

which may have been constructed and account therefor: *Provided*, That all disposition of materials, property, buildings, and so forth, shall be at public sale to the highest bidder and the proceeds thereof shall be covered into the Treasury of the United States.

Proviso.
By auction sales.

SEC. 9. It shall be the duty of the Commission to transmit to Congress, within six months after the close of the exposition, a detailed statement of all expenditures, and such other reports as may be deemed proper, which reports shall be prepared and arranged with a view to concise statement and convenient reference.

Report to Congress.

Approved, March 7, 1935.

[CHAPTER 31.]

JOINT RESOLUTION

Authorizing and directing the Federal Communications Commission to investigate and report on the American Telephone and Telegraph Company and on all other companies engaged directly or indirectly in telephone communication in interstate commerce, including all companies related to any of these companies through a holding company structure, or otherwise.

March 15, 1935.
[S. J. Res. 46.]
[Pub. Res., No. 8.]

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That it is necessary, in aid of legislation by the Congress and for the use of governmental agencies, including State regulatory commissions, for the information of the general public, as an aid in providing more effective rate regulation, and for other purposes in the public interest, that accurate and comprehensive information be procured and compiled regarding the American Telephone and Telegraph Company and other telephone companies.

American Telephone and Telegraph Company, etc.
Necessity for examination, etc., declared.

SEC. 2. The Federal Communications Commission is hereby authorized and directed to investigate and report to the Congress on the following matters with respect to the American Telephone and Telegraph Company and all other companies engaged directly or indirectly in telephone communication in interstate commerce, including all of their subsidiary, affiliated, associated, and holding companies, and any other companies in which any of them have any direct or indirect financial interest, or which have any such interest in them, or in which any of their officers or directors hold any office or exert any control, or whose officers or directors hold any office or exert any control in them—

Federal Communications Commission directed to investigate and report to Congress.

(a) The corporate and financial history, and the capital structure and the relationship of such company and of its subsidiary, affiliated, associated, and holding companies, including the determination of whether or not such structure may enable them to evade State or Federal regulation or taxation, or to conceal, pyramid, or absorb profits, or to do any other act contrary to the public interest.

Subsidiaries, holding companies, etc., included.

(b) The extent and character of intercompany service contracts and all transactions between the telephone companies and their subsidiaries, affiliated, associated, or holding companies, and particularly between the American Telephone and Telegraph Company and the Western Electric Company and other manufacturers of electrical communication equipment; the methods of publishing telephone directories and placing and charging for advertising therein; the cost of and sale prices of telephone equipment, material, or devices to telephone operating companies or users; the profits upon such sales and the effect of such sales upon the rates or upon the rate base of operating companies when used as a basis for telephone charges in the various States or in interstate commerce; and the probable savings to telephone operating companies and the public by purchasing equipment under a system of competitive bidding.

History, structure, interrelationships, etc.

Service contracts, transactions, etc.

With Western Electric Company.

Equipment, etc., prices.

Failure to reduce rates, etc.

(c) The reasons for the failure generally to reduce telephone rates and charges during the years of declining prices; and the extent, if any, to which local subscribers or the users of toll service have borne the cost of the research developments for telephone equipment and appliances, radio, motion picture, and other inventions, including the maintenance and support of Bell Telephone Laboratories, Incorporated.

Effect of monopolistic control.

(d) The effect of monopolistic control upon the reasonableness of telephone rates and charges, upon the methods of competition with independent telephone companies, and upon the character of services rendered, and the alleged unfair or discriminatory practices with respect to such companies, and with respect to radio broadcasting or public speaker "hook-ups."

Mergers, etc.

(e) The effect of mergers, consolidations, and acquisitions of control by telephone companies, including the determination of whether there has been any "write-up" in the purchase price of property, equipment or intangibles, the fairness of the terms and conditions of any merger, consolidation, or acquisition, and the public interest therein, and the effect thereof upon rates or service.

Methods of accounting.

(f) The accounting methods of the companies, particularly with reference to depreciation accounting, apportionment of investment, revenues and expenses between State and interstate operations, employee pension funds, and valuation of properties for both rate and tax purposes.

Methods of competition, etc.

(g) The methods of competition with other companies or industries, including the determination of whether or not there has been any sale or refusal to buy from or sell to competing companies, or suppression of patents, and the expansion of the companies into fields other than telephone communication, including teletype service, telephoto service, telegraph service, broadcasting, motion and sound picture production and distribution, and the manufacture of electrical equipment, so far as such expansion may relate to or affect communications.

Propaganda to influence public opinion.

(h) Whether or not the companies have sought through propaganda or the expenditure of money or the control of channels of publicity to influence or control public opinion, legislative or administrative action, or elections.

"Company" defined.

SEC. 3. As used in the resolution the term "company" shall include all subsidiary, affiliated, associated, and holding companies or corporations and all companies directly or indirectly associated or connected with telephone companies, either by direct or indirect stock ownership, interlocking directorates, voting trusts, holding or investment companies, or any other direct or indirect means.

Consolidation of investigations.

SEC. 4. The inquiry into certain practices of telephone carriers subject to the Communications Act of 1934, recently instituted by the Federal Communications Commission pursuant to its Telephone Division Order Numbered 11 and Statement of November 14, 1934, may be consolidated with the investigation required by this joint resolution in the manner and to the extent deemed desirable by the Commission.

Vol. 48, p. 1080.

Hearings authorized.

SEC. 5. For the purposes of this resolution the Federal Communications Commission is hereby authorized to hold hearings; to contract for stenographic reporting service; to utilize its regular personnel, facilities, jurisdiction, and powers insofar as practicable; and to employ for the purposes of this investigation such additional experts, including engineering, accounting, legal, and other assistants as may be found necessary, without regard to the provisions of other laws applicable to the employment and compensation of officers

Expert assistants.

and employees of the United States, and to make such other expenditures, including necessary travel expenses, and expenditures for printing and binding, as it deems necessary. The Commission is also hereby authorized to have access to, upon demand, for the purposes of examination, and the right to copy, any books, papers, correspondence, memoranda, and other records of any person, partnership, company, or other organization being investigated, whether such books, papers, correspondence, memoranda, or records are in the possession of the company under investigation or are in the possession of other persons, firms, or corporations; to require by subpoena the attendance and testimony of witnesses and the production of books, papers, correspondence, memoranda, and other records which the Commission deems relevant or material to the inquiry, at any designated place of hearing within the United States; to administer oaths and affirmations, to require persons, partnerships, companies, or other organizations to submit to the Commission in writing reports and answers to specific questions, furnishing such information as the Commission may require relative to the inquiry. Such reports and answers shall be made under oath or otherwise as the Commission may prescribe and shall be filed with the Commission within such reasonable period as the Commission may prescribe, unless additional time be granted in any case by the Commission. In case of contumacy or the refusal to obey any subpoena or other order issued hereunder, the Commission may invoke the aid of any court of the United States, within the jurisdiction of which such inquiry is carried on, or where such party guilty of contumacy or refusal to obey resides or has his place of business, in requiring obedience to such subpoena or other order and any such court of the United States shall have jurisdiction to issue its order enforcing such subpoena or other order of the Commission in whole or in part; and any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in such cases may be served wherever the defendant may be found.

SEC. 6. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$750,000, to be made immediately available to the Federal Communications Commission for the purposes of the investigation and report herein authorized and directed, and the Commission shall make special reports to Congress on its progress and its findings in this investigation.

Approved, March 15, 1935.

[CHAPTER 32.]

AN ACT

To amend the Agricultural Adjustment Act with respect to rice, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (a) of section 9 of the Agricultural Adjustment Act, as amended, is further amended by striking out the comma after the words "except that" in the second sentence and inserting in lieu thereof the following: "(1)"; and by striking out the period at the end of said second sentence and inserting a comma and the following: "and (2) in the case of rice, the Secretary of Agriculture shall, before April 1, 1935, proclaim that rental or benefit payments are to be made with respect thereto, and the processing tax shall be in effect on and after April 1, 1935."

Expenditures authorized.

Inquiries, examination of records, etc.

Sworn statements.

Court jurisdiction to compel testimony.

Appropriation.
Post, p. 1602.

March 18, 1935.
[H. R. 5221.]
[Public, No. 20.]

Agricultural Adjustment Act, amendments.
Vol. 48, pp. 35, 676.
Processing tax on rice; rental or benefit payments.

Effective date.