candidate; I have not been renominated. It is not a matter of establishing a majority in the Senate for a political party -- it can only be an interest in what my vote might mean in the immediate future or present.

In the matter before us, one of the issues is the charge that the passage of this bill will be immensely profitable to the owners of gas reserves. I have heard it said, if my memory is correct, that the estimates of the windfall of increased values may be one, two or three billions of dollars for the several trillion cubic feet of gas in proven reserves. We have heard it said that the consumers of natural gas over a period of years may pay these billions in additional charges. It has also been alleged that this bill will place a floor under the price of natural gas when it enters the inter-state pipe lines that will, in turn, shore up the price of competitive fuels, all adding to the ultimate costs paid by the consumer public, thereby adding greatly to the assets and profits of all who own the fuel reserves.

Mr. President, I have been impressed at times during the debate by many of the arguments advanced for the bill --

the encouragement to exploration and development that it would give;

the minimizing of Federal regulation;

the avoidance of governmental intrusion into borderline inter-state and intra-state cases.

I do not accept the argument on federalism advanced by the able Senator from Oregon. I do not think we should assert Federal control over every facet of commerce simply because the Constitution gave Congress the power to do so.

I do not object to the public's paying a fair price for its natural gas, a price that will compensate the producer and the distributor, a price that will, coupled with the existing $27\frac{1}{2}$ per cent depletion allowance, afford abundant encouragement for exploration and development.

The point at which I object, however, Mr. President, is that of doing something so valuable to those interested in natural gas that they advance huge sums of money as a down payment, so to speak, on the profits they expect to harvest

The other day, the distinguished Senator from Missouri, Mr. Hennings, said on this floor: "The concentrated money power of the great oil companies, wielded today to influence the decision of national Government by contributions to both parties in many parts of the U.S. is a menace to the proper functioning of free government within this country."

Free government, Mr. President, requires freedom for those who write the laws. If we pass a law that creates a huge endowment of future profits for holders of gas reserves, we might be mortgaging the issues of the future. Unrelated legislation could be influenced by the unregulated profits derived from monopoly prices paid by the captive customers at the end of the delivery line.

Mr. President, the creation of a class in this country who can seek to affect the choice of many States' representation in the Congress is a far greater danger to the country than a temporary shortage of gas. The people in the gas and oil business whom I have met are good, decent people. They are convinced that their ideas of good government are sound as any citizen's might be. None of them has ever told me I should vote so and so. But when the passage of a bill becomes so alluring that dollars are advanced to potential candidates even before primaries are held the warning signals go up, Mr. President.

The warning signals go up.

Government cannot remain free if those who write the laws are obligated to those who will get the extraordinary profits from laws enacted.

Now, Mr. President, the incident that forced me to my personal position on this bill of course was individual to me. I specifically disclaim any suggestion that any other member of Congress is in a similar situation. The House voted on this matter a year ago when party primaries were not imminent. Many Senators long ago publicly announced their stands. I respect them and whatever reasons led them to their position.

Had this incident not happened, I suppose that I would have followed the course recommended by the overwhelming majority of telegrams and letters from my state and voted for the bill. I want to see the oil and gas potentials of my State developed. The principle of maintaining free enterprise appeals to me. I do not like to see the long hand of the Federal Government reach down to primary production -- but, Mr. President, I cannot vote to place upon the freedom of political thought chains that would be bought and paid for by the very people placed under bondage, not even if they ask for it, not when in my own experience there is this evidence of the way things can work.

So, Mr. President, I cannot vote for the bill as it stands before us. In the light of evidence personal to me that the bill has prospects of unusual monetary profit to some, and that with that profit would go the means for a continuing effort to influence the course of government for private gain, I must vote to maintain in the people's Government the opportunity to control the profits from a monopoly product.

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