

# MAINE STATE LEGISLATURE

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LEGISLATIVE RECORD

OF THE

*Ninety-Fourth Legislature*

OF THE

STATE OF MAINE

1949

DAILY KENNEBEC JOURNAL  
AUGUSTA, MAINE

## SENATE

Wednesday, March 16, 1949

The Senate was called to order by the President.

Prayer by the Reverend William H. Johnson of Rumford.

Journal of yesterday read and approved.

### From the House

Bill "An Act Limiting Milk Control to Producers." (H. P. 1960) (L. D. 1345)

Which was referred to the Committee on Agriculture in concurrence.

"Resolve Providing for a Vocational Technical Institute in Aroostook County." (H. P. 1961) (L. D. 1346)

Which was referred to the Committee on Appropriations and Financial Affairs in concurrence.

Bill "An Act Relating to Accident and Health Insurance." (H. P. 1963) (L. D. 1348)

Which was referred to the Committee on Mercantile Affairs and Insurance in concurrence.

Bill "An Act Relating to Fines in Motor Vehicle Violation Cases." (H. P. 1964) (L. D. 1347)

Which was referred to the Committee on Ways and Bridges in concurrence.

The Committee on Sea and Shore Fisheries on "Resolve to Repeal Clam Cleansing Research," (S. P. 237) (L. D. 351) reported that the same ought to pass.

(In the Senate, on March 10th, report accepted, and bill passed to be engrossed.)

Comes from the House, recommended to the Committee on Sea and Shore Fisheries in non-concurrence.

In the Senate, on motion by Mr. Larrabee of Sagadahoc, the Senate voted to reconsider its former action whereby the bill was passed to be engrossed; and the bill was then recommended to the Committee on Sea and Shore Fisheries in concurrence.

## House Committee Reports

The Committee on Appropriations and Financial Affairs on Bill "An Act Relating to Investment of Sinking Funds," (H. P. 1363) (L. D. 716) reported that the same ought to Pass.

The Committee on Inland Fisheries and Game on "Resolve Closing East Pond Stream to All Fishing," (H. P. 654) (L. D. 1305) reported that the same ought to pass.

The Committee on Judiciary on Bill "An Act Relating to Acquisition or Loss of Pauper Settlement by Dependent Children," (H. P. 1495) (L. D. 851) reported that the same ought to pass.

The same Committee on Bill "An Act Relating to the County Law Library of Penobscot County," (H. P. 1489) (L. D. 846) reported that the same ought to pass.

The same Committee on Bill "An Act Relating to Illegal Marriage and Annulment Thereof," (H. P. 1162) (L. D. 614) reported that the same ought to pass.

The same Committee on Bill "An Act to Provide Reciprocal Comity for the Collection of Taxes," (H. P. 1302) (L. D. 682) reported that the same ought to pass.

The Committee on Public Utilities on Bill "An Act to Extend the Rights, Powers and Privileges of the Penobscot Valley Water Company," (H. P. 1661) (L. D. 969) reported that the same ought to pass.

The same Committee on Bill "An Act to Extend the Territorial Limits of the Dover-Foxcroft Water District," (H. P. 1658) (L. D. 966) reported that the same ought to pass.

The same Committee on Bill "An Act Relating to Exemptions from Regulations of Motor Carriers," (H. P. 1583) (L. D. 905) reported that the same ought to pass.

Which reports were severally read and accepted in concurrence, the bills and resolve read once, and tomorrow assigned for second reading.

The Committee on Legal Affairs on Bill "An Act Enlarging the Powers of the West Paris Village Corporation," (H. P. 300) (L. D. 88) reported the same in a new draft

(H. P. 1957) (L. D. 1332) under the same title, and that it ought to pass.

The Committee on Banks and Banking on Bill "An Act Relating to Powers of Industrial or Morris Plan Banks," (H. P. 1364) (L. D. 717) reported the same in a new draft (H. P. 1958) (L. D. 1334) under the same title, and that it ought to pass.

The Committee on State Lands and Forest Preservation on "Resolve Authorizing the State Tax Assessor to Convey by Sale Certain Interest of the State in Lands in the Unorganized Territory," (H. P. 858) (L. D. 327) reported the same in a new draft (H. P. 1959) (L. D. 1333) under the same title, and that it ought to pass.

Which reports were severally read and accepted in concurrence, the bills and resolve, in new draft, read once, and tomorrow assigned for second reading.

The Committee on Public Utilities on Bill "An Act Relating to the Ashland Water and Sewer District," (H. P. 755) (L. D. 292) reported that the same ought to pass as amended by Committee Amendment "A".

The Committee on Judiciary on Bill "An Act Relating to Inspections and Recounts in Municipal Elections." (H. P. 1493) (L. D. 849) reported that the same ought to pass as amended by Committee Amendment "A".

Which reports were severally read and accepted in concurrence, and the bills read once; Committee Amendments "A" were severally read and adopted in concurrence, and the bills as amended were tomorrow assigned for second reading.

#### Referred to Committee

The following bill was received, and on recommendation by the Committee on Reference of Bills, was referred to the following committee:

#### Judiciary

Mr. Bowker of Cumberland presented Bill "An Act Providing for

Runoff Primary Elections." (S. P. 623)

(Ordered printed.)

Sent down for concurrence.

#### Order

On motion by Mr. Haskell of Penobscot, it was

ORDERED, that a message be sent to the House of Representatives proposing a convention of both branches of the Legislature, to be held forthwith in the Hall of the House for the purpose of extending to his Excellency, Governor Frederick G. Payne, an invitation to attend the Convention and make such communication as pleases him.

The Secretary delivered the message and subsequently reported that he had performed the duty assigned to him.

Subsequently a message was received from the House by Mr. Pease, its Clerk, concurring in the proposition for a joint convention for the purpose of extending an invitation to his Excellency, Governor Frederick G. Payne, to attend the Convention and make such communication as pleases him.

The Senate retired to the Hall of the House of Representatives where a joint Convention was formed.

(For proceedings of Joint Convention, see House Report.)

#### In the Senate

The Senate was called to order by the President.

#### Senate Committee Reports

Mr. Ela from the Committee on Inland Fisheries and Game on Bill "An Act Relative to Prosecutions of Inland Fisheries and Game Laws to be Published," (S. P. 404) (L. D. 743) reported that the same ought not to pass.

(On motion by Mr. Williams of Penobscot, tabled pending consideration.)

Sent down for concurrence.

Mr. Allen from the Committee on Taxation on "A Concurrent Reso-

lution Memorializing and Requesting the Congress of the United States to Enact a Bill to Aid the State in the Enforcement of the Cigarette Tax Now Evaded by the Use of the United States Mails," (S. P. 595) (L. D. 1266) reported that the same be adopted.

(On motion by Mr. Allen of Cumberland, tabled pending adoption.)

Sent down for concurrence.

Mr. Savage from the Committee on Appropriations and Financial Affairs on Bill "An Act to Appropriate Monies for the Expenditures of State Government and for Other Purposes for the Fiscal Years Ending June 30, 1950 and June 30, 1951," (S. P. 97) (L. D. 103) reported the same in a new draft (S. P. 624) under the same title and that it ought to pass

Which report was read and accepted and the bill in new draft laid upon the table for printing under the joint rules.

Mr. Savage from the Committee on Appropriations and Financial Affairs on Bill "An Act Relating to Lamoine Naval Coaling Station," (S. P. 499) (L. D. 1000) reported that the same ought to pass.

Mr. Bowker from the same Committee on "Resolve Appropriating Funds to Provide for a Reclassification and Compensation Survey," (S. P. 562) (L. D. 1227) reported that the same ought to pass.

(On motion by Mr. Brewer of Penobscot, tabled pending acceptance of the report.)

Mr. Ela from the Committee on Inland Fisheries and Game on Bill "An Act Relating to Powers of Inland Fish and Game Wardens, as Coastal Wardens," (S. P. 501) (L. D. 1002) reported that the same ought to pass.

Mr. Allen from the Committee on Taxation on Bill "An Act Relating to Taxation of Musical Instruments," (S. P. 254) (L. D. 353) reported that the same ought to pass.

Which reports were severally read and accepted, the bills and resolves read once, and tomorrow assigned for second reading.

Mr. Savage from the Committee on Appropriations and Financial Affairs on "Resolve Reimbursing Certain Towns for Losses Incurred During Forest Fires of 1947," (S. P. 569) (L. D. 1234) reported that the same ought to pass as amended by Committee Amendment "A" submitted herewith.

Which report was read and accepted and the resolve was given its first reading. The Secretary read Committee Amendment A:

"Committee Amendment A to L. D. 1234. Amend said bill by adding to the second line before the word 'general', the words 'unappropriated surplus of the'."

Which amendment was adopted and the resolve as so amended was tomorrow assigned for second reading.

Mr. Bowker from the Committee on Inland Fisheries and Game on "Resolve Regulating Fishing in Hayden Lake, in the County of Somerset," (S. P. 376) (L. D. 642) reported that the same ought to pass as amended by Committee Amendment A submitted herewith.

Which report was read and accepted and the resolve was given its first reading. The Secretary read Committee Amendment A:

"Committee Amendment A to L. D. 642. Amend said resolve by striking out in the last line thereof the words, 'June 1' and inserting in place thereof the words, 'June 21'."

Which amendment was adopted and the resolve as so amended was tomorrow assigned for second reading.

Mr. Bowker from the Committee on Inland Fisheries and Game on "Resolve Regulating Fishing in Hayden Lake, in the County of Somerset," (S. P. 376) (L. D. 642) reported that the same ought to pass as amended by Committee Amendment "A" submitted herewith.

Which reports were severally read and accepted, and the resolves read once; Committee Amendments "A" were severally read and adopted and the resolves as amended were

tomorrow assigned for second reading.

The Majority of the Committee on Judiciary on Bill "An Act Relating to Certain Procedures in Inheritance Tax Law," (S. P. 273) (L. D. 446) reported the same in a new draft (S. P. 625) under the same title, and that it ought to pass. (signed)

Senators: BARNES of Aroostook  
WARD of Penobscot

Representatives:  
BURGESS of Rockland  
WOODWORTH  
of Fairfield  
PAYSON of Union  
MUSKIE of Waterville  
McGLAUFN  
of Portland  
SILSBY of Aurora

The Minority of the same Committee on the same subject matter, reported that the same ought not to pass.

(signed)

Senator: ELA of Somerset  
Representative:

WILLIAMS of Auburn

On motion by Mr. Ela of Somerset, the report and accompanying papers were laid upon the table pending acceptance of either report.

**Passed to be Engrossed**

Bill "An Act Relating to Sale of Wild Hares and Rabbits." (H. P. 353) (L. D. 118)

(On motion by Mr. Boucher of Androscoggin, tabled pending passage to be engrossed.)

Bill "An Act Relating to the Appointment of Municipal Town Forest Fire Wardens." (H. P. 1538) (L. D. 867)

Bill "An Act Authorizing the Forest Commissioner to Take Necessary Means to Control Forest Insects and Diseases." (H. P. 1741) (L. D. 1095)

Which bills were severally read a second time and passed to be engrossed in concurrence.

Bill "An Act Relating to Taking of Clams in Ogunquit Village Corporation." (H. P. 317) (L. D. 97)

Bill "An Act to Provide Forest Fire Prevention and Control in Unorganized Areas Not in the Maine Forestry District." (H. P. 1887) (L. D. 1205)

Which bills were severally read a second time and passed to be engrossed, as amended, in concurrence.

**Orders of the Day**

On motion by Mr. Ward of Penobscot, the Senate voted to take from the table Senate Report from the Committee on Judiciary on Bill, An Act Relating to Privilege of Newspaper and Press Association Employees from Disclosing News Sources (S. P. 57) (L. D. 33); Majority Report "Ought to Pass in New Draft" (S. P. 592) (L. D. 1249); Minority Report, "Ought Not to Pass" tabled by that Senator on March 3rd pending consideration of the reports.

Mr. WARD of Penobscot: Mr. President, I move acceptance of the majority "Ought to Pass" report of the committee and in support of that motion, this bill is a bill which would extend to newspaper reporters and people connected with the publication of newspapers the privilege of not disclosing the source of information upon which they base a newspaper story. The privilege would apply only when the information is obtained and also published.

The bill is made up of two sections—Section 36 which grants the privilege, and then Section 37, which is put in there to protect the public interest. At any time after a story has once been published in the newspaper, if somebody feels that the source of that information is essential to the public interest then they can petition the Superior Court in term time or in vacation and have a hearing, and if the Justice of that court decides that it is essential to the public interest that the source of the information be disclosed, then the Court can issue an order compelling the reporter to disclose, so that it would seem that under this second sec-

tion the public's interest is amply protected.

Now, you may wonder what prompted the introduction of this bill, and I will say that it was as result of a situation which arose in the spring of 1948 in the State of New York, a case which has come to be known as the "Newburgh Case". It would seem the newspapers published stories pointing out that certain gambling activities were taking place in Newburgh and the prosecuting officials refused to take notice of it. To follow up on the situation, a reporter purchased a couple of so-called numbers, lottery tickets, and published copies of these in the newspaper. A prosecuting official summoned the reporter to appear before the grand jury and the reporter refused to disclose where he purchased the lottery tickets. As result of that he was adjudged to be in contempt of court and was sentenced to serve a sentence of ten days in jail. As result of this case which received nation-wide publicity there was some talk in Congress relative to action on a national basis and a number of these privilege or confidence bills have been presented to various legislatures throughout the nation.

I might say at the present time the State of Alabama, Arizona, Arkansas, California, Indiana, Kentucky, Maryland, Montana, New Jersey, Ohio and Pennsylvania have such confidence bills on their statute books. Most of these laws which are on the statute books of the states I have referred to are practically identical with Section 1 of the present bill which we are considering.

In the state of California the first legislation on this subject was enacted in 1872. The present law of the state of California provides as follows: "There are particular relations in which it is the policy of the law to encourage confidence and to preserve it inviolate; therefore, a person can not be examined as a witness in the following cases", and there are six instances and No.

6 provides "A publisher, editor, reporter, or other person connected with or employed upon a newspaper can not be adjudged in contempt by a court, the Legislature, or any administrative body, for refusing to disclose the source of any information procured for publication and published in a newspaper."

I might say also in connection with the states which I have mentioned that the various officials in those states have made public announcement as to their attitude in relation to the law. The attorney general of the States of Pennsylvania has stated "Nothing has come to my knowledge indicating that the law has interfered with law enforcement or prosecution of criminals nor that it has handicapped the Department of Justice. I have not, and believe that none of my deputy attorneys general have encountered any situations where the law in question affected us adversely. I have inquired of the commissioner of our State Police, and his experience has been the same." The Chief of Police of the State of Ohio has stated "The law in the State of Ohio has not interfered with enforcement of law nor with the prosecution of criminals, nor has it handicapped the police in any manner."

The Attorney General of Kentucky, the Chief of Police of South Bend, Indiana, the Assistant Attorney General of Arkansas, the Chief of Police of Louisville, Kentucky, the Attorney General of Montana, the Police Commissioner of Baltimore, Maryland, the Attorney General of Arizona, the Attorney General of Ohio, the Deputy Attorney General of Indiana, and the Chief of Police of San Francisco, California have made similar statements in connection with the operation of this law in their states.

I believe that we all recognize the fact and have noted various instances throughout this country where the newspaper profession and newspaper reporters have aided very considerably in the detec-

tion and prevention of crime. There is hardly a murder case of any consequence in the country that newspaper reporters do not take a very active interest in the solution, and have always actively cooperated with the police and law enforcement officers in bringing these people to court.

There are occasions where, in the matter of public interest, it might be advisable for newspaper reporters to be put in a position where it would not be necessary for them to disclose the source of their information. Most of these cases, and there have been a few others which have come up throughout the country, but most of them are cases which applied to corruption, laxity or inefficiency with public officials and have to do with gambling and that sort of activity. The cases which have come to my attention have to do, one with the bootlegging situation and the other with gambling instances.

Now, you may think that, or it may occur to you if you pass such a bill it may possibly tend to increase what might be called "yellow journalism." If you have yellow journalism today you have it without the assistance of this law. If you pass this law, the law does not in any way affect the criminal libel laws of the State or the civil libel laws of the State. Any reporter or newspaper which published a matter which would make him criminally or civilly liable in an action for libel could be brought to court after passage of this law just as well as he can today.

Now, this bill has not been presented by any fact or situation which has arisen in the State of Maine. It is simply the locking of the barn door before the horse gets away. I believe if we pass this law it would tend toward a much better press in the State of Maine and if similar laws are passed in the forty-eight states it will tend to a better press throughout the nation.

Now, we talk and pride ourselves on the freedom of the press in the United States. We criticise some of the countries in Europe in the way

they handle press relations. I could not help but be attracted to a cartoon that was in the newspaper. This was supposed to be a radio station behind the Iron Curtain, and a gentleman is standing before the microphone and says "Who says we have no free press? Only yesterday one of our comrade editors took issue with the government—he was 40 years of age." (Laughter)

I hope the members of the Senate will give this matter favorable consideration.

Mr. BARNES of Aroostook: Mr. President, this bill was one on which I had a great deal of difficulty in making up my mind. As a matter of fact, the Senator from Penobscot, Senator Ward, could tell you if he wanted to, at first I thought the bill was deserving and worthy, and later I changed my mind on the bill. I want to give you the reasons why I changed my mind and when the time comes, I want you members to vote on it as you see it, and I will be satisfied with the result.

It is often interesting to note on any matters of legislation on the more than 2,000 bills presented to the legislature from whence it comes and from where it gets its backing. At the hearing on this bill one columnist from one newspaper in the State appeared in behalf of the bill. I have since become satisfied in my own mind that the other papers in the State of Maine are not interested in it.

Now, back somewhere around 1840 a young man graduated from what was then a young college in the State of Maine—Colby College. His name was Elijah Parish Lovejoy. After graduation he went to Altona, Illinois and set up a newspaper. He was a publisher. Twice during the course of the conduct of his newspaper, his newspaper office and printing shop was raided and destroyed. The third time this thing was about to happen Elijah Parish Lovejoy, in defense of his property and the freedom of the press, was shot and killed and became the patron saint, so far as



the United States of America is concerned, for freedom of the press.

I yield to no man in defense of the freedom of the press. I don't believe that this bill seriously concerns the freedom of the press, at least in the State of Maine. I care not what other states have done but I don't think that this State, with an isolated instance that happened in New York, should get hysterical and pass a law that isn't necessary.

Now, there are two reasons why this law is not necessary, to my way of thinking. In the first place, I argue that we, as citizens in the State of Maine, are interested in the apprehension and punishment of those who violate our criminal laws. This bill, if passed, would be a decided stumbling block in the way of such enforcement. As originally drawn, there was no appeal whatever of the decision of the newspaper reporter not to reveal the source of information on any matter he published. The amendment that now exists in the law permits the authorities to petition the superior court to determine whether or not a reporter should be compelled to answer questions asked him in a criminal proceeding. This matter of appeal is a slow matter at times, and would certainly impede orderly detection, apprehension and punishment of criminals. Therefore, for that reason I am against this bill. There is no need of it in the State of Maine. It would certainly have the result I have pointed out and I am not for it.

The second reason I am not for it, it seems to set up a new kind of privilege in the State of Maine. Today we have privileges which extend to the priests who hear members of the parish who come to them to make confessions. We have privileges extended to doctors and their patients who come to them for treatment. We have the privilege that extends to clients of lawyers who come to them for consultation and advice on matters they have troubling them. Those privileges

are based on the sound proposition that any citizen should be entitled to go to confessional, should be entitled to go for treatment, should be entitled to go to a lawyer for advice on the way he should act. This bill, on the most casual study, would reveal privilege to criminals because a newspaper reporter who has worked up a case for publication in his paper and is interested in the number of inches he gets in publication, would be given privilege not to reveal the source of his information.

So far as freedom of the press is concerned, there might be a small dot of freedom of the press in this question but it also gives to the criminal a privilege and I do not believe the State of Maine is ready to give that privilege.

I do not think this is the most important bill to come before this legislature. I don't believe freedom of the press is deeply involved in this matter if it is involved at all. I do not think there is a demand for this by newspapers in general in Maine. I feel it would impede detection, the apprehension of criminals, and I feel it would give a privilege to criminals, and therefore, I and others signed the minority report. We feel this is not wise legislation and I hope that the motion of the Senator from Penobscot, Senator Ward, does not prevail.

Mr. WARD: Mr. President, the Senator from Aroostook, Senator Barnes would indicate only one person in the State of Maine connected with newspapers has an interest in this bill. It is true that only one gentleman appeared and spoke before the committee and that was the gentleman connected with the Bangor Daily News, Bangor, Maine.

In addition to his appearance before the committee, the committee had for its consideration a letter which was written by the General Manager of the Lewiston Sun-Journal, Mr. R. H. Costello, who discusses the bill and states "We have carefully studied this bill and are heartily in favor of its passage."

The Daily Kennebec Journal, a letter from Mr. Edward Byron, General Manager, who states "I sincerely hope that your bill will pass." A letter from the Manager of the Waterville Morning Sentinel, who endorses the bill and hopes it receives passage. A letter from the Bangor Daily Commercial, Mr. James D. Ewing, who recommends passage of it. A letter from the Guy Gannett Publishing Company signed by Roger C. Williams, Assistant General Manager, who urges passage of the bill. A letter from the Assistant Publisher of the Bangor Daily News who urges passage of the bill. A letter from the publisher of the Biddeford Daily Journal who does likewise. A letter from the Maine Daily Newspaper Publishers Association who states "One of the most cherished prerogatives of a free people is to repose confidence in their newspapers, particularly in their efforts to protect their freedom by cooperating with the press in preventing or correcting certain conditions which may seek to deprive them of their guaranteed constitutional freedom and liberties. After careful consideration, the Maine Daily Newspaper Publishers Association feels that there is a need for enactment of Legislative Document No. 33, An Act Relating to Privilege of Newspaper and Press Association Employees from Disclosing News Sources. It is in line with the guarantees of a free press and free speech, and has the unanimous support of this Association. Respectfully yours, Leo Joncas, President."

In addition to that, I have here at least one editorial which appeared in the Lewiston Evening Journal.

Now, this bill in no way extends privilege to any criminals. Whatever evidence or whatever information a newspaper reporter is able to obtain, a law enforcement officer is also able to secure that information. What this bill does do, it makes it so that a county attorney can not compel a newspaper reporter to hand him a prepared case

to present to the grand jury. When the vote is taken, Mr. President, I request a division.

Mr. SLEEPER of Knox: Mr. President, and fellow members of the Senate, the import of this bill was brought to my attention by a powerful group—not the Appropriations Committee—prior to its hearing, and I was admonished, asked and requested to appear at the hearing and oppose the passage of this measure.

I did not for one moment think the committee would have any question in their minds but what the bill would not pass. I personally feel that this is the entering wedge of a very serious trend of American thought. If we exempt newspaper reporters, and I doubt very much if they want to be exempt in a case like this, what is the next group we exempt? The next group might be radio announcers. The next group perhaps would be the deputy sheriffs in the performance of their duties. Perhaps the next group would be policemen. It will keep on until no one will have to testify.

I certainly do not think this Senate wishes to pick out any one class of its citizens and exempt them from making their testimony. It is certainly not fair and it is certainly leading us in the wrong direction. I certainly hope the bill will not have passage.

Mr. ALLEN of Cumberland: Mr. President, it was not my intention to make any comments at all on this bill but I feel very strongly in favor of the bill which the Senator from Penobscot, Senator Ward has presented to the legislature. For a very brief time I was connected with a newspaper in Portland and had the privilege of writing a few stories and getting paid for them. You certainly would not call me a professional newspaper man, but I have been around a little in the newspaper world and I feel very strongly that Senator Ward has a point here which certainly should become law. Newspapers give public service. Their job is to present to the people of our State the news

happenings of the State, which affect our lives every day of the year.

I feel and I know there are many facts which would never come into the press and therefore, not into the public eye if newspaper men did not have some degree of protection. I feel that Senator Ward has got a bill here which will protect the newspaper man, and therefore, will protect you and me, by bringing out facts which should be brought out in the consideration of our daily affairs here in our State and in our cities and towns.

I certainly would like to highly endorse this bill and I hope the Senate will go along with Senator Ward on its passage.

Mr. BARNES: Mr. President, certain things have been said by the proponents of this bill which demand an answer. In the first place, this is not any limitation of the freedom of the press because the question at issue would not come up until the matter is printed. It has been said, "Put this law on the books. Newspaper reporters will always cooperate. They will never refuse to give the source of their information. Therefore, put it on the statute books."

Now, at the present time our system, our Anglo-American system of jurisprudence throws more protection around those charged with crime than does any nation in the world, and it is a continual source of irritation to members of the Bar, and particularly prosecution attorneys, to have it pointed out "There is always a loophole. You can always get your man out." This bill would extend another loophole.

Now, I have heard my brother Senator (Senator Ward) read to you a lot of letters. I do not know the date of the letters but I will say this, if this were so important a matter for freedom of the press, as has been outlined to us here, there certainly would have been a great number of newspaper publishers present at the hearing. It was advertised and had regular publication at least a week before the date of the hearing and there was only one newspaper man there and he

presented the picture of the poor New York reporters in New York State who were put behind bars for refusing to give the source of their information. With that flimsy bit of evidence presented before the hearing we are now told we should ride this thing through. It is not right. It would impede law enforcement officers in their sworn duty.

I hope when the vote is taken you will vote against the motion.

The PRESIDENT: The question before the Senate is on the motion of the Senator from Penobscot, Senator Ward, that the Senate accept the "Ought to Pass in New Draft" report of the committee. A division has been requested.

A division of the Senate was had.

Thirteen having voted in the affirmative and seventeen opposed, the motion did not prevail.

Thereupon, on motion by Mr. Barnes of Aroostook, the "Ought Not to Pass" report of the Committee was accepted.

Send down for concurrence.

On motion by Mr. Haskell of Penobscot, the Senate voted to take from the table Senate Report "Ought Not to Pass" from the Committee on Judiciary on bill "An Act Relating to Interest Rates of Small Loan Agencies" (S. P. 169) (L. D. 228) tabled by that Senator on March 4 pending consideration of the report.

Mr. SLOCUM of Cumberland: Mr. President, I believe that our legislative rules are very efficient and quite worthwhile. A bill is introduced, it is referred to a committee, the committee holds hearings and reports what it believes from the testimony that is brought forth in the hearing, is their best judgment whether the bill should or should not pass. If anyone disagrees with the finding of the committee, it is their privilege to move to substitute the bill for the report, and, Mr. President, at this time I so move.

In effect we are resolving the Senate into a committee of the

whole, and the Senate then, in this case, will have to judge for themselves severally on the merits of the bill as presented by the proponents and its demerits as presented by the opponents. I believe that these joint rules are particularly good in this way, as the legislature cannot take up every single measure and discuss and consider its merits and demerits, and if you have a unanimously unfavorable report, as in this case of the small loans bill, where the Judiciary Committee saw fit to bring in such a report, any proponent is immediately at the disadvantage of having a three to one count against him in an attempt to pass such legislation.

I believe that is a good system because unless we can prove that legislation should pass, it should not pass. I was astonished in the case of this bill to receive a unanimously unfavorable report from the Judiciary Committee because of the apparent reception of the information brought before the committee during the hearing. It is similar to legislation that had been brought before the legislature on two different instances by a member of the committee and therefore it would be presumed that he would be favorable towards this type of legislation. One other member of the committee during the hearing said that he represented a small loan company in his area and that that company was making loans at one percent a month. I requested of that member of the committee whether that company was making money and he said, "Yes, they are making money, that is what they are in business for," and I asked the chairman to register him as a proponent.

Now this bill is, in the eyes of those opposed to it, fairly drastic legislation. The present law allows a small loan company to loan money at three percent per month. That, according to my arithmetic, is about 36 percent per year. They do all their business with poor people, with people who have not sufficient of this world's goods to borrow

money on them. Those are the people who need the protection of the law and are the ones I am trying to represent.

In 1927, having been service officer of the American Legion then for five years, I went into the homes of any number of poor people. I found that they had got into the grip of these small loan companies and so I introduced a bill at that time to cut the rate from 3 percent a month to 2 percent a month. The bill was heard before the Committee on Banks and Banking and I will tell you frankly that at that time I didn't know the first thing about small loan companies. At the hearing they had two lawyers from New York, two from Boston, six lawyers representing various small loan companies in Maine and a group of small loan company operators. They brought their meat axes sharpened so that you could shave with them and after I asked that the committee reduce the rates from three to two percent they brought out their shot guns and let go at me with both barrels and they swung their meat axes and tried to chop me into mincemeat.

I then questioned the opponents of the bill and according to their testimony before the committee at that time they were making—and this isn't my finding, this is what they said at that time—they were making a net guaranteed profit of 24 percent per year. I say guaranteed profits because it came out at the hearing that they insured against loss with the Russell Sage Foundation. That Russell Sage Foundation happens to be one of our family scandals because a Miss Slocum, a very distant relative of mine, married that old skinflint Russell Sage and he by being diligent took millions and millions of dollars from the poor. Upon his death, Mrs. Sage formed the Russell Sage Foundation in an attempt to try to see that the poor who had been, shall we use the slang expression, gypped out of hundreds of dollars by her husband during his lifetime, would have some of that

money returned. And the Russell Sage Foundation encouraged small loan companies to attempt to put the loan sharks out of business and the way they encouraged the small loan companies was by offering to insure them against loss.

Well now, members of the Senate, if you are in business and part of your overhead is your insurance against any loss then, as I see it, you are pretty nearly guaranteed a return. And at that time, 1927, they said they were making 24 percent profit after all their overhead. Twenty-four percent profit!

The committee saw fit to amend my bill and instead of two percent per month, they reported it in "Ought to Pass" as amended by the committee for 2½ percent a month. In 1929 I put in a bill to reduce this from 2½ percent to 2 percent and the committee saw fit to reduce it to 2 percent. They say that at 2½ percent they were making 18 percent net guaranteed profit. In 1931 I took the trouble to find out what they reported to the Commissioner of Banks and Banking as profit under the 2 percent a month and they said they were still making 12 percent net profit.

I left the legislature in 1932 and soon thereafter the rate was returned to 3 percent. I was very interested to look at the report of the Commissioner of Banks and Banking as to the number of small loan companies in business at that time. In 1925 there were 27 licensees, in 1930 there were 47 licensees. In other words, despite the fact that just at that time we had reduced the rate from 3 percent to 2½ percent and then to 2 percent, there were 47 licensees instead of 27. The number dropped off in 1940, 1945, 1946, 1947 to 30. In 1948 there were 42 and the report of the Commissioner of Banks and Banking for the biennium ending June 30, 1948, states that "during the two years past, 12 new licenses were issued: The Public Loan Corporation of Augusta—I am referring to them later—doing business at Augusta, Bangor and Waterville; Edward A. Carlisle doing business as

Friendly Loan Service at Fairfield; Roger W. Burke doing business as the Progressive Loan Company at Lewiston; Local Finance Company at Lewiston; Family Finance Corporation at Portland; Personal Finance Company at Portland and Rockland; Abraham Simonds doing business as the State Finance Company at Portland; Benjamin A. Glovsky doing business as "Uncle Ben" at Rockland; Allen Shapiro doing business as the Equitable Loan Company at Skowhegan. During the same period four licensees have discontinued business. The 93rd legislature granted special charters to the Public Loan Corporation of Augusta, Franco-American Loan Company of Lewiston, Family Finance Corporation, and the Willco Finance Corporation. All of these charters are restricted to the small loan business."

Now, Mr. President, at the hearing there were two proponents. I gave the facts as best I could. I took the reports of the Banking Commissioner and showed that according to the 25 licensees doing business during the period from December 31, 1946 to December 31, 1947, 25 licensees or 85 percent of them doing business as small loan companies made reports. The other 15 percent made no reports. They don't have to make any report. They are not required to under the law. But they stated that they were making a net earning derived from the small loan business before deducting interest paid on borrowed funds of 7.41 percent. I talked with one of their representatives who said that they paid 3 percent on the money they borrowed to reloan so that actually they were only making, if that is correct, 4.41 percent.

In the 20 years that elapsed between 1932 and now, I have been a service officer of the American Legion and the Veterans of Foreign Wars. I have to go to the tar paper shacks where poor people live. I know there are a few members of this honorable Body who have seen the less fortunate ones and seen how they have to live. Many

of you have never been financially low enough so that you had to go to a small loan company.

At the committee hearing there were no dramatics, no fireworks, because as you know by the debate on the preceding item on our agenda, that committee are good citizens who study the various measures very carefully and decide them. At that hearing after I had presented what little evidence I had, a representative from Bangor, Representative Atherton, rose as a proponent and stated that after leaving the service, for two years he worked for a small loan company and he said that his company was making 24 percent net profit.

Now, gentlemen, that is coming out of the pockets of the poor people. He stated that the business was so — if I remember the words correctly — slimy that he had to get out of it. He told me subsequently that the officers of his company ordered him and another employee to go to the home of a poor woman who was unable to pay and list every bit of furniture in the house. He went in there, — she had a baby in her arms and two toddlers at her skirts — and they listed chairs valued at \$2.00, tables, pictures, couches, and the woman couldn't take it any longer when they went to the baby's crib and listed that. Now Representative Atherton said they didn't intend to take the furniture, they were just "putting the screws on her."

I wish I had the ability to make a speech here. Maybe I could sway some of the votes. I am not oratorical and I am not trying to be. I am sure if William Shakespeare were here he would repeat some of the phrases from the play Shylock "My Christian ducats, give me my pound of flesh." Now, that is the way they are doing gentlemen.

I have been to homes of men on relief where they are doing the same. In one instance I recall now, a man is getting \$4.00 a week, his wife is getting \$4.00 a week for food. You know what prices are.

Try to have two people eat on eight dollars a week! And they are taking some of the welfare funds of the state away from that couple to pay for a loan they made. It does seem that there should be some regulation.

Now when I was sent down here to the legislature this time — I am in the unique position of not having sought the office, I am a draftee — I remembered what had happened 20 years ago to the small loan companies and I prepared a bill to reduce the rate from 3 percent to 2 percent a month and then I went to visit a relative in New York. In New York state the rate is 2 percent per month and I found that everywhere they were advertising widely, competition between the small loan companies for business at 1½ percent a month. I went to one of the banks and then to another and they said, "Oh, yes, you can borrow from them anywhere at 1½ percent per month." And they said, "For that matter, the legitimate banks are making the same type of loan without any collateral at ½ of 1 percent per month, 6 percent per year." He stated that they weren't making any money at that ½ of 1 percent per month, they were just breaking even but they felt they were doing a service to the community.

I was very interested that at the hearing, the opposition was by just one man who represented the agent of the Association of small loan companies. He stated that he had heard the arguments of Senator Slocum and had no figures to refute them but that he hoped the bill would be reported ought to pass, and also would the committee receive any communications that might be sent them. Senator Barnes, Chairman of the committee, stated that if any such communication was received it would also be referred to the proponents. There was one communication sent. It came from the Public Loan Corporation, a national service institution, 31 Mill Street, Boston, Mass. I am not going to

read the whole letter but it is one beautiful piece of—well, auditing maneuvering which is so involved that unless you had taken a course in auditing, which I haven't, you can't understand how they are willing to continue to do business, because they said that their net earning before deducting interest on borrowed funds was 5.66 percent and if they are paying 3 percent as one of their lobbyists informed me, then they are making 2.66 percent interest per year. I think some of the legitimate banks would like to make that much but I don't believe it would attract them enough to attract 12 new small loan companies to the state of Maine in 2 years.

I think that there is skullduggery afoot. I think they are hiding their assets, with this very clever bit of auditing. I notice that today we accepted an ought to pass report from the Banks and Banking Committee on the industrial and Morris Plan Banks. They could loan money at a rate of no more than 12 percent annually.

My bill would allow the small loan company to have 18 percent per year. I think that at present with the only opposition one letter from a foreign corporation doing business through a local subdivision, the Public Loan Company of Augusta being opposed, and there are 42 small loan companies in the state and the fact that they are doing business profitably in other states at 1½ percent per month, that we should try to protect these poor people. If this motion of mine does not prevail, I have been informed by some who are sympathetic that possibly if one of the members of the legislature amended it to allow them to have 2 percent instead of 1½ percent per month, it might receive passage, but, Mr. President, I still believe that the legislature of the state of Maine should in every way try to protect these minorities, particularly these poor people who are not able to express themselves, and if the members of this Body de-

cide to reject my motion and the members of the press and radio give sufficient coverage so that the poor appreciate what a royal rook-ing they are getting from these modern Shylocks, I think the end will be attained whichever way this bill goes. I know that any good citizen, no matter how poor can go to a legitimate bank and get money at a far less rate than 3 percent per month. Mr. President, I hope that my motion prevails.

Mr. ELA of Somerset: Mr. President, as a member of the committee which reported this bill out "Ought Not to Pass," I will give you a few of the reasons why some of us on that committee so reported. We deplore the fact that small loan companies are necessary. We deplore the fact that sickness is among our citizens. We deplore the fact that accidents occur which require their going to sources of borrowing. We deplore the fact that emergencies do arise which necessitate this kind of borrowing. But all these things do exist. These needs for money are urgent among some of our citizens. The legitimate banks so-called, do not want the business. They cannot serve such business at the legal rate of interest so some source has to exist for people who are in urgent need of funds to obtain them.

It is better, if such needs do exist, that sources be available which are strong, well supervised, and over which there is some degree of control. If these agencies were pushed out of existence, as the committee feels they would be by the passage of this bill, the citizens would be at the mercy of even more tragic sources; the unsupervised loan sharks would then run rampant, and the rate would be whatever he saw fit to charge because there would be complete evasion of any law.

Now, even acceptance companies which have practically perfect collateral not only have their loan guaranteed by the seller who sells the goods but also have a perfectly good claim on the goods that are sold. I have here a chart of one of

the biggest acceptance corporations in the country. I notice in one item, a small unpaid balance to be sure, \$50, the true rate of interest on that, that is the money on which you borrow, let us say when you buy a radio or a refrigerator or what have you and on which you give a claim so that they can come and take it, that true rate of interest even in that, amounts to 20 percent. These companies do not even have to register.

Now if we should cut the rate by this bill what would happen is this. They would chop off the unprofitable end of the business. Those who need it the worst would be unable to obtain the loan. Only those people who could give some reasonable source of security would be served.

The report which the Senator from Cumberland (Senator Slocum) referred to indicates that if the rates mentioned in his bill were in effect and if they conducted their business in the manner in which they are now conducting it, these companies would sustain a loss. I grant you that they would not continue to conduct their business in the same manner in which they are now conducting it but if they did, people who need the money desperately could not get it.

For that reason, Mr. President, I hope that the motion of the Senator from Cumberland (Senator Slocum) does not prevail.

Mr. SLOCUM: Mr. President, last Monday night I went into the Augusta House to have my supper and one of the lobbyists came to me and pleaded with me, wouldn't I please let the small loan companies continue at this rate of 3 percent per month. I told him I did not believe I, in good conscience, could do so. So he followed me out into the lobby and there were a number present and he said, "Why do you tilt your lance at the windmill of the poor people?" I am sure he did not mean to ridicule me but if I am a Don Quixote tilting a lance I am willing to accept the charge when it is in the interest of these poor people.

I know how repugnant it is for my friend the Senator from Somerset (Senator Ela) to appear to be championing these small loan companies and I am going to leave you with just one statement from a letter of the Public Loan Corporation.

"Legislative Document 228 proposes to reduce the rate of interest to 1½ percent a month on that part of a loan not exceeding \$150 and 1 percent per month on any remainder. For all practical purposes, passing such a bill is the same as repealing the small loans law because in all other states such as Georgia, for example, where the rate was reduced to 1½ percent or an amount lower than that all the loan companies ceased business under the small loans law and" —get this gentlemen— "either found a subterfuge under which to operate or went out of business entirely."

I hope my motion prevails.

Mr. LEAVITT of Cumberland: Mr. President, I hate to listen to certain types of speeches which try to pull on the heartstrings of the people and make out that people are Shylocks when they are not, but I do like to listen to speeches such as the Senator from Somerset, Senator Ela, has given today which shows he is not defending the small loan offices but he is defending the small people of the State who are offered a chance to borrow money at three percent, and perhaps if they didn't exist they would have to spend more to borrow money. I think we all know of cases where this has happened.

I do hope the motion of the Senator from Cumberland, Senator Slocum, does not prevail.

Mr. SLOCUM: Mr. President, when the vote is taken, I ask for a division.

The PRESIDENT: The question before the Senate is on the motion of the Senator from Cumberland, Senator Slocum that the bill be substituted for the "Ought Not to Pass" report of the committee and that Senator asks for a division. Is the Senate ready for the question?

A division of the Senate was had.



Eleven having voted in the affirmative and seventeen opposed, the motion to substitute did not prevail.

Thereupon, on motion by Mr. Ela of Somerset, the majority report of the committee "Ought Not to Pass" was accepted.

Sent down for concurrence.

Mr. Edwards of Oxford was granted unanimous consent to address the Senate.

Mr. EDWARDS of Oxford: Mr. President and members of the Senate, I would just like to take up a few minutes of your time to call your attention to the jars and packages on your desks, which are Oxford County products and are given with the good wishes of the manufacturers whose names are on the labels. No doubt by this time you are aware that this is Oxford County day in the legislature and we have gathered quite a large display of products of Oxford County where we invite you to visit.

Unfortunately we could not transport down here the beautiful scenery, the hills, the valleys, the lakes and streams which abound with game fish, and especially the hospitality for which Oxford County is noted, but they are all back there waiting for you whenever you see fit to visit them. So I ask that you look over our display and that you visit us in Oxford County.

The PRESIDENT: The Chair will state on behalf of the Senate, that the Senate feels that the Oxford County exhibit reflects great credit upon the State of Maine.

Mr. COBB of Oxford: Mr. President, I would like to ask permission of the Senate to present three of our citizens from Oxford County, to the Senate.

I will ask that Miss Constance Twitchell of Norway, Maine, President of the Future Homemakers of America be escorted to the rostrum to greet the President.

Thereupon, Miss Constance Twitchell of Norway was escorted to the

rostrum amidst the applause of the Senate, the members rising.

Mr. COBB: I will now ask, Mr. President, that Cleon Adams of East Dixfield, 4-H Club Champion of Maine be presented to the President.

Thereupon, Mr. Cleon Adams of East Dixfield was escorted to the rostrum, the Senate applauding.

Mr. COBB: Mr. President, I will now ask that our foremost citizen, Eugene Andrews of Norway, Champion Old-Time Fiddler for Maine be escorted to the rostrum where he will greet the President of the Senate.

Thereupon, Mr. Eugene Andrews of Norway was escorted to the rostrum amidst the applause of the Senate.

The PRESIDENT: I am sure it is a privilege at this time for the Senate to greet so many distinguished citizens from Oxford County and to hear from the Senator as to its merits.

The Senate is proceeding under Orders of the Day.

On motion by Mr. Noyes of Hancock, the Senate voted to take from the table House Report "Ought to Pass" from the Committee on Motor Vehicles on bill, An Act Relating to Sirens on Automobiles Operated by Fire Inspectors (H. P. 1310) (L. D. 657) tabled by that Senator on February 25 pending consideration of the report; and on further motion by the same Senator, the report was accepted in concurrence and the bill was given its first reading and tomorrow assigned for second reading.

On motion by Mr. Haskell of Penobscot, the Senate voted to take from the table Senate Report "Ought Not to Pass" from the Committee on Judiciary on bill, An Act Relating to Probation in Sexual Crimes, (S. P. 301) (L. D. 495) tabled by that Senator on March 4 pending consideration of the report.

Mr. SLOCUM of Cumberland: Mr. President, I move the accep-

tance of the "Ought Not to Pass" report of the Committee on Judiciary because very shortly before that committee there will be a hearing on a bill for a State probationary system which, if passed, I am sure will handle the matter covered by this legislation.

Thereupon, the "Ought Not to Pass" report of the committee was accepted.

Sent down for concurrence.

On motion by Mr. Crosby of Franklin, the Senate voted to take from the table bill, An Act Providing that the State of Maine may Become a Party to the Northeastern Interstate Forest Fire Compact, (S. P. 469) (L. D. 921) tabled by that Senator on March 11 pending passage to be engrossed; and on further motion by the same Senator the bill was passed to be engrossed.

Sent down for concurrence.

On motion by Mr. Noyes of Hancock, the Senate voted to take from the table bill, An Act Relating to Taking of Clams, Sand-worms and Blood-worms in Hancock (H. P. 67) (L. D. 26); tabled by that Senator on March 15 pending passage to be engrossed; and that Senator presented Senate Amendment A and moved its passage:

"Senate Amendment A to L. D. 26. Amend said bill by striking out

in the title thereof the following 'sand-worms and blood-worms.' Further amend said bill by striking out in the head note thereof the following 'sand-worms and blood-worms'. Further amend said bill by striking out in the 4th and 6th lines thereof the following words, 'blood-worms or sand-worms.'"

Which amendment was adopted and the bill as so amended passed to be engrossed in non-concurrence.

Sent down for concurrence.

Mr. COBB of Oxford: Mr. President, I would like to ask unanimous consent of the Senate to read a message which I have just received from the Senator from Knox, Senator Sleeper.

Unanimous consent was granted to that Senator to address the Senate.

Mr. COBB: The message is, "Why didn't you mention Oxford's best products, its beautiful daughters, one of which I married?"

The PRESIDENT: The Chair will state that the Senator should have noted the exhibition of beauty from Oxford County, in the person of Miss Constance Twitchell who is seated at my right.

On motion by Mr. Edwards of Oxford

Adjourned until tomorrow morning at ten o'clock.