

MAINE STATE LEGISLATURE

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Legislative Record

OF THE

Eighty-Third Legislature

OF THE

STATE OF MAINE

1927

KENNEBEC JOURNAL COMPANY
AUGUSTA, MAINE

HOUSE

Wednesday, March 23, 1927

The House met according to adjournment and was called to order by the Speaker.

Prayer by Chaplain Hershey of the National Soldiers Home.

Journal of previous session read and approved.

Papers from the Senate disposed of in concurrence.

A communication was received from the Senate, through its Secretary, proposing a joint convention of both branches of the Legislature forthwith in the hall of the House for the purpose of extending an invitation to the Honorable Ralph O. Brewster, Governor of Maine, to attend the convention and make such communication as he may desire.

Thereupon the House voted to concur with the Senate in the proposition for a joint convention, and the Clerk was directed by the Speaker to so inform the Senate.

Subsequently the Clerk reported that he had performed the duty assigned him.

The report was accepted, with thanks.

At this point the Senate came in and a joint convention was formed.

In Convention

The President of the Senate in the Chair.

On motion by Senator Smith of Somerset, it was ordered that a committee be appointed to wait upon the Honorable Ralph O. Brewster, Governor, and inform him that the two branches of the Legislature are in convention assembled in the hall of the House of Representatives, and extend to him an invitation to attend the convention and present such communication as he may be pleased to make.

The order received passage and the Chairman appointed as members of that committee on the part of the Senate: Senators Smith of Somerset, Carter of Androscoggin, and Oakes of Cumberland; and on the part of the House, Representatives Wing of Auburn, Briggs of Monticello, Robie

of Gorham, Eustis of Strong, Leathers of Hermon, Dudley of Calais, and the member from Norridgewock, Mrs. Folsom.

Mr. Smith for the committee subsequently reported that the committee had attended to the duty assigned it, and that His Excellency will forthwith attend.

Thereupon the committee was discharged, and the Governor and suite entered the hall of the House. (Applause)

PRESIDENT HOLLEY: Members of the Legislature, ladies and gentlemen; It is my privilege to present to you, your Chief Executive, the Honorable Ralph O. Brewster, Governor of Maine. (Applause, the audience rising).

Address of Governor Brewster

Mr. President and members of the Eighty-third Legislature: I trust there is no lack of appreciation by me of the demand that now exists upon your time, nor any lack of appreciation of the unflinching courtesy and consideration you have shown to me in these last three months. I am reminded of the elderly English woman, speaking of the consort of her life who had passed on. She said that John had been that good to her he had treated her more like a friend than a husband; and you have treated me more like a friend than a Governor, and I trust that any occupation of your time this morning will not be an abuse of your hospitality, but will rather advance us all toward the object that everyone in this hall has in view, that is, the progress and the prosperity of the State of Maine.

Consideration of the proper course for the State to take in relation to the export of hydro-electric power now engages the attention of a great number of thoughtful citizens of Maine. The hearing upon the various measures which have been proposed was conspicuous for the moderation of expression by all concerned. It afforded a most happy example of the temper of sweet reasonableness that has seemed to pervade the atmosphere of these halls to a degree unprecedented in recent years. Personalities have been here eliminated to make room for a dispassionate consideration of the is-

sues that are at stake. Repeatedly it has been the comment of interested observers that the members of this Legislature seemed to be earnestly seeking what was right. Through all the deliberations of this Legislature in these halls and in the several committee rooms there has run a keynote of primary consideration for the welfare of the State. That attitude augurs well for the progress that we seek. The calm, clear thinking of the citizenry of Maine as reflected in its duly accredited representatives in these legislative halls is equal to an intelligent appraisal of the evidence that is at hand.

To the Executive Department with its somewhat different contacts there necessarily comes information bearing upon problems of this importance to the State. A legislative background of the past ten years gives one a certain degree of familiarity with some of the considerations that are involved.

In view of the overshadowing importance of the issues that are presented and the responsibility that must be shared for the course that is now determined and the results that shall be achieved it seems not only proper but appropriate that my constitutional duty of communication should be exercised at this time.

Legislative Responsibility

In the Inaugural Address at the opening of this session the opinion was expressed that this Legislature was not likely to abdicate its responsibility for the sober settlement of the issues that concern our State or to be unduly influenced in its decision by any one inside or outside our official life. The experiences of this session have abundantly demonstrated the correctness of that view. This Legislature seems likely to be conspicuous for "paddling its own canoe."

Fernald Law

For nearly two decades now Maine has had upon its statute books the so-called Fernald Law enacted under the leadership and in the administration of the Honorable Bert M. Fernald whose memory and whose service we all so much revere. This statute prohibits any corporation chartered by the State of Maine from engaging in the export of hydro-electric power. For ten years now its constitutionality has been at-

tacked by many of those associated with the power companies in our State. It has been criticized as provincial and unconstitutional although a test of its legal adequacy has not been sought.

Economic Conditions

Its economic effects have long been a matter of debate. An unfortunate emphasis has recently been placed upon whatever was unfavorable in the activities of our State. There has been a tendency to paint a picture of pessimism and gloom as a foundation for an argument to effect a change in our policy with relation to power. This is calculated to encourage a defeatist attitude toward the possible development of the State of Maine. This does not mean the espousal of an ostrich-like attitude with head buried in the sand. Maine people always prefer to look facts in the face, pleasant or otherwise, but no zest of proving a point should blind us to a fair recognition of considerations either way.

It is regrettable that a proposal so profound in its implications should seem to require as the initial step in its presentation the depression of the thought of our people regarding the progress of our State when we seem so definitely in certain respects to be standing at the dawn of a new day.

There is no question that certain of our major industries face very serious problems at this time and that it is of supreme importance that every possible measure should be taken to reduce their cost of operation in order to meet keen competition from other parts of the United States. This means that any prospective lessening of power costs or lightening of the burden of taxation may be one of the important factors in persuading these industries to carry on through the economic crisis with which they have recently been faced. Their problems are reflected by other lines of activity within our State and our citizens generally are naturally and seriously concerned for the prosperity of these enterprises. We shall desire to do everything consistent with the general welfare of the State that these industries may consider is calculated to help them out.

Encouraging Factors

On the other hand there are certain other factors that are encourag-

ing and these we shall desire accurately to appraise.

At no time since the remarkable developments that came to Maine in the first half of the last century has Maine seemed to have more reason for confidence in the prospects in certain lines. The center of population of this country is now stabilizing. Water transportation via the Panama Canal is turning the country inside out. All great civilizations have ultimately reached their glory in developments about their water ports. There are not wanting indications that in the ripening of our civilization a similar phenomenon will be observed. America is reaching maturity and its industrial and social life is entering an era of decentralization as a result of the remarkable inventions of recent years. There is also growing a recognition of the more ample rewards of living outside our metropolitan centers with their necessarily abnormal mode of life.

Three corners of our country in the last three decades have experienced an amazing growth as their recreational attractions have unlocked their agricultural and industrial resources upon an unprecedented scale. All about us there are symptoms that indicate the renaissance of Maine. There is a quickening of interest from all parts of the United States. Maine is ready to go forward and with us rests temporarily the responsibility to guide its course.

Meanwhile we are entering the era of the domination of electric power with implications as profound as the revolution in the last century wrought by the discovery and harnessing of steam. Within the past two years one of the pioneers in the power world has turned his attention to Maine. He has entered our State with full knowledge of our restrictive policy and assumed the responsibility for more than sixty million dollars of investment within our bounds.

The one responsible for that investment has personally assured your Chief Executive that whenever he was ready for the investment of further money in substantial amounts within our State he would be most pleased to discuss with us the conditions under which it might be brought to pass. No further communication has been received from him since the conference of something over a year ago.

Hospitality to Capital

The State of Maine cordially welcomes and invites investment of outside capital and is prepared to cooperate to the fullest extent compatible with its interests in making their entry of advantage to all concerned. Maine asks simply a similar consideration for its judgment and a scrupulous observance of the line of demarcation between presentation of economic considerations for or against a change of policy and attempts improperly to influence the decision of responsible officials by misleading propaganda or by considerations that are not concerned primarily with the welfare of the State.

With millions of dollars as the stake there is naturally the most earnest argument of all the issues that are involved. This means that men and women in public life and those responsible for the formulation of an intelligent public opinion in the dispensing of the news are under a peculiar responsibility in these days of propaganda to hold the scales in balance and see that the public are thoroughly and accurately informed.

It is a matter of congratulation that the hearing upon these measures was elevated to a plane perhaps never before reached in consideration of matters of this kind.

Whatever vehemence of invective or expression may have been used outside these halls there has prevailed here a primary concern with the economic and civic aspects of the questions that are at stake.

The most significant economic development in Maine in the past two decades has been the entry of the Insull interests into Maine. They do not have a reputation for investing in economic graveyards and we may rest assured that their payment of twice the market price for the common stock of the largest utility in the State and their later acquisition of the utility serving the most populous and congested center with the ample undeveloped hydroelectric resources that one of these companies affords was a result of careful consideration of the tendencies that are abroad. From their strategic position astride the continent they are in a peculiarly favor-

able position to invest in the most fertile fields and they came here with full knowledge of the long established policy of our State. Their entry is a tribute to the possibilities that are in our hands.

Within the past two years we have also seen the erection of a million dollar paper mill at Madawaska by Canadian capital coming south of the international line and construction is now commencing upon a cement plant at Rockland which has been characterized by competent authority as the most promising industrial development in Maine since the Great Northern Paper Company built Millinocket a generation ago. Incidentally this immense plant offers a prospect of a market for fifteen to twenty million kilowatt hours of hydro-electric energy each year. Options have been acquired by the International Paper Company on most important properties at Bath and their engineers are now making surveys as to the practicability of its use. In addition this same organization comprising one of the largest manufacturers of paper and of power in the country is seriously contemplating the erection of a paper mill in the northern part of our State.

A number of smaller industrial developments are germinating or in process in various parts of the State.

Problems Common to New England

It is not possible to say that these developments are a result of our historic policy regarding power. Neither is it possible to say that any failure of development in recent years is to be attributed to that cause. Industrial depression is far more marked in other certain sections of New England than in the State of Maine and yet those other sections enjoy a free interchange of electrical power as we are frequently reminded by the exponents of a change of view.

In the country as a whole only about four per cent of electrical power actually crosses a state line and even in New England the proportion does not exceed ten per cent. The textile mills and the shoe factories in Massachusetts have been experiencing far worse difficulties than in the State of Maine. In fact there has been a tendency for those

industries to move to other parts of the country to a far more marked degree than has been experienced here in the State of Maine. Certain of the shoe manufacturers in Southern New England on a small scale have actually been moving to the State of Maine on account of the better industrial atmosphere that we here enjoy and it is reasonable to suppose that they are influenced somewhat by the cheapness of our power. A new shoe plant at Skowhegan will soon give employment to more citizens of our State.

Maine Leads

There has been a good deal of stress laid upon the relative decline of the State of Maine among the power-producing states. It is obvious that this is influenced to a material extent by the resources that we possess in comparison with other states and the extent to which they have been heretofore developed and by other considerations not concerned with the problem of hydro-electric power. The industrial renaissance of the south at the expense of Massachusetts has been one of the most significant phenomena of recent years and the cheapness of the hydro-electric power in the south played a minor part in bringing this development to pass. It is very easy to exaggerate the extent to which industries will seek the source of power but it is impossible to argue that industries will not move to the source of cheap power and at the same time to intimate that an industrial renaissance will be brought to Maine by the export of such hydro-electric energy as we now possess.

The progress of modern civilization we are frequently told, is measured by the extent to which mechanical power is placed at the service of the individual man. This nation is supreme in industrial progress because of the development of its power resources of various kinds. If this is the formula for measuring success Maine stands without an equal in the country at this time. In the deprecating attitude that has been fashionable regarding the development of the power resources of the State of Maine no attention has ever been called to the amazing fact that the STATE OF MAINE LEADS THE COUNTRY IN

THE PER CAPITA DEVELOPMENT OF HYDRO-ELECTRIC POWER.

Few other states in this Union are even in measurable distance of the State of Maine in this regard. This gratifying achievement has been brought to pass during the period of the existence of the Fernald Law as our investment in electrical development has increased from fifteen million to more than eighty million dollars. It is also worth while to ponder the implications of the fact that no State in the Union has so large a proportion of its developed hydro-electric resources placed directly at the service of industrial plants. This may be of significance in connection with our power policy designed for the purpose of developing pay rolls in the State of Maine.

This does not indicate that Maine has been neglecting the talent that has been placed so evidently in its care but on the other hand Maine has ever possessed the courage of the pioneer under the inspiration of its motto which indicates its desire to go ahead.

Revolution in Conditions May Mean Evolution in Law

It is not necessary to bring in question the wisdom of the men who inaugurated this policy for our State nor even to question the sincerity of those who within the past five years have radically altered their views in order to recognize the desirability of orienting our course by the conditions of today.

A proper regard for the wisdom of our elders will lead us, however, to examine well all the considerations that are involved and to make certain that no merely selfish influence shall alter the historic policy of our State without regard to the purposes of Maine development that accounted for its origin seventeen years ago.

It is represented that there exists in Maine today a considerable surplus of developed power that may profitably be sold beyond our bounds and that the revenues thus derived will mean a measurable reduction in the costs of delivering electricity to the citizens of Maine. It is proper that the State should determine for itself the existence of this surplus and the economic and engineering problems involved in its adequate control if limited export shall be adopted as the policy of the State.

Steady Growth

Steady development of our hydro-electric resources has been going on for the past fifteen years and the prosperity of the companies has constantly increased. With creditable vision they have kept supply ahead of demand and more and more of this hydro-electricity has been placed at the service of the citizens and industries of our State. These developments have taken place with full knowledge of our long established policy and it is fair to expect that any change in policy should be discussed without undue emphasis upon any temporary surplus that may exist. In its normal course of development Maine has absorbed fifteen to twenty million kilowatt hours in additional electric power each year and the cement development at Rockland would indicate the possible doubling of this demand in the next two years.

The relation of primary and secondary power as a result of more adequate storage facilities is also to be taken into account.

Export and Rates

The industrial and domestic users of hydro-electric power in the State of Maine may well consider carefully whether with an export market available they are more likely to secure reductions in the cost of power or whether the tendency may be to maintain the market in the State of Maine by charging that all the traffic will bear or all that the Public Utilities Commission will permit and then dumping the surplus abroad somewhat upon the analogy of the results obtaining in certain industries as a result of our protective tariff walls.

One of the largest users of electric power in our State now enjoys a rate of five mills for surplus power. One utility in Maine is buying this power from another utility at three mills and immediately reselling it ten miles away for five mills at a profit of 66 2-3 per cent. Will the tendency be for this price to increase or to lessen if other markets are available for disposition of this surplus power?

These are economic considerations with which our business men will be primarily concerned.

The practicability of determining and defining surplus in relation to existing or potential markets in our industries or upon our farms is also a matter worthy of the most careful

deliberation by the citizens of our State.

Rural Electrification

Use of any revenues derived from export for building rural lines is meaningless unless coupled with it is a guaranty that the consumer shall not have this investment reckoned in the cost to him of power since all the electrical companies in Maine under the persuasive influence of the Public Utilities Commission are ready to make expansion wherever the return will in any degree approximate the cost and their resources are ample to carry out developments of this kind. It is not a lack of development funds but the impracticability of paying the cost of the service that has held back the electrification of our farms. What the companies need is customers rather than capital.

Allocation of a portion of the revenues from the sale of surplus power to absorption of certain of the fixed charges for rural electrification will assist that service to the degree that it is equitably applied but must involve the recognition by the company of the policy of service below cost. This precedent would have far reaching implications in the construction of rate schedules and the socialization of the public utilities of our State.

Most commendable consideration has been given to this problem by one of the leaders of the electrical industry within our State and a project formulated that it was confidently anticipated might make it practicable to install rural lines where there were five or six users to the mile as compared with ten or twelve users that are considered necessary under prevailing conditions in this State. This project was very carefully worked out involving the cooperation of the companies, the users, the municipalities and the State and, at the request of the power company concerned, the hearty cooperation of the State, to the extent that it could properly be given by its Chief Executive, was pledged a year and a half ago—coupled with an expression of appreciation that an outlet for developed power was being sought primarily upon our farms rather than outside our State.

This project has not been present-

ed to this Legislature to my keen regret and it is to be hoped that its abandonment does not indicate that outside authority for reasons not concerned with Maine refused sanction of the very creditable plans which had been developed by the engineering genius of a leader of this industry within our State. The State of Maine can well afford to encourage in every proper way both in detailed cooperation and in general determination of policy the attention which the head of this company was wisely giving to the development of rural electrification within our State.

Public Utilities Commission and Holding Companies

These economic and engineering questions face conditions that have been transformed. The whole electrical industry is in a state of flux. It is of supreme importance that the State of Maine shall place itself in a position to deal justly and adequately with any situation that may arise. Its information is today utterly inadequate to cope with the problems that we face.

Two years ago it was believed wiser by all concerned to let the troubled waters calm and not agitate the surface while we turned our thought to other things. Careful consideration indicates that the resources of the Public Utilities Commission of this State should be considerably increased and that there should be the most careful study of all the economic and legal problems involved in the regulation of electrical utilities under the transformed conditions of our day. The entry of holding companies into the control of our utilities has presented a new and serious problem to the commission in our State. There may be a proper field for their activities but they readily lend themselves to most unfortunate results. To the extent that they bring public service for less cost to the people of Maine we shall be desirous of availing ourselves of the advantages they possess. But the State of Maine cannot tolerate their use for the purpose or with the result of imposing additional burdens upon electrical consumers in the State of Maine. The Public Utilities Com-

mission should be given the legislation that they have been requested in order to protect the people of the State of Maine.

Upon which side of the fence : given company or given practice is to be placed can only be determined by most careful consideration of the factors involved by men who have the time and the resources to make an impartial appraisal from the standpoint of the State. It is generally recognized that the expense of this supervision is as appropriate a charge to the utility as are any of the other expenses of administration of the utilities of our State. The cost is negligible compared with the evils that it will prevent since the managers of our utilities are not employed to look out primarily for the people of the State. It is no reflection upon their integrity to recognize that they are primarily responsible to the owners of their companies for the administration of their trust and cannot be expected to exert that single minded devotion to the interests of the public that is properly placed upon the Public Utilities Commission of our State.

Power and Light

The desire for more thorough information is not an indication of a desire for delay. If questions of this character had been pressed two years ago it would have seemed calculated to continue the animosities which had been engendered by the strife of recent years. As the problem of exportation, however, becomes insistent it is imperative that the State should place itself in a position wisely to orient its course and this can only be upon the basis of the most thorough-going study of all the factors that are now involved. The practicability of development and transmission and the probable effects upon the local costs of power are matters that need to be examined in the light of the experience of recent days. Gross exaggeration has been indulged in as to the comparative costs of steam-generated and hydro-electric power. The Cumberland County Power and Light Company has constructed an expensive steam development in Portland harbor because it was unable to be assured of a dependable supply of power from any hydro-electric source. The

executive officer of the Central Maine Power Company has expressed the very strong conviction that the cost of generating electrical power by steam under modern conditions has not yet been determined because of ignorance as to depreciation costs and as to the lessening efficiency of the mechanism in the course of passing years.

Permission to Export and Control By the State

For the purpose, however, of determining the issues with which we are faced it seems to me possible to assume the correctness of all the representations that have been made as to the surplus of power that now exists and the practicability of its transport to a market outside our State and the probability of further substantial developments if such a market shall open. It seems possible to take this question upon the very ground upon which it has been urged, viz.—that the State of Maine shall permit the export of surplus hydro-electric power but retain full control within the State of Maine.

The people of the State of Maine now assume that this is entirely within their control and it seems to be agreed by everyone participating in this discussion that no measure of export shall be permitted to detract from that control.

This formula appears repeatedly in every discussion on all sides and was the meaning of the platform solemnly adopted by the majority party in this State as its considered declaration of policy for the coming two years.

The form of the proposal for export that is being most seriously considered and most earnestly urged adopts the device of chartering companies that may engage in the export of hydro-electric power under the supervision of the Utilities Commission of our State to which at all times they are declared to be subject by a variety of arrangements that are instituted to this end.

The question with which we are faced is whether this arrangement will be effectual to accomplish the end we have in view. This is a legal question and there seems to be a rather astonishing uniformity of legal opinion as to the results that may ensue.

Referendum

The people of the State might well pass by solemn referendum upon the issue of an outright repeal of the Fernald Law and eliminate all restriction as to the interchange of power. That would be an economic question without legal complications of any sort. It is also possible that the people of the State should consider the question of permitting a limited export of surplus power with full control retained within the State. That is the question that is sought to be raised by the referendum that is proposed at this time. It is for us to determine whether or not that is the question that is involved in the pending proposal, assuming for the moment that we might consider the submission of such a question at this time.

The entire development of the discussion in the thought of the people of Maine has been addressed to the proposal that export of surplus power might be permitted retaining absolute control within the State.

The economic and engineering problems involved in regulation and in the policy that it presents are complicated but might well be left to the determination of the people as a whole. It is obvious, however, that whether or not under the proposed measure the State would actually retain control is entirely a question of constitutional and statutory law and any business man would necessarily submit that for determination to the most competent counsel that he could find. We should be recreant to our trust and guilty of a deception of the people of the State if we permitted a proposal to go to them that in appearance gave the State control and yet was considered by competent counsel as very liable to mean an end of any authority which the State might otherwise exercise over the exportation of power to markets outside our bounds.

Assuming that there is an exportable surplus of hydro-electric power and that it is practicable for a state administrative body to determine and release this from time to time, the citizens of Maine are desirous of knowing the legal method by which its export may be controlled in the interests of the State. This is, as I have said, a problem for law-

yers and to them we naturally and necessarily turn.

Legal Method of Control

The Attorney General is the constitutional legal adviser selected by this Legislature for the State. He is clear and emphatic in his advice to me that there is grave danger that the chartering of corporations by general or special act to handle exportation may be ineffectual to accomplish the end in view. Decisions of the Supreme Court of the United States indicate a serious possibility that the attempted control by the State or interstate commerce by this method might be pronounced invalid and the exportation left without control by the State or nation, or that action by the Federal Congress might terminate our rights.

It is indicated that the so-called Compact Clause of the Constitution offers the surest refuge for protection from annulment of our regulation by the action of a Federal court with the additional protection that is proposed by certain pending bills. No method can be guaranteed, but the best legal opinion of a disinterested character indicates that the regulations and limitations specified in a compact between the states and ratified by Congress would leave the situation in our control, at least until Congress should deem it necessary to act. As a practical matter, it seems doubtful if Congress would enter the field if a reasonably workable arrangement was being carried on between the states and the citizens in this section had no reason to complain that an important public utility was outside their control.

Fernald Law and Its Limitations

The Fernald Law does not pretend to control the transmission of steam-generated electricity nor the transmission of hydro-electricity by private individuals or any agency other than a corporation chartered by the State. This means that there is at present no obstacle whatsoever to the acquisition of hydro-electric powers in the State of Maine by any agency other than a Maine corporation—that might legally claim the right to do business in Maine—and the exportation of all the electricity thus secured. There is no pretense of a prohibition in our present law

against such a course nor could the State restrict or regulate such transmission unless a right could be secured by a compact between the states. This was recognized by counsel for the power companies in the hearings upon these bills.

This indicates that Maine will drift into a more and more precarious position, if it shall simply rest upon its existing laws, since the pressure for development will make it increasingly likely that some appropriate course will be adopted that will carry hydro-electricity outside of our State, or a Maine corporation may take the bull by the horns and raise the question as to the unconstitutional character of the limitations that the State is seeking to impose upon these creatures of its semi-sovereign power in view of the restrictions imposed on state authority by the Constitution of the United States.

Disinterested Advisers

This Legislature also furnishes the Executive with a Council to whom he may turn for advice. The present Chairman of that Council brings a rather unusual range of experience to guide him in advising on matters of this sort. Associated throughout his legal practice with public utilities and with large industrial corporations, he brings a rich and mature experience to guide him on a problem of this kind. He is in agreement with the Attorney General as to the legal aspects of this situation.

The Chairman of the Public Utilities Commission of this State has had five years of experience in dealing with the legal and engineering problems that are involved and he is one of those primarily responsible for the suggestion of this solution by compact to the State.

Outside of official life, but closely identified with the developments that we have been thrifflily cultivating in recent years, is the Chairman of the State of Maine Associates, representing the various organizations devoted to the progress of the State on every line. Connected for some time with one of the largest law firms in New York City, he afterwards spent some years as an assistant to Herbert Hoover, Secretary of Commerce, and for a portion of that time was associated with the problems in-

cident to a compact such as is here proposed. Returning to the State of Maine, he earnestly advocated the unlimited export of power, but has since modified his views to believe that the State should retain control. His opinion, after careful study, coincides with that of the official advisers to whom one would naturally turn.

The consensus of opinion among these four attorneys who have given consideration to this problem, of the most disinterested sort, seems a strong indication of the probable correctness of their views.

One of the leading legal authorities in the country upon the questions that are here involved addressed a representative gathering in this hall in recent days and enunciated in no uncertain terms his conviction that the compact clause of the Constitution afforded the only practicable means by which the State of Maine could gain the end it had in view. This represents also the advice of Herbert Hoover as given to the last session of the New England Council at Providence in December of this last year, speaking, as he was, not from the standpoint of the State of Maine, but from the very urgent demand that reasonable regulation of hydro-electric power shall prevent the Federal regulation which otherwise seems to rule.

It has been the contention of those opposed to the Fernald Law for many years that its provisions were unconstitutional and void. This consensus of opinion was voiced by Representative Robert Hale at Waterville within recent weeks. The attorneys responsible for the form of the proposal to charter corporations to export power have agreed that these exporting corporations would be subject to Federal control. The protection of the State then rests, solely upon the possibility that the Supreme Court of the United States might not invalidate the regulations we seek to impose upon generating companies, nor the limitations we seek to draw between the generation and transmission of hydro-electric power. This seems to present essentially the same problem as the Fernald Law in a form somewhat more difficult to defend, since this very power would then be flowing across state lines.

Even if the legal adequacy of this arrangement, however, is assumed, the possible annulment of the charter

of the transmission company for violation of its franchise as a means of enforcing our control would seem to present a most precarious remedy, since the physical lines for transmission would then have been built and the practical problem of ownership would be an easy one to adjust. The circumstances would inevitably invite a test of the validity of all restrictive measures or the adoption of a form of ownership that might well place the situation beyond state control unless effectual protection had been secured for state regulation through the Compact clause.

If this consensus of opinion of the disinterested and official advisers whom you have furnished for the State, is to be regarded, then there must be recognized to be grave danger of loss of state control by proceeding along merely charter lines. If this analysis is correct, then submission of the proposed measure to the people would mean an entire misapprehension of the issues that are at stake. The people understand something of the questions of policy that are involved, but must leave to the Legislature the determination of the legal form. The pending proposal, if this analysis is correct, might, in essence, be offering the wolf of unrestricted exportation in the sheep's clothing of an intended state control. The people are entitled to rely upon our presentation of a legally prudent course.

This does not imply any question as to the sincerity of the proponents of this measure or of those who have sponsored it before the state. During my experience in public affairs there has been no more earnest advocate of the interests of those benefiting by Maine pay rolls, than the Senator who introduced the measure that bears his name. There is no legislator more loyal to the idea of retaining full control of these resources within the State of Maine. Some of the most promising developments in recent years within our State have come within the community that he is privileged to serve, and in no small measure as a result of his talent for leadership along sound lines. He would be the first to urge the course that he should be satisfied would most adequately protect the rights of the citizens of Maine.

All those participating in the discussions of this session have made it perfectly clear that Maine wishes

to be in the driver's seat where its hydro-electric resources are concerned.

Compact seems to be the possible solution of the problem of regulated export of hydro-electric power. The Legislatures of Massachusetts and New Hampshire are now in session and would have every incentive to appoint representatives to consider an agreement that might make available, to some extent, our resources for their use.

When all are agreed in the objective that is in view and Maine has something to offer that her sister states very much desire, it should be possible soon to accommodate the questions that are involved, and arrive at a concrete form of agreement. This must be considered and accepted by the Legislatures of the states involved, and formally approved by the Congress of the United States. Federal sanction has, however, never been refused where there was an agreement among the states and the possibility of Federal interference in the power field would be made measurably more remote if the citizens of this section had taken constructive action along these lines and eliminated to that extent the dangers of unregulated interchange of power.

The Legislature of Massachusetts convenes for a regular session in January of next year. It should be possible to formulate a compact for submission at that time. The importance of progress in this matter to citizens of Maine would assuredly warrant the calling of a special session of this Legislature to consider such a compact and secure its immediate submission to Congress which would then be entering its long session. The feasibility of a two-state compact, with the possible later joining of the other New England states or the inclusion of New Hampshire at its inception, would be determined by the legal and practical problems it might present, and the degree of interest in the project by our only neighboring state.

This would not involve any appreciable delay since the pending proposal for export contemplates delaying a decision until the fall of this present year, and would necessarily defer commencement of any operations until another spring. Consideration of the bill providing for export might well be de-

ferred until such a special session, since the adoption of a compact would in all probability make desirable the enactment of legislation of this character as the practicable method of exercising the power of control the State would then possess. This would then supplement the Fernald Law and any additional legislation which may wisely have been enacted with a view to strengthening its provisions.

The immediate negotiation of a compact seems very desirable from the standpoint of those who believe in the Fernald Law, since no such law can protect us against absolutely unrestricted export by any individual or group of individuals as distinguished from a corporation. A compact is desirable from the standpoint of those citizens of Maine who believe in export under state control, since it is the consensus of disinterested legal opinion that this offers the only method by which the State's control of the amount to be exported may be reasonably assured.

One of the counsel for the power companies closed his statement at the hearing, in the following words: "All we ask for is consideration of these questions upon their merits, remembering that we are here prepared to tie into them all of the precautions that those who have most continuously opposed the proposal, have conceived to be necessary to protect the rights of the State of Maine."

That attitude should make possible a meeting of all our minds upon a course that seems to offer promise of a new day.

With a compact as a firm legal foundation, the enactment of legislation along the lines advocated by the Senator from Androscoggin during this past year to permit the conditional export of surplus power and to supplement his pending proposal for strengthening the Fernald Law, would seem to me a progressive and a protective step.

If this course is adopted and the next nine months do not witness the formulation of a compact, it would seem to me that a request from a substantial number of the members of the Legislature for a special session would deserve recognition as offering an opportunity of preserving the fruits of the unusually careful study that has been given to this power question by this body at

this time. Practically everyone has agreed that compacts would afford a most happy solution of our problems, if it did not mean too great delay. No one objects to any course calculated to strengthen the position of the State of Maine. Under the pending proposal that you are considering, no action will be possible for another year. The course here suggested means that nine months is allowed for the development of a compact. If it proves impracticable for any reason, this Legislature will find its powers curtailed in no way.

If this proposal shall commend itself to you as wise, this Legislature may lay a foundation for the harmonious adjustment of a problem that has long troubled the citizens of our State. It will also be unique in recent history in the avoidance of any major controversies to disrupt the harmony of our State, and prepare the ground for that progress that is made possible by the unification of our thought. The elevation of this question from politics and partisanship to the plane of economics and law, will be one of the greatest services that has been rendered by any Legislature in recent years, and the citizens of Maine will come gradually to realize and appreciate something of the sincerity of purpose that has animated you in your effort to build a busier and better Maine.

At the conclusion of his address the Governor and suite retired, amid applause, the audience rising.

The purpose for which the Convention was assembled having been accomplished, the convention was dissolved and the Senate retired to the Senate Chamber, amid the applause of the House.

In the House

The Speaker in the Chair.

Senate Bills in First Reading

S. P. 79, S. D. 239: An act in favor of Frank J. Durgin of West Forks Plantation.

S. P. 91, S. D. 112: An act relating to the jurisdiction of the Probate Court.

The following remonstrances were received and upon recommendation of the committee on reference of bills

were referred to the following committee:

Judiciary

By Mrs. Gay of Waldoboro: Remonstrance of Guy C. McQuaidee and 34 others against repeal of primary law. (H. P. No. 1201)

By Mr. Goodwin of Lebanon: Remonstrance against repeal of same. (H. P. No. 1202)

By Mr. Milliken of Old Orchard: Remonstrance against same. (H. P. No. 1203)

By Mr. Bartlett of Bangor: Remonstrance of Portland Bankers' Revolver Club against the passage of H. D. No. 273, entitled "An Act regulating the sale, possession and use of certain firearms, silencers and noxious gases, and prescribing penalties and rules of evidence with reference thereto." (H. P. No. 1204)

Orders

On motion by Mr. McKnight of Poland, it was

Ordered, that Mr. A. E. Morse of South Paris, chaplain of the Maine State Grange, be invited to act as chaplain of the House Friday, March 25.

Reports of Committees

Mr. Allen from the committee on Claims reported ought not to pass on resolve in favor of Arthur B. Clough compensating him for damages done his garden by moose. (H. P. No. 261)

Mr. Aldrich from the committee on Judiciary on bill, an act to create and to define the powers and duties of a State commission to represent the State in arranging and carrying out a program for the celebration of the bi-centennial of the birth of George Washington (H. P. No. 922) (H. D. No. 249), reported that legislation thereon is inexpedient.

Mr. Fuller from the committee on Legal Affairs reported ought not to pass on bill, an act for the protection of life from the peril of fire in public buildings used for purposes of education, mercy, correction and theatres. (H. P. No. 380) (H. D. No. 96).

Reports were read and accepted and sent up for concurrence.

Mr. White from the committee on Library reported ought to pass on resolve in favor of the purchase of "Maine Physicians Members of the Massachusetts Medical Society at the Separation." (H. P. No. 879)

Report was read and accepted and

the resolve ordered printed under the joint rules.

Mr. Allen from the committee on Claims on resolve in favor of the town of Cherryfield in the county of Washington for reimbursement for monies expended in defense of three actions at law brought against it (H. P. No. 255), reported same in a new draft (H. P. No. 1199), under same title and that it ought to pass.

Mr. Bartlett from the committee on Judiciary on bill, an act to amend act entitled "The Insolvent Law" (H. P. No. 917) (H. D. No. 258), reported same in a new draft (H. P. No. 1200), under same title and that it ought to pass.

Reports read and accepted and the new drafts ordered printed under the joint rules.

Mr. Dudley from same committee reported ought to pass on bill, an act to change the name of the State Board of Charities and Corrections. (H. P. No. 665) (H. D. No. 173).

Mr. Wing from same committee reported same on bill, an act relative to organization of corporations for certain purposes. (H. P. No. 915) (H. D. No. 250)

Reports read and accepted and the bills having already been printed, were read twice under suspension of the rules and tomorrow assigned.

Majority report of the committee on Judiciary reporting ought not to pass on bill, an act relative to conveyances. (H. P. No. 916) (H. D. No. 251)

Report was signed by the following members:

Messrs. CARTER of Androscoggin

OAKES of Cumberland

MAHER of Kennebec

—of the Senate

BARTLETT of Bangor

PATTERSON of Castine

DUDLEY of Calais

ALDRICH of Topsham

WING of Kingfield

—of the House

Minority report of same committee reporting ought to pass on same bill.

Report was signed by the following members:

Messrs. HALE of Portland

WING of Auburn

—of the House

On motion by Mr. Dudley of Calais, the House voted to accept the majority report of the committee, ought not to pass, and sent up for concurrence.

Passed to be Engrossed

S. P. No. 200, S. D. No. 76. An act

relating to Brownville and Williamsburg Water Company.

S. P. No. 210, S. D. No. 241. An act to provide for purchase of books for Kennebec law library.

S. P. No. 294, S. D. No. 243. An act to incorporate Lemon Stream Log Driving Company.

S. P. No. 492, S. D. No. 244. An act to provide for establishing grades and standards for farm products.

S. P. No. 494, S. D. No. 246. An act relating to the establishing and administration of a public debt amortization fund in the city of Waterville.

S. P. No. 496, S. D. No. 248. An act to empower the Governor and Council to lease the right to gather and harvest kelp on the submerged lands and reefs within the jurisdiction of this State.

S. P. No. 497, S. D. No. 249. An act relating to the digging of clams in Wells in the county of York.

S. P. No. 499, S. D. No. 250. An act to extend the charter of the Patten Water and Power Company.

H. P. No. 383, H. D. No. 99. An Act to codify and amend Chapter 201 of the Private and Special Laws of 1854 and subsequent amendments thereto creating the Bridgton Centre Village Corporation.

H. H. No. 728, H. D. No. 200. An act to authorize the city of Lewiston to discharge a sewer into the Androscoggin river.

H. P. No. 733, H. D. No. 205. An Act to repeal an act entitled, "An Act to incorporate the East Pittston Village Corporation.

H. P. No. 876, H. D. No. 231. An act relating to the South Portland Sewerage District.

H. P. No. 669, H. D. No. 235. An act authorizing city of Lewiston to issue bonds to meet bonds outstanding and maturing in 1927.

H. P. No. 679, H. D. No. 428. An act increasing the salary of the mayor of Waterville.

H. P. No. 1175, H. D. No. 429. An act to prohibit the taking of more than eight pounds of trout, landlocked salmon and togue in all in one day in Moose river in Somerset county, down to the head of Brassua Lake, or in Wood Pond, Little Wood Pond, Little Big Wood Pond, Long Pond, Attean Lake and Holeb Pond, all in the county of Somerset.

H. P. No. 1176, H. D. No. 430. An act relating to fishing in Watchic Pond in the town of Standish in the county of Cumberland.

H. P. No. 1177, H. D. No. 431. An act permitting the town of Southwest Harbor to take land for public park.

H. P. No. 1178, H. D. No. 432. An act to incorporate the Northern Finance and Investment Corporation.

H. P. No. 1179, H. P. No. 433. An act to provide clerical assistance for the justices of the Supreme Judicial Court.

H. P. No. 1180, H. D. No. 434. An act to enlarge the site of Little River Pine Grove cemetery, otherwise known as Hillside cemetery, located at Lisbon Falls, Maine.

H. P. No. 1181, H. D. No. 435. An act relating to scire facias against bail, sureties in criminal recognizances and trustees.

H. P. No. 1183, H. D. No. 437. An act relating to the pay of jurors.

(Tabled by Mr. Ellis of Fairfield pending third reading).

S. P. No. 199, S. D. No. 240. Resolve providing for a State pension for Grace Griffin of Lewiston.

Unanimous consent was given Mr. Hale of Portland to introduce the following order out of order.

Ordered, that when the House rises this morning it be to recess until 4.30 o'clock this afternoon.

The order received passage.

The SPEAKER: The Chair would suggest that of there is any enacter which any member wishes to have tabled that the member make his motion immediately following the reading of the title.

S. P. No. 223, S. D. No. 242. Resolve for State pension in favor of Rena Cooley.

S. P. No. 495, S. D. No. 247. Resolve providing for State pension for Adelbert B. Baker of Lewiston.

H. P. No. 1182, H. D. No. 436. Resolve providing teacher's pension for Emma J. Whittemore.

H. P. No. 477, H. D. No. 427. Resolve in favor of the Aroostook Test Laboratory.

Passed to be Enacted

An act to authorize the Portland Railroad Company to operate motor busses.

An act relating to amendment of criminal process.

An act relating to Eastern Standard Time.

An act to extend the charter granted to the Columbia Falls Water Company for two years.

An act to ratify and make valid

quitclaim deed given by Highway Commission for property located near State Ferry in Woolwich.

An act relating to exemption of certain property from taxation.

An act relating to obtaining permission to set traps on trawls.

An act relating to the Harrison Mutual Fire Insurance Company.

An act relating to investment of savings banks.

An act relating to whole family protection for members of fraternal benefit societies.

An act relating to collateral loans by savings banks.

An act to establish a game preserve in the towns of Wells and Kennebunk, York County.

An act relating to active retired Justices of the Supreme Judicial Court (H. P. 526) (H. D. 135) (Tabled by Mr. Crawford of Houlton pending passage to be enacted)

An act relating to the schools at Pleasant Point and Peter Dana's Point (S. P. 365) (S. D. 142) (Tabled by Mr. Lait of Old Town pending passage to be enacted)

An act to amend the charter of the Maine Real Estate Title Company.

An act to extend the charter of the Penobscot Lumbering Association for fifteen years.

An act to extend the charter of the Penobscot Boom Corporation for fifteen years.

An act relating to the establishment of town forests.

An act relating to the Augusta Water District.

An act to extend the charter of the Quebec Extension Railway Company.

(Tabled by Mr. Hathaway of Milo pending passage to be enacted.)

An act relating to precautions at temporary crossings.

An act to incorporate Bridgton and Harrison Railway Company and to authorize certain towns to grant assistance thereto.

An act to legalize the acts, doings, and proceedings of the town meetings of the town of Otisfield and the assessment of taxes thereof, for the years 1924, 1925 and 1926.

An act relating to the use as part of name the words "Bank," "Savings," "Trust" and kindred words.

An act relating to pensioning members of the Police Department of the city of Brewer.

An act relating to teacher's pension for Fannis S. Marble.

An act relating to a superintending school committee for Turner.

An act relating to the Penobscot Tribe of Indians.

An act to confer the power to issue subpoenas to the City Council and Civil Service Commission of the city of Portland.

Finally Passed

Resolve to repeal the act empowering the Forest Commissioner to convey a lot of land in Wallagrass Plantation.

Resolve to reimburse Cumberland County Fish and Game Association for one-half the amount expended in screening Peabody Pond in the county of Cumberland.

Resolve in favor of Eliphalet Washburn of Dexter for Pension.

Resolve in favor of Myron H. Crocker, compensating him for destruction of apple trees by deer. (S. (P. 8) (S. D. 201)

(Tabled by Mr. Merrill of Dover-Foxcroft pending final passage.)

Resolve in favor of Wallace W. Yates, of Grand Lake Stream, Washington County.

Resolve in favor of the Passamaquoddy Tribe of Indians at Peter Dana's Point, Princeton, for the general care, maintenance and education thereof.

Resolve in favor of the Passamaquoddy Tribe of Indians for the general care, maintenance and education thereof at Pleasant Point at Perry.

Resolve providing for the purchase of "Music and Musicians of Maine." (H. P. 788) (H. D. 169)

(Tabled by Mr. Wheeler of South Paris pending final passage.)

Resolve for the purchase of 125 copies of the History of the town of Dresden.

Resolve for the purchase of 150 copies of "Two American Pioneers."

Resolve authorizing the sale of lot in Moose River Plantation.

Resolve in favor of the South Kennebec Agricultural Society. (H. P. 937) (H. D. 333)

(Tabled by Mr. Robie of Gorham pending final passage.)

Resolve in favor of Richard Jacobson of East Waterford compensating him for damage done his orchard by deer. (H. P. 456) (H. D. 343)

(Tabled by Mr. Merrill of Dover-Foxcroft, pending final passage.)

Resolve in favor of the town of North Yarmouth.

Resolve in favor of F. C. Handy for reimbursement for checks lost in the mail.

On motion by Mr. Clifford of Bath, a viva voce vote being taken, the House recessed until 4.30 P. M.

AFTER RECESS

The SPEAKER: The House was proceeding on bills on their passage to be enacted.

Resolve in favor of the State Armory in the city of Portland (H. P. 1101).

(Tabled by Mr. Rounds of Portland, pending final passage and specially assigned for tomorrow morning.)

Finally Passed

(Emergency Measure)

An act to authorize the county of Aroostook to enlarge and repair the Court House at Houlton and to erect a Central Heating Plant.

The SPEAKER: This being an emergency measure, and requiring a two-thirds vote of the entire membership on its passage to be enacted, all those who are in favor of the passage of the bill will rise and stand in their places until counted and the monitors will return the count.

A division of the House being had,

One hundred and fifteen voted, and all in the affirmative, so the bill was passed to be enacted.

Orders of the Day

The SPEAKER: Under orders of the day, tabled and specially assigned, the Chair lays before the House S. P. 25, being Senate report, ought not to pass, of the committee on Insane Hospitals on resolve appropriating money for an addition to the third female wing of the Augusta State Hospital. Came from the Senate, report accepted and tabled by Mr. Kinsman of Augusta. March 16, pending acceptance of the report in concurrence; and the Chair recognizes the gentleman from Augusta, Mr. Kinsman.

Mr. KINSMAN of Augusta: Mr. Speaker and members of the House: I have kept this bill on the table for two or three weeks hoping that the committee on Appropriations could give me a favorable report in regard to the amount of money that would

be allowed for hospitals. I find we cannot have both the Nurses' Home and the wing, and I also find that the trustees of the hospital are more anxious for the Nurses' Home than the wing; so that I move that we concur with the Senate in the acceptance of the report.

Thereupon the House voted to concur with the Senate in the acceptance of the report, ought not to pass.

The SPEAKER: The Chair lays before the House majority report ought not to pass and minority report ought to pass—committee on Banks and Banking—on bill an act relating to savings deposits in trust companies, H. P. 253, H. D. 62, tabled on March 18 by Mr. Boston of Gardiner pending acceptance of either report and specially assigned for today, and the Chair recognizes the gentleman from Gardiner, Mr. Boston.

Mr. BOSTON of Gardiner: Mr. Speaker, I move the acceptance of the majority report "ought not to pass."

Mr. ALDRICH of Topsham: Mr. Speaker, the bill which is here being considered is, in my judgment, one of the most important pieces of legislation which has been presented or will be presented to this House at this session. Briefly speaking, it is a bill which provides that savings deposits, when placed in a trust company, shall be invested and treated in the same manner as the same deposits are invested and treated when placed in a savings bank. And the only question involved in this bill is whether or not a man, when he deposits his money as a savings deposit in a bank on this corner, which is called a trust company, where his savings deposit is treated in identically the same manner as it is in a savings bank, where he receives a pass book of similar character as the one that he gets from the savings bank—whether or not he shall be accorded the same protection when he deposits his money in that bank which happens to be called a trust company as he receives when he deposits the same money in a bank on the opposite side of the street which happens to bear the name of savings bank. That is all there is to this bill; nothing else. This bill simply provides that savings deposits in a

trust company shall be treated exactly as the same type of deposits are treated when they are deposited in the institution known as a savings bank.

Now we have before us two reports, one a report signed by eight members of this committee and a report signed by two. I wish at this time to call your attention to this fact—that in my judgment this bill is directed at no institution but it is directed solely to granting to a certain type of depositors in his State that protection which that type of depositors from time immemorial has been granted when they deposited their money in a bank. I have the utmost respect and regard for the gentlemen who have signed this majority report. I wish to say that I believe it was eminently fitting and proper that this bill should go before the committee to which it was sent. However, where we have submitted to us two reports, one of them a majority report which ordinarily carries with it very considerable conviction and recommendation, it is but right and proper, it is our duty, that we consider whence comes that report and examine it.

Now it is with no disparagement to the gentlemen of the banking committee that I say that it so happens that seven I think it is, of those gentlemen happen to be connected in one capacity or another with trust companies of this State. And I say to you that the fact that these gentlemen are so connected with those trust companies is a definite recommendation to you that they are leaders in their communities and are men of integrity and honesty; and I say to you that it is my honest conviction and judgment that in signing this ought not to pass report they are giving you their honest opinion and judgment. But I simply want to say that when you have a bill which affects institutions, as this bill does, it is right and fair that you or I should consider whether by any possibility that relation of those gentlemen to the type of institutions with which they are connected might, in any way, unconsciously influence them in their convictions. I say to you that it is not my judgment for a moment that any of those gentlemen would be consciously so influenced, but I sub-

mit to you that it is an affair for us to determine and consider whether there is a possibility that they might have been unconsciously affected in their judgment in reporting this bill.

Likewise, in all fairness to you, I say to you that for a short time I have been a trustee of a savings bank and so I wish to lay before you the proposition that it is but fair and right that you consider in anything I say here as to whether I am being unconsciously influenced by my relation to that type of institution. We have, however, two men on that committee who are not in any way identified, so far as I know, with any banking institution, and we find that one of those has signed the majority report and one the minority report. So I submit to you that so far as the reports are concerned, basing the statement on what two laymen have done, it is a fifty-fifty proposition; and it seems to me we can consider this entire matter regardless of the report which has been submitted here and solely upon its merits.

I do not need to call attention to the fact that from the time savings banks were instituted, the purpose and object of those banks have been to afford a safe place in which people of small means may, with perfect safety, deposit their earnings, the laboring man, the widow, and the child, for today we are encouraging school children to save. And I submit that if you look back at the time when you were children, I believe it will be one of the strong recollections you have that a savings deposit, when placed in a savings bank, was regarded by you, because of the tradition connected with the savings bank as having been deposited in a place as strong as the Rock of Gibraltar.

And so it has been that in the development of that principle and idea our savings banks have always been surrounded by safeguards which have been placed there by bodies like this Legislature, to protect those savings of our people. Why? Because it has been recognized from the beginning as an obligation of these institutions that the type of people for whom they were especially designed is the type that is not especially familiar with business, that is not watching the financial horizon and does not see the financial cloud gathering. So we have

said, the legislators all over have said, that that type of deposits shall be invested in a diversified, yet safe and remunerative class of investments. The State of Maine, in its statutes, provides a long list of securities in the nature of bonds, of stocks, a very long list of securities in which the Legislature has deemed it safe for savings banks to place those deposits of the type that I have indicated as investments.

Now when we come to this organization known as the trust company, we find that a different situation has obtained and does now obtain. It was apparently realized that some provision should be made for safeguarding these savings deposits in the trust companies when they first began to organize savings departments. So it has been provided in our law, and is the law today, that in the trust companies which have savings deposits they shall segregate for the protection of savings so deposited not a specified list of safe securities but any assets which they may have without any enumeration as to what those assets shall be. There is as a further safeguard and provision that every stockholder of a trust company, in the event of loss, is liable to the depositor in double the value of his stock. Now what is it that the trust companies may invest their money in? They may invest, under this law, so far as I can see, in any type of investment or securities that they see fit. There is no restriction. The only one I see is that when it comes to loaning, they cannot loan to any one company more than twenty-five per cent. of their capital, surplus and profit. With the exception of that restriction they are unlimited in the class of securities in which they may place the savings that are put in their hands. Now, if you will bear with me a moment, in order that you may understand how it is possible for this thing to act under these circumstances, I will take you back to the panic of 1907. C. W. Morse of this State, a man by the name of Heinze, and another by the name of Sullivan conceived the idea of developing a series of trust companies all the way from New York to Maine. They did it. But for the furtherance of their schemes and plans they assisted a brokerage firm in New York under the name of Heinze and Company which traded on the New York Exchange and were interested in Ohio copper stock. It was during the period of inflation, when that pyramid

was being built up on that exchange. And then, for reasons which were well understood at the time, one of the props was taken out from that market, the market tumbled, Ohio copper stock went to the bottom, and Heinze and Company called on their customers for margins which were not produced. The market was flat. And those trust companies of Morse and Sullivan from New York to Maine toppled as a result of that situation.

Now suppose they had had a law down there similar to ours and had had savings deposits and had set aside as protection for those savings deposits Ohio copper stock, do you think that would have afforded any protection to those savings depositors? You may say that that won't happen here, that we are more careful. I call your attention to what happened in 1920 in New York City at a time when the leading bankers of that city, many of them, were of the opinion that the United States had started on a period of prosperity to continue for ten years or more. And the Guaranty Trust Company of New York, one of the largest and strongest financial institutions in the country, headed by one of the ablest financial men in New York State, sharing the opinion mentioned above, discounted all kinds of paper of export houses in and around New York. And when that bubble of inflation burst, and the foreign customers of those houses cancelled their contracts, and the paper came rolling back, that tremendous Guaranty Trust Company of New York, for a week, was expected daily to tumble. After the debris was cleared up it was reported that they had sustained a loss of thirteen million dollars, and the President of that company, one of the ablest financiers of the United States, had sustained a loss of seven million dollars.

Now I would call your attention to the fact that in the trust companies in the State of Maine there are two hundred and twenty thousand savings deposits with an aggregate total of eighty-eight million dollars. The total deposits of savings in the State of Maine is only a hundred and twenty-five or a hundred and thirty million dollars. You probably have never thought of this: Do you realize that if a group of men from outside the State of Maine were to pay two

hundred dollars a share on the average for the stock of the trust companies of the State of Maine, for less than seven million dollars, they could buy the control of every trust company in this State and have at their disposal a sum in excess of one hundred and twenty-five million dollars, more than one-tenth of a billion dollars, eighty-eight million of which belong to two hundred and twenty thousand savings depositors? They could do that, my friends, without putting up a dollar of their own. If they had a sufficient financial standing in our large cities, they could get the requisite loan to buy that stock and control your funds here, without putting up a dollar. Do you want to leave eighty million dollars of the savings of the type of people who make savings in the position where any aggregation of men can use it practically as they see fit?

We do not need to go to New York. We do not need to go beyond Maine. It almost seems to me providential that what has happened during the last month has happened. You are all familiar with the Waldo Trust Company affair. Now it is a remarkable thing that that failure demonstrates in every particular the perniciousness of this present law. What happened there? A gentleman from Massachusetts came up here to Maine and gets a controlling interest, I judge, in the stock of the Waldo Trust Company. And then does he use that stock for the State of Maine? Does he use the funds for us? No. With a board of directors whom he selects he begins to make loans to a couple of companies down in Massachusetts, and I presume, from the newspaper reports, that he also makes loans to himself. Now let us assume that in that trust company they took the loans or the notes which they had of those Boston or Massachusetts concerns and segregated them and put them apart as securities for their savings department. Let us assume they did it. What happens? Those two Massachusetts concerns, together with the man who owned the control, go into bankruptcy. What do you think of the securities given to those savings deposits which are represented by the notes of those bankrupts of Massachusetts? Do you think the law gives much security there? If there is double the liability, does that amount to anything

in such a situation? Is it worth anything to the depositor of the Waldo Trust Company today that he is liable for twice the value of his stock? He is bankrupt. He is gone. What does that illustrate? It illustrates that under this law we can have our trust companies absolutely controlled and dominated by people outside the State of Maine. Secondly it illustrates that we can have the funds of our trust companies used outside the State of Maine. Thirdly it illustrates that directors or officials of trust companies can, under this law, invest in securities which do not afford protection. It illustrates, fourthly, that your savings deposits, in these trust companies, under the present law, can be used in carrying out the schemes of whoever may secure control, without having had any adequate protection whatsoever.

Now what objection can there be, what reason can there be, for treating savings deposits in a trust company any differently than we by law demand they shall be treated when in a savings bank? I submit to you that those two hundred and twenty thousand depositors, savings depositors in the trust companies in the State of Maine, today believe that they are getting the same protection they are getting in the savings banks. But I say to you that they are not. Every state in New England, and New York and New Jersey, and I know not what others, have a law similar to the law on which I am talking here and which is before you. Maine alone permits only one tenth of a billion dollars of savings. I do not mean to be unfair and I do not want to say that they are not protected today, but I say it permits it to be possible that almost one tenth of a billion of money of the savings of two hundred and twenty thousand people (over a quarter of your population)—makes it possible that these savings under certain conditions may not receive any protection. And I feel it to be my duty to say, because I believe that if they knew it they would want someone to say it, on behalf of two hundred and twenty thousand small depositors in this State that this majority report be rejected and that this House pass the bill which has been offered here, which will give protection to that body of depositors and which is

simply a re-affirmation of the law that has been on the books for I do not know how long, which is declarative of the fact and proposition that it is the policy of the State of Maine to afford protection to savings banks depositors.

Mr. DUDLEY of Calais: Mr. Speaker and members of the House: I will state that I am not now and never have been connected directly or indirectly with any trust company anywhere. But I am interested in this matter from a business standpoint pure and simple. I think the people of the State of Maine should be proud of the record of the banking institutions all over the State. Shortly after the United States began the banking business and down to the Civil War period, the business interests of the states were cared for by two kinds of banks, savings banks and state banks. The savings banks being in the beginning mutual and having no capital invested, received the funds of their depositors, funds not similar to those that are now in trust companies, but, as Judge Chesley said before the committee on banks and banking, it was a peculiar kind of deposits. He stated there that eighty-seven per cent of their deposits was in amounts of one hundred dollars or less, being the deposits of small depositors. Those two kinds of banks run along side by side down to the time the national banks began to come in during the Civil War period, and as time went on and the business of the State increased and industries multiplied, the national banks gradually took on the business of the commercial banks, and the state banks in time went out of business. Then came the national banks with the savings banks doing business under the same restrictions with which they started and the national banks doing a commercial business.

About 1890 there came a demand for a more liberal bank, a bank that would reach out in the smaller communities, that would serve the business interests more liberally than the national banks were able to do, and the trust companies were organized under the laws of the State of Maine. A few years later, owing to a demand from those who were

doing business with the trust companies, the State authorized the trust companies to take on savings deposits. When the State authorized the trust companies to take on savings deposits, this was made a part of the law, that the trust companies shall segregate and set apart and at all times keep on hand so segregated and set apart assets at least equal to the aggregate amount of such deposits. That is what is behind and protecting the depositors in the trust companies, that and the double liability of the stockholders. In 1900 the savings assets of the trust companies were approximately one million and a half dollars, and whether that kind of bank has been successful ought to be judged by what it has done. In the period of twenty-six years that million and a half of savings deposits has been increased to eighty-eight million dollars. I understand that the assets of the savings banks in 1926 were one hundred and twenty-one million dollars. That is, the savings banks in business for over a hundred years have assets of a hundred and twenty-one million dollars as against assets of eighty-eight million dollars of the trust companies in approximately one-fourth of that time.

These trust companies are useful and beneficial to the commercial interests of the State. They are not located altogether, as the national banks are, in the cities and large towns, but also in the small towns. They accommodate the small borrower so he is not obliged to pay exorbitant rates of interest. They are helpful to business of all kinds, and I think they have been very successful, judged by the increase. I think that the gentleman from Topsham, Mr. Aldrich, mentioned that the depositors in the trust companies believe they had the same protection as depositors in savings banks. I believe that there is not one in ten who knows much about the law that protects him in his deposits. I think a man who does business with the banks is influenced in his selection of a bank more by the character and ability and business judgment of the men who are managing that particular bank. I think that is what brings business to any particular bank, regardless of what the law protecting them may be.

I was present at the hearing before the committee. Mr. Aldrich asked whence came this majority report "ought not to pass," and he calls your attention to the fact that on that committee a majority of that committee are men connected with trust companies. Why did he not tell you that those who appeared before the committee urging the passing of this law were representatives of savings banks? Judge Chesley, the legislative agent of the savings banks, said there that this was a measure advocated by the Savings Banks Association. Judge Chesley also stated that of the witnesses whom he called Senator Gifford of Massachusetts was a savings bank man and Mr. Danforth of Bangor, was a savings bank man. These were the only ones who appeared before that committee advocating that law, and they appeared for the savings banks in the State of Maine. I might call your attention, Mr. Speaker, to a statement made by Mr. Gifford before that committee with reference to this bill. He said, "I do not assume that the present situation in Maine as at all dangerous. As a matter of fact I should be willing to assume that, with the calibre of the men operating the trust companies, it was absolutely safe in the savings departments." That was the testimony of Senator Gifford who came from Massachusetts to advocate this law.

Now, my brother from Topsham also mentioned the fact of the recent failure of the Waldo Trust Company, and he asked if that was a result of the perniciousness of the present law. Was it the result of the perniciousness, Mr. Speaker, of any law—that the People's Savings Bank of Bath failed, or the Saco Savings Bank failed, or the York County Savings Bank failed in 1910 with a considerable loss to its depositors, and the Belfast Savings Bank in 1924, regardless of the fact that they were protected by this law?

Mr. George Cary of Portland, who appeared before the committee, stated that some people assume that money deposited in savings banks is absolutely safe. But he said that that is a false presumption. He has been connected with savings banks and trust companies for thirty or forty years, so that what he said as

to these failures of savings banks was true. There have been failures of trust companies. The Waterville Trust Company, in 1909, paid 92½ per cent. The Pittsfield Trust Company, in 1913, paid 100 per cent. The Mousam River, in 1915, paid 100 per cent and interest. And the Lincoln County Trust Company, in 1924, had but a very small loss. I say, Mr. Speaker, that you may protect the depositors as much as you please by law. But it is not the law that fails, it is not the bank that fails; it is the men who are managing it. And I submit that the record of the trust companies shows that the men who have been managing the trust companies are efficient men of integrity and ability.

Now I have just one more word to say and that is this. Would it be wise for us, the members of this Legislature, to attempt to regulate or restrict or change a policy pursued by the trust companies for a period of a quarter of a century with the success that the figures show they have had. They have had twenty-six or twenty-seven years of successful business, and have earned for themselves and their depositors. With that record behind them, why should we now change their policy? This bill of the savings banks is one of the finest specimens, to me, of minding the other people's business that I have seen. Isn't it strange that of that two hundred and twenty thousand depositors in our trust companies, not one single one of them, not one single one of the depositors in the trust companies appeared before the committee in person or by petition to ask this House to give them any protection? I trust that the report "ought not to pass" will be carried.

Mr. SEAVEY of Sherman: Mr. Speaker, I want to say just a few words on this matter. I am one of the majority who signed the report, ought not to pass. This seems an effort on the part of the savings banks to enforce their standard of safety on the trust companies notwithstanding the fact that the factor of safety is in favor of the trust companies now.

If you will go back for a period of thirty years and analyze the figures of the trust companies and the sav-

ings banks down through that period of time, you will find the factor of safety largely in favor of the trust company. Now as to the safety of the savings deposits in the trust companies, it has been called to your attention already, but I will take it up again and go a little farther with it,—what there is back of savings accounts in the trust companies, what there is that would tend to make them safe. The law says that they “shall segregate, and set apart and at all times keep on hand so segregated and set apart assets at least equal to the aggregate amount of such deposits.” Further on it says “The Bank Commissioner may require all such assets as appear to him to be carried in excess of their true value to be charged down to such value.” If there is any fake stock in there, it is up to the bank examiner to see that that stock is marked down to its real value,—its fair value.

Quoting again from the banking laws: “Such assets so segregated and set apart shall be held in trust for the security and payment of such deposits, and shall not be mingled with the other assets of the company, or be liable for the debts or other obligations thereof until after such deposits shall have been paid in full”. All of these assets segregated and set apart as back of the trust company's savings deposits are not subject to attachment or any other debt of the trust company. The assets of the company includes first its capital and, second, its surplus; and the surplus in many cases exceeds the capital and undivided profits. These three items which are large items in a majority of cases are held in this way. All other assets of the company, including the liability of stockholders, shall be held for the payment of all claims, including any balance due said savings depositors, after applying to their payment the assets so segregated and set apart. In case the assets segregated and set apart are not sufficient, then you may take from the capital stock, the surplus and undivided profits, whatever is necessary,—the savings bank depositors to be paid first.

I want to call your attention first to the fact that in Massachusetts,

Connecticut, and in fact all of the New England states except Maine, a very different savings bank law is in force. For instance, take the State of New Hampshire where they can invest 30 per cent of their entire undivided profits in two-name paper! No savings bank of the State shall be allowed to do anything of the kind. In that sense the savings bank of New Hampshire partakes of the nature of a trust company in Maine. In Vermont they may invest one-third in two-name paper; in Connecticut 10 per cent of deposits in bills of exchange and 2-percent in legal collateral.

It seems to me if you want to change the law, you might perhaps liberalize the laws so that they might be of some assistance to the community in which they are located as trust companies are now.

Mr. HATHAWAY of Milo: Mr. Speaker, I am not an orator, I am not a speaker; I am just a new man in the Legislature. I have been down here this winter intending to listen and learn and not speak, but I do not feel as though I would be doing my constituents in eastern Piscataquis county justice if I did not at least say a word on this matter. I am not a banker, but it seems to me that in this matter there are three views,—the banker's point of view, the investor's point of view, and there seems to be another point of view, and that is from the business man's standpoint.

It seems to me that a trust company oils the wheels of progress. I would like to ask the gentlemen in Aroostook county, Washington county, York county, or any other county in this State, how they would like to have their trust companies done away with and oblige them to work along the lines of savings banks. I can speak for eastern Piscataquis county that we would not want to see it done.

The gentleman over here has told us of the healthy progress of trust companies in the last few years. No one has mentioned that savings banks have had a very healthy growth. Mr. Speaker, it would seem to me wrong from a business man's standpoint to make laws to strangle our trust companies. It would seem far better from a business point of view to see if we could not make

more liberal laws to help the puny, sickly sister, the savings bank. (Applause)

Mr. STURTEVANT of East Livermore: Mr. Speaker and members of the House: I am one of the signers of that majority report, and I suppose I should say a word in justification of my attitude.

The depositors in the savings departments of the trust companies of Maine for more than thirty years have looked upon those deposits as safe. They have seen those banks constantly growing, their surplus in undivided profits increasing from year to year, which with capital stock stands as a guaranty for those deposits; and now after all these years there comes this inconsistent demand,—not from these depositors but from the savings banks,—that there be a radical change in the method of investment of the funds of these trust companies. The investments of the savings banks are prescribed definitely by law, as has been said. They can invest only in the securities which are prescribed by the laws of the State government their investment. On the other hand the trust companies are given more latitude, and it is left for the trustees of those institutions to determine what those investments shall be, and this is the question at issue, the savings banks claiming that this is unsound banking; but as has been said just previously, the history of the trust companies from their beginning to the present time proves the contrary.

The field occupied by the savings banks and the trust companies differs materially. The savings banks were organized for the purpose of conserving and protecting the deposits of the small investor. They have no capital stock. The trustees of those institutions are men of large business affairs who have no financial interest in those institutions. They put their money where they can get more than four per cent on it. On the other hand, the trust companies were organized for an entirely different purpose. They occupy a different field. They are instituted primarily to take care of the commercial interest of the communities in which they are located. The stockholders of those banks go into that proposition as a business proposition and no man can become a trustee of a trust company who is not the bona fide owner

of at least ten shares of its capital stock; and when he buys that ten shares or any other amount, he becomes liable for an equal amount in case of loss. Hence the very vital interest that the trustee of the trust company has which the trustee of the savings bank does not have. The capital stock of the trust companies varies in accordance with the size of the communities in which they are located and are graduated according to that standard of population. According to the last bank commissioner's report, the capital of the fifty-four trust companies of Maine was \$5,590,000, and the surplus and undivided profits of those same banks, according to that same report, was \$9,459,000, and the law requires that the trust companies shall accumulate and maintain a surplus of at least fifty per cent of its capital. As a matter of fact these Maine trust companies have accumulated almost two hundred per cent.

Reference also has been made to the segregated assets which the present law requires for the special protection of savings depositors in trust companies, and those segregated assets are at all times under the eye of the bank commissioner, and if at any time he finds those segregated assets are inadequate to fully protect the savings deposits, it is his duty to demand that they be made adequate.

Let us compare for just a moment the security of the savings bank depositor with that of the trust company depositor. Whenever there is any loss in the savings bank—and they have losses, they will not deny that—that loss falls at once on the depositor of the savings bank. There is no money there but his money. On the other hand, take the moderate sized trust company with a capital stock of \$100,000, a surplus and undivided profit of \$175,000, which would be about the average. That bank must lose an amount large enough to swallow up that whole capital stock of \$100,000, its entire surplus and undivided profits of \$175,000, and another \$100,000 of stockholders' double liability, making a total of \$375,000 that the bank must lose before a depositor can lose a cent. Then he cannot lose provided those segregated assets are equivalent to the deposits of the savings department.

The proponents of this bill are urging equal security for the de-

positors of these two classes of banks. I maintain that the depositors of the savings departments of the trust companies have equal or better security today than the depositors in the savings banks would should this bill become a law. There certainly would be very great inequality of protection. If this bill should become a law, and the deposits of these two classes of banks were invested in the same securities, then we would have the savings banks with no capital protection and the trust companies with a capital protection of \$20,000,000; and would any sane man deny that the latter were better secured than the former?

There is another consideration that is of vital importance to the business interests of Maine. Two-thirds of all the deposits of our trust companies are today savings deposits, and under the present law those deposits can be used when necessary to care for the commercial interests of the communities in which those banks are located. If this bill should become a law, it would definitely set aside two-thirds of those deposits from use in commercial purposes. The farmers of Aroostook county had a hard enough time during those lean potato years just a few years back as it was; but what would their plight have been had this bill been in effect during that period?

The personal factor, to my mind figures larger in this matter than anything else. Who are the men that make up the directorate of the trust companies and the banks of the State of Maine? They are not knaves nor thieves nor incompetent. They are your neighbors; you know them; they are men of character, men of integrity, men of high standing in the community in which you live. They are men who have conducted their own personal affairs with success, men who have made money in these same trust companies, but who cannot continue to make money in these trust companies until they shall have first protected and kept safe all of the deposits entrusted to their care.

Ladies and gentlemen of the House, I trust that you will give the majority report of this committee your support. (Applause).

Mr. FOSTER of Ellsworth: Mr. Speaker, one word more will do no

harm. I am not a banker, I am an ordinary lumber dealer. I have been chasing bankers all the time trying to get their money, and if you do not think these trust company officials are hard to get up against when you want a loan, just try it.

One reason for not supporting this bill has not been brought out and I think that is my own personal view of it. We have in our town a trust company with a capital of \$100,000, a surplus of \$100,000, and undivided profits of approximately \$90,000. They have in their commercial department deposits of approximately \$700,000, in their savings department, I think \$2,000,000 and in their commercial loan department approximately \$1,200,000. Now this shows that the savings department is loaning to the commercial department for commercial use \$500,000. My company in this particular bank has the limit of the bank's credit to one concern, which is \$50,000 on our corporation endorsement, and beyond that we are asked to endorse individually. Now should this act become a law the commercial department must return to the savings department that \$500,000 so loaned on commercial paper. In other words, it would cut my borrowing capacity down five-twelfths. I would be allowed a loan of \$30,000 instead of \$50,000, and there are hundreds of other business concerns in the State who would be in just the same position as I am.

I am not going into figures any further because perhaps you have heard enough of that; but personally I do not believe that this is the time to withdraw from the commercial use the amount of money now in use by the commercial departments of the trust companies, which is approximately \$19,000,000 and attach that to the \$70,000,000 making approximately \$88,000,000 which is on deposit with the savings department invested in this long line of securities which are practically all from out of the State because there are not securities enough in the State to absorb this amount of money.

I am inclined to believe that the industries of our State are entitled to all the legal constructive credit that these banking institutions can offer them today, and I do not believe they are entitled to the destruction that

might happen to them if this bill became a law; and I believe that every member of this House, after careful consideration, before voting will agree with four-fifths of the committee on banking in this Legislature when they reported this bill, ought not to pass. (Applause).

Mr. CROCKETT of Hollis: Mr. Speaker and members of the House: I am pleased to be identified as one who signed the majority report.

House Document No. 62 is intended to protect the savings depositors in trust companies of Maine which is its only purpose according to its proponents. Support of this measure in the lobby has been very active and persistent throughout the whole session. It is interesting at least to note in this connection the source from whence that support has come—not from our trust company depositors, large or small, and there are over 200,000 of them in our State, but from a small group closely identified with our savings banks. At the public hearing no one appeared for the measure excepting a few savings banks officials, but many appeared in opposition.

I have had some experience in institutions of both types. For one and a half years I was treasurer of the Buxton and Hollis Savings Bank, being the third man elected to that position, although the bank was organized in 1878. In January, 1923, it became a branch of the Casco Mercantile Trust Company of Portland, and since that time I have been Assistant Treasurer of the trust company and manager of its Buxton and Hollis Branch. Although the savings bank had kept within the legal restrictions imposed by law, and although no one connected with it was guilty of any wrong doing, its affairs were in bad shape, so much so that finally it appeared impossible to work out of the difficulty without assistance. At the end of lengthy negotiations, the trust company assumed control, and in so doing performed a great service which has been greatly appreciated in that section of the Saco Valley. Our depositors in the savings bank suffered no loss and today enjoy every form of service that is consistent with good banking. Forced liquidation at that time would have meant inevitable loss to the depositors as

well as the loss of a banking institution in the community. I trust you will appreciate the significance of this little bit of local history.

In a letter of recent date, sent out by the proponents of this bill, we find the following statement: "Two recent failures of banks with just this type of control (trust company control) show all too plainly the folly of withholding protection from our working people who are placing their hard-earned savings in trust company savings departments." Perhaps the author of this letter has forgotten that it was only a few years ago that a savings bank failed in Belfast, where I presume some of the same working people had placed their hard-earned savings. Legal restrictions did not save it. More legal restriction would not have saved the more recent failure of the Waldo Trust Company located in the same city, according to the following statement of Commissioner Smith: "The plaintiff, upon examination of the said Waldo Trust Company, is of the opinion that it and its directors, officers, agents and employees have exceeded its and their powers and has failed to comply with certain rules, restrictions and conditions provided by law." It seems, then, that the Waldo Trust Company failed to comply with the law. We recognize the need of legal restriction, but we cannot guarantee good judgment, secure valuable experience, or create integrity by any legislative enactment, and these are the things that really make a bank safe—honesty, business experience, and the good judgment of the men who directs its affairs. Stringent measures will not protect so long as institutions fail to comply with the law or where good management is lacking.

Reasonable restrictions are necessary and are welcomed, but there are many good reasons why trust companies in Maine should not be obliged to invest their deposits in savings departments solely in investments legal for Maine savings banks.

Investments legal for Maine savings banks are not necessarily safe. The regulations set certain limits, within which investments may be made, but judgment and experience are necessary to select the really

first-class securities. There are numerous bonds, not legal for savings banks, which are far preferable to others which are legal, but a safe classification of such securities would be so difficult that no attempt has been made. It would be more sane action to open the field to savings banks, rather than to restrict the investment of the trust companies.

Another reason: Savings banks are taxed three-eighths to five-eighths of one per cent (average about one-half) of deposits, less certain tax exempt securities which they may hold. Savings banks pay no tax under the Federal Income Tax Law. Trust companies are taxed one-half of one per cent on all deposits in their savings departments (with exemption similar to savings banks). In addition to the above, trust companies are taxed under the United States income tax law, thirteen and one-half per cent of their net income, which makes a very serious additional tax. National banks, which are competitors of both savings banks and trust companies, pay the Federal income tax, but have no State tax on deposits. It is not fair that the trust companies should pay both ways. Should a law be enacted, requiring trust companies to limit their investments of savings deposits as proposed, they could obtain a national bank charter and thus avoid paying the one-half per cent tax to the State. This would mean a serious loss to the State income.

The main reason advanced by the proponents of the proposed law is that it would give a larger share of security to the savings deposits in trust companies. This may well be doubted, because in the rush to obtain such securities and not to forfeit too much interest, there would be a strong temptation to buy securities which just came within the law and were not as secure as many others which might have to be disposed of.

The law would necessitate the change of so many millions of dollars in investments that the price of securities legal for Maine savings banks would necessarily be heavily advanced, to the detriment of both savings banks and trust companies.

Savings are protected in trust companies by segregation of secur-

ities of equal market value, and all deposits in trust companies are secured by the guarantee of the capital stock, surplus, undivided profits, and additional liability as provided under the law. This obviates in a considerable measure the restrictions felt necessary in regard to savings banks which have only the protection of what surplus may have been earned.

It has generally been considered safe to allow the officers and the directors of trust companies somewhat wider powers than the officers and trustees of savings banks from the fact that they are generally men of broader business experience with large amounts of capital invested in the banking business, with much at stake personally, while the trustees of savings banks receive little or no compensation for their services.

Should the proposed law be enacted, it seems to be inevitable that millions of dollars would of necessity be withdrawn from the commercial business channels of the State of Maine, requiring that our business men should have to go out of the State to obtain capital. This is undoubtedly the most serious objection to the proposed law and would undoubtedly bring protest from every line of business in the State.

It is quite true that a dollar deposited in the savings department of a trust company is no different from a dollar deposited with a savings bank. It looks just the same in both places and has the same face value. But we should not fail to keep in mind that the savings bank and the trust company are different institutions, that they are not operating in the same field. It is not necessary for me to define or explain their difference. It is well understood. You have known the savings bank from childhood, unchanged. The trust company is a legitimate development in banking. It is a progressive institution that serves every modern banking requirement. Restrict the trust company in its field and you will disturb the business interests of our entire State. Our trust companies are important factors in business. Hamper them and you hamper business. We talk about bringing new industries into Maine. We shall do well, I think, to watch our steps and not do anything

to embarrass present industries. As has been stated, a proponent of this bill stated at the public hearing that he did not assume there was any danger in Maine trust companies at the present time.

I do not look upon this particular measure as constructive in any sense. Quite likely we shall discover, if it is enacted, that we have thrown a monkey wrench into the machinery. The purpose of this bill, its only ostensible purpose, is to give the savings depositors in trust companies the same protection given by the savings banks. Now I am going to submit that the depositor has nothing to fear in placing his savings in either of these institutions, provided he pick an institution that is properly managed.

Is the record of our savings banks in Maine so much better than that of our trust companies, I ask, that this restrictive legislation is needed? The history of banking in Maine, for the past thirty years, will give an answer to that question. The experience of the Buxton and Hollis Savings Bank is a striking and pertinent illustration in this connection. In view of the splendid record of our trust companies in Maine, and with special reference to the protection of savings deposits, I submit to your good judgment and sense of fairness that limitation of this kind is quite unjust and wholly unwarranted.

Mr. LAIT of Old Town: Mr. Speaker, I move the previous question, and that the Messenger be ordered to round up the members so we can vote on the question.

Mr. CHASE of Cape Elizabeth: Mr. Speaker, is the motion for the previous question debatable?

The SPEAKER: It is not. The gentleman from Cape Elizabeth may proceed if he wishes to debate the previous question.

Mr. CHASE: Mr. Speaker, I had some remarks that I wished to make in reference to this bill, and I think in view of the fact that I expected to speak on the savings bank side of the problem, and only one has spoken on that side and about seven or eight on the other—that a spirit of fairness might afford an opportunity for one or two to speak now or at some other time. I have no choice as to when this shall be.

Mr. INGRAHAM of Bangor: Mr. Speaker, I move we adjourn.

The motion to adjourn being doubted, a viva voce vote was taken, and the motion to adjourn failed of passage.

Mr. LITTLEFIELD of Kennebunk: Mr. Speaker, I move the vote when taken be by a yea and nay vote.

The SPEAKER: The Chair will state that there has been a request for the previous question. As many as are in favor of this request will rise and stand until counted and the monitors will return the count. This requires a vote of one-third.

Mr. HAMEL of Lewiston: What is the request, Mr. Speaker?

The SPEAKER: The first question would be the question of whether the House will entertain the previous question; that is the previous question is put and if one-third vote for it, then the question will be whether the main question will be voted on, which will require a majority vote. If a majority vote in favor of it, the main question upon the acceptance of the majority report will then be put, or, in other words, it will end the debate. As many as are in favor of the request for the previous question will rise and stand until counted and the monitors will return the count.

Mr. ROY of Lewiston: Mr. Speaker, I really don't understand what that previous question is.

The SPEAKER: The Chair will again state that a request has been made for the previous question, the purpose undoubtedly being to bring the matter to a vote. If the request is granted, it requires one-third of the members voting. The next step is shall the previous question be put which requires a majority vote. If that is carried then the main question is voted upon without further debate.

A division being had,

Seventy having voted in the affirmative for the request for the previous question the request was carried.

The SPEAKER: The question now before the House is shall the main question be put now?

Mr. LITTLEFIELD of Kennebunk: Mr. Speaker, do I understand that the yea and nay vote will not be taken or will be taken?

The SPEAKER: That can be taken upon the main question, the Chair will state. As many as are in favor of the main question being put will

rise and stand until counted and the monitors will return the count.

A division being had,

Ninety-six voting in the affirmative, the main question was ordered.

The SPEAKER: The request has been made on motion for the ye and nay vote. As many as are in favor of so voting will rise and stand until counted and the monitor will return the count.

Mr. CHASE of Cape Elizabeth: Mr. Speaker, I move to table the pending motion and all connecting matters.

A viva voce vote being taken, the motion to table failed of passage.

The SPEAKER: As many as are in favor of the vote being taken by a ye and nay vote will rise and stand until counted and the monitors will return the count.

A sufficient number having arisen, the ye and nay vote was ordered.

The SPEAKER: The question before the House is upon the acceptance of the majority report, ought not to pass, on the act relating to savings deposits in trust companies. Is the House ready for the question? The Clerk will call the roll.

Mr. ALDRICH of Topsham: Mr. Speaker, as I understand it, the motion is that the majority report be accepted.

The SPEAKER: That the majority report, ought not to pass, be accepted. A vote yes is in favor of the acceptance of the ought not to pass report and a vote no is against its acceptance. The Clerk will call the roll.

YEA—Allen, Anderson, New Sweden; Ayer, Bisbee, Bissett, Booker, Boston, Brackett, Brewster, Briggs, Buker, Burns, Cain, Clinton; Carleton, Portland; Chamberlain, Chaney, Church, Clifford, Cole, Comins, Cram, Crawford, Crockett, Cyr, Daigle, Davitt, Deakin, Deering, Dennison, Douglas, Dudley, Calais; Dudley, Castle Hill; Ellis, Farrington, Ferguson, Flint,

Folsom, Forhan, Foster, Fuller, Gay, Gillespie, Goodwin, Lebanon; Goodwin, Sanford; Hale, Hammond, Hamel, Harris, Hathaway, Heath, Holbrook, Houghton, Hughes, Ingraham, Jones, Kane, Addison; King, Kinsman, Kitchen, Lait, Laughlin, Leathers, Lowell, MacKinnon, Maloon, Mansfield, Marriner, McKnight, McLean, Melcher, Morrill, Nadeau, Patterson, Pendexter, Pike, Piper, Powers, Richardson, Robie, Westbrook; Rounds, Roy, Ruggles, Sargent, Saucier, Seavey, Snow, Snowman, Staples, Eliot; Staples, Waterville; Stone, Bridgton; Storm, Sturtevant, Tripp, Vail, Varnum, Webber, Wheeler, White, Williams, Falmouth; Williams, Webster; Wing, Auburn; Winslow, Wood, Wyman.

NAY—Aldrich, Anderson, South Portland; Bartlett, Belleau, Bishop, Brown, Bruce, Butler, Carleton, Winterport; Chase, Cowell, Decker, Eustis, Gagne, Gilchrist, Griffin, Hawkes, Holman, Littlefield, Marden, McCart, McIntire, Mears, Metcalf, Morin, Norwood, Page, Rawley, Robie, Gorham; Stone, Biddeford; Sturgis, St. Clair, Thurston, Weston, Wing, Kingfield.

ABSENT—Bailey, Blaisdell, Boynton, Breen, Greenleaf, Greene, Jackson, Merrill, Milliken, Smith, Tucker.

Yes—104.

No—35

Absent—11.

One hundred and four having voted in the affirmative and 35 in the negative, the majority report, ought not to pass, was accepted.

On motion by Mr. Piper of Jackman the House voted to reconsider its action whereby tomorrow at ten o'clock was assigned for the third and second readings of certain bills and resolves; and on further motion by the same gentleman nine o'clock tomorrow morning was assigned for that purpose.

On motion by Mr. Piper of Jackman,

Adjourned until nine o'clock tomorrow morning.