

The United States Senate

Report of Proceedings

Hearing held before

Subcommittee of the Committee on Finance

Nomination of Fred A. Russell to be Collector
of Customs for Customs Collection District
No. 36.

EXECUTIVE SESSION

October 7, 1941

Washington, D. C.

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OFFICIAL REPORTERS

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WASHINGTON, D. C.

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EXECUTIVE SESSION

In re: Nomination of Fred A. Russell
to be Collector of Customs for
Customs Collection District
No. 36

Tuesday, October 7, 1941.

United States Senate,
Subcommittee of the Committee on Finance,
Washington, D. C.

The subcommittee met, at 11:00 a.m., pursuant to call, in room 312 Senate Office Building, Senator Josiah W. Bailey (chairman) presiding.

Present: Senators Bailey (chairman), Herring, and La Follette.

Senator Bailey: The committee will be in order.

The matter that we have before us is the nomination of Fred A. Russell of Superior, Wisconsin, to be collector of customs for customs collection district No. 36, with headquarters at Duluth, Minnesota, referred to the Committee on Finance. The presumption is in favor of the presidential appointment, and therefore the burden will be on the opponents

We will hear the opponents first, if that is agreeable to you.

Senator La Follette: Yes.

Senator Bailey: Is there anyone here who objects to the confirmation of the appointment by the President of Fred A. Russell of Superior, Wisconsin for collector of customs?

Senator Ball: Senator, I would like to make a brief statement.

Senator Bailey: Before you make a brief statement, are you heading the opposition?

Senator Ball: No, I would like to present some facts.

Senator Bailey: Are there others who will?

Senator Ball: Mr. Burke of Duluth is here.

Senator Bailey: How much time will you take?

Senator Ball: It will take me about five minutes.

Senator Bailey: Go ahead. We will hear you and then take up the other opponents.

We will hear from Senator Ball.

STATEMENT OF HON. JOSEPH H. BALL

UNITED STATES SENATOR, FROM MINNESOTA.

Senator Ball: Senator, I asked that this confirmation be held up temporarily at the request of interests and people of Minnesota. Since 1913, which was as far back as we could get the facts, the collector has always been a Minnesota man, and they were disturbed about the appointment of a Wisconsin man.

Furthermore, I was informed that Mr. Russell is president of the Lake Superior Ship Building Corporation which, at the time of his appointment had a \$2,000,000 contract with the Navy, approximately, and was negotiating a \$9,000,000 contract with the Maritime Commission to build ships, and it appeared to

R me that that was rather improper, to let a man have that much business with the Government in the defense program and be appointed.

I checked up with the Treasury Department on the customs business of the District in the period intervening, and it seems that except for one year, in 1937, when there was a drought and large shipments of Canadian wheat in Superior, the customs receipts, the business at the two ports was approximately equal.

However, in the work in the District, the collections at the ports, this was a minor factor. Most of the customs work of the district is done at the International Border, which is all in Minnesota.

Apparently, prior to 1913 there was a separate district for Wisconsin and they were combined in 1913 and, since that time a Minnesota man has been appointed.

However, I would not object seriously to a Wisconsin appointee, rotating the job in proportion to the actual business in the two states, although I do believe the office should be retained in Duluth. That is an administrative matter, however, because the bulk of the business is in Minnesota year in and year out.

Then I contacted the Treasury Department. So far as I can find, there is no statute or no regulation over there that prevents an officer of a firm having contracts with the Government from holding this position, but I do have an opinion of the

Comptroller General of June 12, 1925, in the case of a doctor at Kodiak, Alaska, who was the public health physician there and had to contract for hospital facilities for Government employees and he also happened to own the only hospital there, so he was in a position to sign a contract with himself. He was the only bidder.

The Comptroller General held that was in direct violation of Section 41 of the Criminal Code. He goes on to say in that opinion that "there is no statute prohibiting holding contracts between the Government and its employees or officers unless the service to be rendered under the contract is such as could have been required of the employee in his official capacity. Under such circumstances, any contract for additional compensation would be in contravention of Section 1764 and 1765 of the Revised Statute. While not necessarily unlawful, if not in contravention of specific statutory prohibitions, contracts between the Government and its employees present an undesirable situation, suggesting favoritism and are not to be entered into except for the most convincing reasons."

Senator Bailey: This is a corporation, is it not?

Senator Ball: Yes.

Senator Bailey: And Mr. Russell is an officer of the corporation?

Senator Ball: He is president of the corporation. My chief objection to the appointment is that here is a man who, as president of a corporation, came down here to Washington, or

sent his representatives down here, in an effort to get national defense contracts and did succeed in negotiating a contract of approximately \$2 million with the Navy, and another one for about \$10 million with the Maritime Commission. It seems to me that, having done that, his duty is to devote his time and energy to fulfilling those contracts, rather than accepting a Government position of this type.

Then I also feel, as a general rule, it is not in the best interests of the nation to have men who have a large interest in Government contracts, holding responsible offices such as this.

I might add that I wrote to Mr. Russell, October 1, last Wednesday, raising that point with him, asking him frankly why, after he had, or his concern had gone to some effort to get these Government contracts, he now wanted to accept this Government position, the financial consideration of which would be a comparatively minor thing for a man in his position, instead of devoting his whole time and energy to carrying out these contracts with the Government.

I have not received any answer from him.

That is all I have to say, sir.

Senator Bailey: Much obliged to you, Senator. I wish to ascertain how much time is going to be required for the hearing. How many persons here desire to be heard?

Mr. Burke: I desire to be heard, Your Honor.

Senator Bailey: How much time would you want?

Mr. Burke: Three minutes.

Senator Bailey: Who else?

Mr. Bogler: I desire to be heard also.

Senator Bailey: How much time do you wish?

Mr. Bolger: Well, it will not take me more than three minutes.

Senator Bailey: Anyone else?

Mr. Crowley: I want to be heard after they are through, Senator, please.

Mr. Gehrman: So do I. I want to be heard in favor of the appointment. It will take about 5 minutes. I have most of it prepared and I can put it into the record.

Senator Bailey: All right. We ought to get through this morning.

Now the Congressman here is for the confirmation. We will hear the next opponent.

STATEMENT OF P. A. BURKE,

DULUTH - MINNESOTA

Senator Bailey: Just give your name and address.

Mr. Burke: P. A. Burke, from Duluth, Minnesota. The remarks I wish to make are contained in a written statement which I will submit to you Senators. I will try not to duplicate the remarks of Mr. Ball.

I first want to you Senators with the district. The district runs through the entire State of Minnesota except the

very western county in Wisconsin. The district there just goes to Ashland, Wisconsin. There are two only ports there, that is, Ashland and Superior.

Now the comparison of receipts as between Duluth and Superior, they compare very much the same. Duluth has always had more cash receipts than Superior except for one year and that year was 1937, during the drought period when there was grain brought in and the receipts there came into the Superior port. It was \$5,000,000.00 which was five-eighths of all the business done at Superior for the 10-year period from 1931 to 1941, inclusive. I think a proper comparison here would be taking the entire district.

Senator Bailey: Are you making the point on the ground that there is some district right here?

Mr. Burke: I am making the point from the standpoint of the efficiency of the office, as to where it should be operated.

Senator Bailey: You do not state your ground on the basis of rights?

Mr. Burke: No, I do not claim any right on that ground. The man can be appointed either from Wisconsin or Minnesota. For instance, the business in Duluth and Superior as compared to the entire district is only one percent of the entire business. The office in Duluth is in the postoffice building, which is a new building, which has been built with the thought in mind of a customs office being there. This point is only made from the standpoint of the Superior Wisconsin man's

point, that there may be an attempt on the part of the collector of moving the office over there.

Now the other point on the question as to why Mr. Russell should not be appointed, is as Mr. Ball has said, there is no positive law against his appointment, the mere fact that he is the president of the corporation and has \$11,000,000 of contracts, but the Comptroller General, in his ruling in Volume 17, page 123 said this, that there was no positive law against such an appointment in a similar case, but he said it was against public policy, and is open to criticism, and should not be tolerated.

Senator Bailey: That would be where the public officer, by reason of having the office, would have an opportunity to serve himself. It would not apply otherwise.

Mr. Burke: The only thought, as I see it, as I get the gist of his opinion, was here Mr. Russell is president of the Lake Superior Ship Building Company, he has \$11,000,000 of contracts, and if there is a conflict on the question of customs between his corporation and the Government, he would not be in a position to act. Now that is the situation. If you can conceive of such a situation arising, I suppose Mr. Russell would resign. I do not make that point.

He stated to the press he had no intention of resigning as president of the corporation.

I prepared a statement of facts here that I have verified

and checked, that may be of some assistance to you.

Senator Bailey: Oh yes. If you wish to place those in the record, you may do so.

Mr. Burke: There is no question about it. As far as Wisconsin is concerned, they are entitled to the appointment, but they certainly ought to be able to find a man who is qualified. There is no reflection on Mr. Russell at all, in any way, but he is busy with Government contracts and there would be a conflict of interests.

Senator Bailey: We are very much obliged to you.

(The matter submitted by Mr. Burke is as follows:)

The following facts are presented by P. A. Burke, Attorney-at-law, of Duluth, Minnesota, in opposition to the confirmation of Fred Russell, of Superior, Wisconsin, as Collector of Customs, for the 36th Customs District.

THAT THE following is a comparison of the volume of Customs transactions at the Port of Duluth, Minnesota, and Superior, Wisconsin, for the fiscal years 1931 to 1941, inclusive:

	<u>DULUTH</u>	<u>SUPERIOR</u>
Vessels entering from foreign ports	1,285	884
Passengers on vessels	36,082	6,886
Protests filed	401	2
Entries of Merchandise	7,685	4,457
Packages examined	32,971	6,609
Export declarations	1,465	733

THAT the foregoing figures are self-explanatory and refute any claims as to Superior having the larger volume of Customs business at the Head of the Lakes.

THAT the figures given are a matter of record in the office of the Commissioner of Customs, Washington, D.C.

THAT the cash receipts for Duluth, Superior, Wisconsin ports, Minnesota ports, and for the district show that the Port of Superior does very little business, except one year during the drought, when wheat was imported from Canada in large quantities and the receipts for that year were 5/8ths of the revenue taken in at Superior for a ten-year period -- from 1931 to 1941.

THAT transactions of the above nature arising at all ports in the District for the same period of time were as follows:

Vessels, vehicles, etc. entering from foreign ports	2,465,515
Passengers on such vessels, vehicles, etc.	5,436,644
Protests filed	403
Entries of merchandise	131,853
Packages examined	1,031,214
Export declarations	198,637

THAT the foregoing figures show that the volume of business arising at Superior, Wisconsin, is an infinitesimal part of the business transacted in the district. All business

of any volume whatever, except that done at Superior, arises in the State of Minnesota. There is a port at Ashland, Wisconsin, where a part-time man is employed, but the business there is negligible.

THAT passenger traffic entering the ports of Duluth and Superior combined (42,968) is less than 1 percent of the District total of 5,426,644.

That, comparing the vessels entering the ports of Duluth and Superior (2169) with the district total of vessels, vehicles, etc., amounting to 2,465,515. The comparison is even worse when you include only the vessels arriving at Superior.

THAT comparison can also be made as to the number of entries of merchandise filed in the District (131,853) and the number of such entries filed at Superior (4,457).

Packages examined at Superior (6,609), Duluth (32,971) and district total (1,031,214) provide another convincing comparison.

The same is true with reference to export declarations, which represent export transactions, Superior (733), Duluth (1465) and district (198,637).

THAT all of the foregoing shows that Duluth Customs business exceeds that arising at Superior, and that on the basis of actual statistics the volume of Superior business is a mere fraction of the business done at Duluth and other

Minnesota ports. In other words, practically all of the business is done in Minnesota.

THAT with reference to the present Customs quarters at Duluth, Minnesota, which enter into the picture only insofar as an attempt might be made to move headquarters office to Superior if a Collector of Customs from Superior was appointed, it may be said that when the present Federal Building was constructed, due consideration was given to the space to be occupied by the Customs and the floor plans were designed accordingly; such being the case, the customs service in Duluth now has adequate space for an efficient and economical handling of its affairs. Such would not be possible at Superior, since there is no building at that place which could provide the space, conveniences and equipment which are now available.

THAT from the foregoing facts, the Government would best be served by keeping the office of the Collector of Customs at Duluth, Minnesota and having a Minnesota man appointed to said office.

THAT in the event a Wisconsin man is appointed as Collector of Customs for the 36th Customs District attempts would be made to move the office to Superior, which would be detrimental to the service.

THAT your Honorable Body is now considering the confirmation of Fred Russell as Collector of Customs for the 36th Customs District. Fred Russell is a resident of Superior, Wis-

consin, and he is president of the Lake Superior Ship Building Company, which company is reputed to have millions of dollars of Federal contracts which fact can be easily verified by contacting the proper Governmental Department. Mr. Russell has no intention of resigning as president of said Ship Building Company. This is verified by his statement to the press which appeared in the Duluth Herald on October 4, 1941.

THAT there is no question but that Mr. Russell can legally hold the office of Collector of Customs, notwithstanding the fact that he is president of a corporation that has millions of dollars worth of Federal contracts.

THAT the appointment of Mr. Russell would be subject to criticism because during the tenure of his office, if appointed, a situation may develop wherein there may be a conflict between the interests of the Government and Mr. Russell's company.

Respectfully submitted

P. A. Burke (signed)

City of Washington)

ss

District of Columbia)

P. A. Burke, personally appeared before me, a Notary Public in and for the District of Columbia, and under oath did say that he has read the foregoing statement of facts, and knows the same to be true, except those matters stated on information and belief, and he did say that he believed these

to be true.

Edna W. Herbert (signed)

Notary Public

Subscribed and sworn before me this 7th day of October, 1941
at the City of Washington, D.C.,

My commission expires August 14, 1946.

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Senator Bailey: We will hear the next witness opposing
the appointment.

STATEMENT OF PATRICK L. BOLGER

2426 West Second Street,

Duluth, Minnesota.

Mr. Bolger: My name is Patrick L. Bolger, 2426 West
Second Street, Duluth, Minnesota.

I wrote out a statement here but I do not want it to go
in the record as it is, so I will try and read it according to
the way I think it should go into the record.

Mr. Fred Russell is President of the recently organized
and incorporated, - I understand - Lake Superior Ship Building
Company, which company, it is openly said, has many millions
of dollars worth of contracts to build ships for our Navy or
some other Federal Agency already assigned to it by contracts.

The Honorable Judge Devaney of Minneapolis was attorney
for Mr. Russell in the organization and incorporation of the
Lake Superior Ship Building Company. Mr. Devaney is also

Chairman of the so-called "Big Three Committee " of Minnesota which committee is the dispensing agency of Minnesota patronage, where the customs office of the district is located and where, from 2/3rds to 3/4ths of the revenue of the district accrues. Therefore, your confirmation would seem to me to be illegal on two grounds:

1. A collector of customs cannot be interested in government contracts, and

2. Honorable John P. Devaney's retainer as attorney for Mr. Russell's company establishes a relationship between them that is consistent with the principal that there can be no money consideration in connection with such appointment.

At this point, I do not want your Committee to misunderstand me. I do not at all believe Mr. Devaney had any hand in the nomination of Mr. Russell.

Being a native of Wisconsin, where I was born and grew to manhood on a farm in the Town of Portland, Dodge County; and always having a great interest in good people, and good politics, I believe I understand the history of Wisconsin and its people pretty well.

And, accordingly, it is my opinion, the nomination of Mr. Russell was not sponsored by Mr. Thomas R. King, Chairman of the Wisconsin State Democratic Committee, and his associates, but some one of power and prestige, who may have taken advantage of the Treasury Department and the White House in

their unparalleled trying trials.

Therefore, I exhort your Committee to consider well the duty in this matter that you have, which may appear of not much importance to some of you, but remembering at the same time, the plight of the world today that came about by the neglect of those in high places to attend well to many little details.

Thank you.

Senator Bailey: Thank you.

Is there another objection? If not, we will hear the advocate.

STATEMENT OF LEO T. CROWLEY,

FEDERAL DEPOSIT INSURANCE.

Mr. Crowley: Senators, I would like to show that I appear in favor of this appointment. It seems to me that Wisconsin is kind of being cut on two sides here.

First, there has been a disagreement about Wisconsin having the right to the appointment. Looking through the file, Senator Lenroot, who was present at the conference when the port was set up, had an understanding with the Treasury, that this office would alternate between Wisconsin and Minnesota.

Senator Ball raised the question about the volume of business that is done in Minnesota as compared to Superior, Wisconsin.

Minnesota has had it for 30 years, and assuming that Minnesota might have had a little large volume, certainly it must be our turn by this time.

Senator Bailey: I do not think, Mr. Crowley, that it is a matter of turns.

If the President had the right to make the appointment and he appointed a man from either state, and the man was qualified, I seriously question whether the Senate should go back and undertake to make a division.

We do not have the appointing power, we are simply a check on the appointing power. As a matter of right under the statute, the President has the right to appoint the man if the man is qualified.

So that disposes of that point to my mind.

Mr. Crowley: I agree with you in that, Senator.

The thing that I was trying to bring out, that I was leading up to, I have had nothing to do with the individual appointment. My interest in the thing was that Wisconsin would be given consideration in this appointment.

The Minnesota people agreed last spring that Wisconsin could have this appointment. They have delayed this thing. It has been held up, trying to get their consent to go along. In the meantime, they have gained several months on this appointment.

Mr. Russell organized a shipbuilding company, of which

he is president and, as I understand it, is interested in it financially.

He got this business, I assume, in the regular course of the Government activity. I can see very little interest or very little connection between a collector of customs and a shipbuilder in Superior, doing business with the Navy Department.

I do feel that that is something that has been added to the evidence here in order to further delay Wisconsin from getting this appointment, because that is something that has been thrown in here lately, and all I wanted to say is that, as far as my knowledge is concerned, Mr. Russell is a very high grade gentleman, a man with some means, considerable means, in fact, and the Duluth paper in editorializing Mr. Russell, although they opposed the appointment going to Wisconsin, indicated very high praise for the man's ethics and his business ability.

That is all I wanted to say, Senator.

Senator Bailey: How could Mr. Russell serve his corporation by reason of having his appointment?

Mr. Crowley: Personally, I do not think Mr. Russell devotes a great deal of time as president of the shipbuilding company.

Senator Bailey: Suppose he did, how could he serve his company by means of having the appointment?

Mr. Crowley: I do not think he could, sir. I do not think he could serve it at all. I think you would have to stretch your imagination a long way, to find anyway that would be beneficial to him.

I am confident if there was any conflict, Mr. Russell would be the first of all to withdraw himself from the picture.

Senator Bailey: We are very much obliged to you, sir.

Mr. Crowley: Thank you, sir.

Senator Bailey: All right, Mr. Representative, we will hear you.

STATEMENT OF HON. B. J. GEHRMANN,
UNITED STATES REPRESENTATIVE FROM WISCONSIN.

Mr. Gehrman: Gentlemen, I represent the 10th Wisconsin Congressional District which, of course, takes in Superior. I have known Mr. Russell for many years.

While I was a member of the Legislature, Mr. Russell was appointed as Highway Commissioner by the then Governor Schmiedeman, and he served in that capacity very well, to the entire credit not only of himself, but the community which he represented.

I notice Senator Ball repeated what evidently had been a news release that Mr. Russell is the head of a shipbuilding company and because of his activities in Democratic circles and his close relationship with Mr. Devaney, who recently died

about two weeks ago, very suddenly, and because of that fact there might be some prejudice.

Now, the Superior Ship Building Company had retained Mr. Devaney to help organize this company. I wish to state that they were in the process of forming the shipbuilding company even before the collector of customs died, I forget his name, but I know it is much more than a year ago since they started to organize this company, and they had no thought of any vacancy or of any appointment of Mr. Russell at that time, because they could not have had, because, I say, the then collector of customs was still alive.

I certainly cannot see where there is any relationship between the Collector of Customs and the Presidency of a shipbuilding company.

Mr. Russell is not a shipbuilder; he is not active in the company as such, I mean as superintendent. He has men who are trained along that line, men who are capable. He is a public-spirited man and he saw a chance to revive one of the best ship-yards on the Lakes, that built many ships during the last war, the Old Whitney Property, and he was public-spirited enough to invest his money, as well as that of several of his brothers and sisters, the entire family invested their money, taking a chance on doing something for Superior to revive shipbuilding, which was the main industry up until after the close of the first World War.

Therefore, there certainly is no relationship at all between the shipbuilding activity and the office of Collector of Customs.

As far as his capability is concerned, I wish to quote from the Duluth papers, which I believe will prove definitely that they have no fault to find with Mr. Russell's appointment because he is not capable or for any other reason, excepting that Duluth is insistent on continuing that office in Duluth. They have had it ever since it was created.

By the way, I would like to ask permission to enclose a letter that I received. It is a copy of a letter from Judge Lenroot, who was then the representative from the 11th Congressional District of Wisconsin. His home was in Superior. The letter was written to Mayor Dietrich, who was then the Mayor. That was on September 5, 1929. I have permission to use this. It shows that Superior was part of the Wisconsin district with headquarters at Milwaukee, and it was Duluth that brought lots of pressure to bear to have Superior consent to become part of the new Duluth Customs District, because Duluth did not have business enough, and they certainly felt that it would be to their mutual advantage if that was made into one district.

The Wisconsin Delegation fought against it, but they finally yielded on the promise, as Mr. Crowley has stated, that those positions would be alternated, and of course, it has not

been done.

So, I ask permission to enclose this as part of the record.

(The letter referred to is as follows:)

Brule, Wisconsin

September 5, 1929

Hon. Geo. E. Dietrich,
Superior, Wisconsin.
My dear Mr. Mayer:

In response to your inquiry in the matter of Collector of Customs for the Duluth-Superior Customs District, I will say that when the bill was pending in Congress creating the District, the Wisconsin delegation were opposed to including Superior with Duluth, and insisted upon Superior being placed in the Wisconsin District. The ground of our objection was the danger of discrimination against Superior by Duluth and the improbability of Superior receiving the appointment of a Collector of Customs.

Finally, an understanding was reached with the Treasury Department, acquiesced in by representatives of Duluth, that if the Duluth Superior District was created, both cities should be treated upon an absolute equality. I was present and represented the City of Superior in that understanding. Opposition to the bill was then withdrawn and it was passed.

Since said time there have been two collectors appointed, both of them residents of Duluth, and as a matter of fact, Superior has not been treated upon an equality with Duluth. I have always felt that Superior has not received proper consideration in this matter, in view of the understanding had when the bill was passed.

Very sincerely,

(signed) I. L. Lenroot

* * * * *

Mr. Gehrman: Now I want to read from an editorial which is a reprint from the Duluth News Tribune and Herald, as to the appointment of Fred A. Russell of Superior to the post of Customs Collector, and the Editorial from the Duluth papers states as follows:

"Mr. Russell's Appointment.

"The position of the Duluth News-Tribune and Herald in the controversy over the appointment of Fred A Russell of Superior to the post of customs collector has been misinterpreted and misunderstood in some quarters.

"Although we have stated this position twice in our editorial columns we repeat and emphasize this point:

"We are NOT opposing Mr. Russell as a citizen and business man. From all we can gather, Mr. Russell is an honest, conscientious and capable man. We believe that he would make a first rate customs collector. There is no criticism of Mr.

Russell, himself, as a candidate for the Post.

"Our only concern in this entire controversy is why Minnesota Democratic bosses should recommend or permit the recommendation of a Wisconsin man for a Minnesota patronage position.

"Although 'The Big Three', the bosses of patronage in Minnesota have denied they recommended Mr. Russell, their vigorous denials still have that faint odor of suspicion that arouses doubt in the minds of many Minnesotans.

"So let us repeat that The Duluth News Tribune and Herald are not opposed to Mr. Russell as a citizen, business man or individual. We do believe, however, that a Minnesota man should get the post rather than a Wisconsin man."

"That not all Duluth citizens are so immune to the facts and calloused to the implications of the situation as the editor is evidenced by the following from a Duluth citizen published in the Voice of the People column of the same newspaper.

"In Re Russell"

"Sir: I think a lot of people myself included, would appreciate having someone explain why a Superiorite cannot be selected fro the job of port collector. I mean the real honest to goodness reason; not something about Superior having no claim to the job; because I have heard since infancy that the job was to be divided or rotated between Duluthians and

Superiorites. The gentlemen's agreement, or was it actually one of those Hitler-ments, was made, as I understand, due to the fact that Superior withdrew from the Milwaukee port area to add her import tonnage to that of Duluth to make it possible for Duluth to become a port of entry. Or maybe it was the other way round; that is why I would like to have someone explain!"

Mr. Gehrman: I believe that, in itself, would prove definitely that President Roosevelt made a very wise choice when he chose or nominated Mr. Russell for the position.

Then, I will have to refute some of the statements made here, that Duluth has more tonnage than Superior. Maybe they did at that time. I did not go back that far. Maybe they did at the time when this was created, but I looked up the record and of course, it shows that since 1938, Superior has much more business in coal, in iron ore and in grain. Those are the three principal items that they deal with. In coal, for instance, in 1938, Superior handled 132,463 gross tons, while Duluth handled 24,357 gross tons.

In 1939, Superior handled 154,489 gross tons, while Duluth handled 39,483 gross tons.

In 1940, Superior handled 92,072 gross tons, while Duluth handled 45,618 gross tons.

In iron ore, there is just about as much difference. Iron ore in 1938, Superior handled 6,823,488 gross tons, while Duluth handled 3,920,961 gross tons.

In 1939, Superior handled 14,925,013 gross tons while Duluth handled 9,081,476 gross tons.

In 1940, Superior handled 21,502,083 gross tons while Duluth handled 16,267,848 gross tons.

In grain, that is not kept separate, and I tried to get the amount of grain handled in both cities.

Senator Bailey: You are speaking of export?

Mr. Gehrman: Export, yes. And also import.

Grain is shipped in there for storage.

Senator Bailey: Do you have the amount of the customs paid?

Mr. Gehrman: I haven't that here, Senator. On grain, I was only able to obtain the capacities of the two cities, the elevators, I have the names of the elevators and the capacities.

I received that today from the Commerce Department, and these are figures that are absolutely reliable and they show that the capacity at the head of the Lakes in Superior, the total capacity and the elevators are itemized, and I will put them in the record and there are some 31 million odd bushels, while at the Port of Duluth there are some 22 million odd bushels.

So, certainly, their claim that there is more business there is not justified, and I am sure you gentlemen, do not need any further explanation.

(The statement referred to is as follows:)

Grain Capacity at Head of the Lakes.

Port of Superior

	<u>Bu.</u>
Spencer-Kellog	1,357,000
Cargill-Elevator M	1,050,000
Cargill-Elevator K	2,066,000
Cargill-Itasca Elevator	2,263,000
Great Northern	1,500,000
Great Northern S and Annex	11,000,000
Globe	4,000,000
New Facilities Sept. 1.	<u>7,790,000</u>
	31,026,000

Port of Duluth

Peavey	6,000,000
Occident	4,500,000
Consolidated	2,450,000
H and I	3,700,000
D and G)	
S and F)	2,050,000
Capital 4 and 5	1,300,000
6 and Annex	<u>2,700,000</u>
	22,700,000

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Mr. Gehrman: I do not blame the people of Duluth or of Minnesota. They have had this position for nearly 30 years and they would like to keep it, but certainly their opposition is not based on any real fact, or certainly not based on the fact that Mr. Russell is not entitled to the position or that Wisconsin is not.

Mr. Russell is a high grade man, and as I said before, certainly, his position as president of that shipbuilding company would not have, in the slightest degree, anything to do with his position as Customs Collector if the nomination should be approved, and I am sure you gentlemen will see the wisdom in recommending a favorable consideration.

Thank you.

Senator Bailey: Is there any other advocate?

Mr. Burke: I wonder if I can make a couple of remarks?

Senator Bailey: We will give you the conclusion.

Mr. Burke: I would like to introduce, for the record an item from the Duluth Herald of October 4 which repudiates Mr. Gehrman's statement where he said that Mr. Russell would resign if appointed.

I would like to leave that for the record.

(The article referred to is as follows:)

RUSSELL DENIES HE WILL RESIGN -

Fred A. Russell, center of a political battle between Minnesota and Wisconsin Democrats yesterday emphatically

denied that he had any intention of resigning his position as president of the Lake Superior Shipbuilding Company, because of his nomination by President Roosevelt as Superior-Duluth Customs Collector.

In a statement from Washington on the eve of a Senate Finance Sub-Committee Investigation into the Russell nomination, Congressman Bernard J. Gehrman, Wisconsin, declared that Russell was ready to leave the defense shipbuilding firm if his post there was brought against him on confirmation of the Roosevelt appointment.

Russell yesterday declared that Gehrman must have been grossly misinformed.

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Mr. Burke: There is one other thing. The statement that Mr. Gehrman made is misleading. The question here is import and not export. There is no question about that.

Another thing, there is not a passenger boat that comes into Superior. They all come to Duluth.

A Comparison of the whole district shows that the business is in Minnesota.

Senator Bailey: Does anyone else wish to be heard?

STATEMENT OF B. D. BARSTOW

SUPERIOR - WISCONSIN

Mr. Barstow: My name is B. D. Barstow. I am a resident

of Superior, Wisconsin. I know Senator La Follette is familiar with our situation. However, I am not so sure that the other members of this committee are.

Duluth and Superior are right across from each other, across the St. Louis River. You can go from downtown Superior to downtown Duluth within 10 or 15 minutes.

From the harbor on each side you can get there within just two or three minutes. At the present time, the office is in Duluth and there is a branch office in Superior.

Now, as far as we, the residents of Superior, can see, there is no reason, no good reason, why a customs officer has to reside in Duluth. He can take care of the business just as adequately from a home in Superior, or from any place in Superior as he can from an office in Duluth.

I have known Mr. Russell for 8 or 9 years. I think the Government has conducted an investigation as to his character and his ability and I can, personally, recommend him as a man of very high character and a very able man. I think the President has used good judgment in making this selection, and I sincerely hope, as a resident of Wisconsin, and one who thinks we should be entitled to share in Federal appointments as well as any other state in the union, that this committee will see its way clear to recommend his confirmation.

Senator Bailey: Does anyone else desire to be heard?

(No response.)

Senator Bailey: The hearing is closed.

(Whereupon, at 11:40 o'clock a.m., the hearing was closed and the Committee retired into Executive Session.)