

1/11/36

THE CONGRESSIONAL FRONT.
By Congressman Everett M. Dirksen
16th District.

OPENING WEEK. First days of Congress are like first days on the campus after school resumes in the Fall. Backslapping and New Year greetings. Inquiries as to health and political prospects. Friendly chats and informal visits. Everywhere the spirit of camaraderie. Leaders announce that the Consent Calendar bearing many bills from the previous session on which no action was taken, will be considered at once. On Tuesday the Private Calendar with hundreds of private bills will be considered. On Wednesday the first Appropriation Bill will be considered. The whole proceeding besprinkled with requests of members for a brief bit of time in which to make a speech or requests to insert undelivered speeches in the Congressional Record. Committee Chairman announce meetings of their committees and once more the work of the national legislature gets under way in earnest. The ceaseless flow of bills to the White House for the Presidential signature is under way.

THE BONUS. "Time marches on" snaps the radiocaster and so it does, blazing new trails, bringing about new understandings. Compare the relations of the last session when some veterans' leaders were not on speaking terms with the present session, when Ray Murphey, National Commander of the American Legion, James Van Zandt, National Commander of the Veterans of Foreign Wars, National Commander M. A. Harlan of the Disabled American Veterans, and their legislative staffs all sit at the speakers table and break bread together as they give a dinner for all the members of Congress and the Senate who served in the military forces. All is peace and harmony. All are united in a common purpose - namely support of the new measure for payment of the Adjusted Service Certificates. Estimates are that more than 90% of the House membership will support and vote for this measure.

BUDGET. On the first Monday of the session, the doorkeeper attracts the attention of the Speaker and in a stentorian voice announces, "A message from the President of the United States," and then delivers it to the Speaker who in turn hands it to the clerk to be read. It is the Budget and the Budget message. Soon the Clerk begins to intone the 6000 word message while members thumb thru a volume which looks like a mail order catalogue and contains more than 850 pages of assembled facts and figures. A few essential facts immediately assume importance. The first is that for the fiscal year beginning June 30, 1936 and ending June 30, 1937, the Federal Government expects to receive from all forms of revenue such as income taxes, canal tolls, internal revenue and processing taxes about \$5654 million dollars and expects to spend about 6752 million, leaving a deficit of 1098 millions. Secondly, you note that item IX of the schedules, paragraph 2, under the heading of relief that no estimate has been made for the FERA, the CWA or for drought stricken areas. Will there be subsequent estimates for these items and if so, how much? Next, you note that we will spend 983 million on the army and navy. Still other impressive items are that we shall appropriate 580 million into a sinking fund to apply against our national debt and that we must set aside 805 millions for interest charges for a single year. Finally, you will note in the summary of the budget, an item marked "Means of Financing Deficit" and directly below it the very significant word "Borrowings." Righto. When Uncle Sam runs short, he must borrow to pay his bills.

GHASTLY IRONY. A few minutes past twelve noon on Monday, the House clerk began reading the budget message with estimates and figures. A few minutes past twelve in a magnificent marble structure just a block from the Capitol, Supreme Court Justice Roberts began reciting the majority opinion of the highest tribunal in the land which invalidated the Agricultural Adjustment Act. It did more than that. It reduced much of the budget to so much worthless paper. The 547 million of estimated receipts from processing taxes goes out of the window. Likewise, the funds that have been paid in by processors but which were impounded in the custody of many Federal Courts until the AAA decision was rendered. A kind of grim irony.

HOW DID IT ALL HAPPEN. Up in the Berkshire Hills of Massachusetts is a textile mill known as the Hoosac Mills, organized many years ago by daring New England pioneers to manufacture cotton goods, thread, textiles etc. Business grew and the little mill was enlarged and expanded to produce more goods. Then the inexorable changes of time began to affect it's business. Some inventive genius devised a way to make rayon thread which looked like silk and could be spun into ladies hose and exquisite underthings and the Hoosac Mills began to suffer a loss of business. Textile mills began to open in the south,

closer to the source of cotton and the Hoosac mills lost more business. Low priced Japanese imports came in to intrigue the fancy of American consumers and Hoosac Mills lost other business. Finally Hoosac Mills went into insolvency. Came the AAA which imposed processing taxes and taxes on floor stocks of the Hoosac Mills, in the sum of \$81,694. Under insolvency proceedings, the Court appointed two receivers, for Hoosac Mills, one of whom was William M. Butler, one time U. S. Senator and close personal friend of former President Coolidge. Mr. Butler concluded that Hoosac mills did not owe Uncle Sam, \$81,694 decided in his own mind that AAA was unconstitutional, and took his case to the Federal Court in Boston, which by a 2 to 1 decision sustained his views. Uncle Sam carried the appeal to the Supreme Court where the 6 to 3 decision sustained Mr. Butler and rocked agriculture to it's very foundations. Splended example of the old maxim "Tall oaks from little acorns grow."

AFTERMATH. Additional problems now repose upon the Federal doorstep as a result of the AAA decision. An enumeration might be of interest. (1) What to do with more than 6000 employes of the AAA, 5826 of whom work and live in the national capital. whose pay checks were automatically stopped by the Court decision. (2) Will the 938 millions collected in processing taxes have to be paid back by the Federal Government and if so, to whom? (3) If paid back to processors, will they be permitted to keep it or must they distribute to those who paid these taxes. (4) What provision if any will be made to pay the 283 millions which is due to farmers in all states of the union under adjustment contracts? (5) What disposition will be made of the 150 millions in processing taxes which was impounded by the Courts pending the AAA decision (6) What substitute proposal if any for the AAA can be devised which will meet the objections of the Court? These are but few of the problems which spring full blown from the brow of the Supreme Court after this momentous decision.

THUMB NAIL BIOGRAPHY OF THE SUPREME COURT.

THE SIX WHO VOTED AGAINST AAA.

Name	Birthplace	Age	When app't.	By whom	Res.
Chief Justice Hughes	N. Y.	74	1930	Hoover	N. Y.
Van Devanter	Ind.	77	1910	Taft	Wyo.
McReynolds	Ky.	74	1914	Wilson	Ky.
Sutherland	England	74	1922	Harding	Utah
Butler	Minn.	70	1922	Harding	Minn.
Roberts	Pa.	61	1930	Hoover	Pa.

THE THREE MINORITY JUSTICES.

Brandeis	Ky.	80	1916	Wilson	N. Y.
Stone	N. H.	64	1925	Coolidge	N. Y.
Cardozo	N. Y.	66	1932	Hoover	N. Y.

CHECK FACTORY. The world's largest check factory on Pennsylvania Ave. is silent after the AAA decision. In this granite building, 35 monster machines wrote 80,000 checks a day while 3500 men and women, working in three shifts covering 24 hours per day, did the bookkeeping, and filing that was necessary to keep the AAA records straight. From this building 22 million checks went forth to American farmers and if not a single check is written or payment made from now on, it will require two years to complete all the accounting work and bring it up to date.

ARE YOU ONE OF THESE. Back in 1925, when the Bonus certificates were prepared and sent to the 3½ million soldiers who hold them, the haste of preparation caused inaccuracies to creep in with the result that about 75,000 veterans were given credit for longer terms of service than entitled. For the most part, the errors consist of giving credit to Reservists for service from the date of entry into the Reserve instead of into the Regular Army. Anticipating the enactment of bonus legislation, the War Dept. during the last few months has been quietly calling in these certificates and making the corrections. They expect to save 5 million dollars for Uncle Sam by these corrections.

BONUS FACTS IN A NUTSHELL. There were approximately 3,500,000 veterans entitled to adjusted service certificates, aggregating 3½ billion dollars. Under the law of 1931, permitting borrowings of half of the amount due, 3 million veterans borrowed \$1,700,000,000. Allowing for deaths and cancellations, the face value of outstanding certificates as of January 1, 1936 is \$3,463,000,000. The measure passed by the house provides for cancellation of interest paid or to be paid, amounting to \$290,350,000. This however becomes an obligation of the Government and must be added to the principal.

making the total obligation \$3,753,350,000. There is in the sinking fund created to retire these certificates, the sum of \$1,471,000,000 which when deducted from the total amount due makes it necessary to provide \$2,282,350,000 in cash to make immediate payment. Bonus certificates to the value of \$500,000,000 are now pledged with the United States Life Insurance fund for loans made by veterans. Ten years bonds will be issued to this fund by the Treasury to release these certificates but the total amount involved can be deducted from the amount of cash needed. Experts estimate that 494,000 veterans, with certificates aggregating \$500,000,000 who have not borrowed the permissible one-half will doubtless leave their certificates run to 1945 because they will receive 3% interest from the effective date of the bonus legislation. Hence another \$500,000,000 can be deducted, making only \$1,282,350,000 immediately necessary. Bonds can be issued to raise this amount of cash and such bonds can be amortized over a period of 10 years by an appropriation of something in excess of \$112,000,000 per year. Basic provisions of the new act are (1) Bonus certificates declared immediately payable (2) Interest is cancelled (3) Banks holding certificates for loans will surrender them to the Federal Government and Government will pay the interest (4) Application can be made for cash payment by the veteran or his representative (5) Certificates must be surrendered with the application (6) Act becomes immediately effective.