

8/17/35

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

FINAL FRONT FOR FIRST SESSION OF THE 74th CONGRESS.
"The fighting will soon be over."

OLD AGE ANNUITIES. The Social Security Bill, contains a provision for pensioning employees after they reach age 65, the funds for which are to be obtained from a tax on both the employer and employee. Farm labor, government workers, domestics and casual employees are excluded from the benefits of this section. To get a concrete idea of how this section will apply to any employee, let's take Bill Jones who is 20 years old and working at the time the measure takes effect. Let's assume that Bill Jones works from age 20 to age 65 and in that time earns an average of \$100 a month. For the first three years (1937-1938-1939) Bill Jones will pay a tax of 1% on his salary or a total of \$36, the tax to be deducted by his employer and remitted to the Government. In the next three years, Bill pays a tax of 1½% or \$54. In the next three the tax would be 2% or \$72. In the next three years it would be 2½% or \$90. During the next 33 years before Bill reaches age 65 the tax would be 3% or \$1188. Altogether, Bill Jones on reaching age 65 would have paid a total tax of \$1440. His employer meanwhile would be paying the same amount of tax as Bill, making a total of \$2880 paid into the Treasury. As a pension or annuity, Bill would receive ½ of 1% on the first \$3000 of his total wage or \$15.00, added to 1/12 of 1% of the next \$42,000 which is \$35.00 plus 1/24 of 1% of the next \$9000 which is \$3.75. Bill Jones monthly pension would therefore be \$53.75. If he lives to be age 75, he would receive a total of \$6450 in pensions for the \$1440 which he paid in. If Bill Jones should die at age 65, before receiving a pension and after having paid taxes for 45 years, his estate would receive 3½% of his total wage (which in this case is \$54,000) or \$1890. Suppose he lived to age 66 and receive his pension of \$53.75 a month for one year or a total of \$645.00. This amount would be deducted from the \$1890 and the balance paid to his estate. If Bill Jones should live long enough to have received a total of \$1890 in pensions, his heirs would receive nothing. If Bill Jones died at age 30, after having worked only 10 years and received a total salary of \$12,000, his estate would receive 3½% of \$12,000 or \$420.

WATCH SMUGGLING. At one time, there were 60 companies manufacturing jeweled watches in the U. S. In 1927 the number had been reduced to 10 and by 1932 it had been reduced to three, one of which is located at Elgin Illinois. These watch factories have an investment of 30 million dollars, and employ 10,000 skilled workers. A single jeweled watch movement represents about 12½ hours of labor. In 1932, about 435,000 jeweled watch movements were produced in this country and about 433,000 movements were imported from foreign lands. The estimated consumption of jeweled watches however for 1932 was 1,935,000. If the total of jeweled movements produced in the U. S. is added to the number imported, based on customs records, and deducted from the estimated consumption, there were over 1 million watches sold in 1932, which are not accounted for. Who made them? From whence did they come. The answer is that at least a half million were smuggled or fraudulently introduced from abroad. To stop this smuggling and give American watch-makers a break, a bill was introduced to license all importers of watches. The bill came up in the House on a hot afternoon under the rule of unanimous consent, whereby an objection from a single member to have it considered could kill it. It looked as if it would pass without difficulty. Suddenly a member from Miss. arose to ask a question and make a statement. Thereupon a member from Mass. arose to make reply and an argument started. The Speaker called for the regular order but the member from Mass. insisted on making an adequate answer to the gentleman from Miss. Under the rule, it was not permissible so he objected to consideration of the bill and protection for the mechanics in the watch industry went glimmering. Later in the same day, the matter was reconsidered and the bill was passed.

THE REAL LOWDOWN ON CORN IMPORTS AND EXPORTS (as contained in a letter from the Bureau of Agricultural Economics dated August 16, 1935.)

	<u>CORN SOLD AND SHIPPED TO OTHER COUNTRIES BY THE U.S.</u>	<u>CORN BOUGHT FROM OTHER COUNTRIES AND SHIPPED TO US.</u>
1928	25,800,013 bushels	565,229 bushels
1929	33,745,270	407,085
1930	6,369,398	1,556,445
1931	2,699,980	618,026
1932	8,885,855	344,240
1933	5,364,642	160,288
1934	2,987,419	2,959,256
1935 (First 6 months)	99,660	17,620,195

THE THIRD INGREDIENT. O'Henry once wrote a story called The Third Ingredient, an intriguing tale of a department store girl in New York who had beef and potatoes for a stew but no onion and how she finally found the onion. Prosperity has three ingredients, money, labor, and one other. As to the first ingredient, take a look at bank deposits. 58 billion in 1928, 59 billion in 1930, 56 billion in 1931, 45 billion in 1932, 41 billion in 1933, 46 billion in 1934 and back to 50 billion in 1935. Total reserves required to be deposited by members of the Federal Reserve System is about 2½ billion. Instead of that these member banks of the system have deposited twice that much because there is no place for the money. The second ingredient is labor. The American Federation of Labor still estimates unemployment at 11 million or more. The National Industrial Conference Board estimates it at 9,804,000 as of June 30, 1935. In any event, it is nearly 10 million. Here then is money and labor. Who can supply the Third Ingredient in the Prosperity Stew?

BITS OF FACT. (gathered from Government departments in the last week) The CCC has 425,000 young men now enrolled....Government employees increased by 107,000 over 1927..... Total number of workers employed on PWA projects is 291,000 ... Total number of men employed on Work Relief and Emergency Relief projects is 2,225,000 On August 1st, the HOLC had 895,159 loans outstanding in the aggregate amount of \$2,703,107,561..... On the same date 298,000 applications were still pending Some HOLC loans are delinquent as much as 15 months On August 1, 631,715 Federal Land Bank loans had been made for an aggregate amount of \$2,016,824,120 and 410,796 Commissioners loans totalling \$733,489,495 Total loans made by the Farm Credit Administration to August 1, is \$165,468,854... On June 30, 1935, the FERA reported 16,788,575 persons on relief Farm income dropped from 11.9 billions in 1929 to 5.4 billions in 1933 and has risen to 7.3 billions in 1934.

TAX EXEMPT SECURITIES The Borah amendment to the Tax Bill which carried by a vote of 40 to 39, providing for discontinuation of Federal tax exempt securities in the future draws attention to the amazing growth of the quantity of tax exemption securities in recent years. In 1860 when Lincoln was riding to the National Capital to take the office of President, there were but 1.9 billions in tax exempt securities; by 1929 this had increased to 32.8 billions and by 1932 to 33.63 billions. Since then, enough securities with tax exemption provisions have been issued to put the aggregate amount well over the 40 billion mark.

GREATEST SHOW ON EARTH. Some weeks ago, the Senate and House both passed the Wheeler-Rayburn Bill designed to kill public utility holding companies. The Senate bill contained the celebrated death penalty whereby such holding companies were to die in 1940 by legislative fiat. The House, after an uproarious struggle eliminated the death penalty and let the question of whether such holding companies should die, to the Federal Securities Exchange Commission. Committees of House and Senate then sat down together to iron out the differences in the two measures. The Senate conferees insisted that Mr. Cohen, co-author of the bill be permitted to attend the sessions of the conferees. The House members on the conference committee wanted Cohen removed from the Committee room and finally decided not to meet unless

this was done. The Senators were unyielding. Thereupon Rep. Huddleston of Alabama filed a privileged motion with the House requesting the House to instruct their conference members not to meet with the Senators unless this was done. The resolution after hectic debate was ruled out of order. A few days later, the Chairman of the House Interstate Commerce Committee brought in a resolution asking that the Committee be discharged and that new conference members be appointed. The debate was furious and personal. The situation was tense as personalities filled the air. The House then voted the resolution down which was the same thing as re-affirming its opposition to the death penalty. Then it occurred to somebody to start a lobby investigation and to bring Mr. Howard Hopson, President of the Associated Gas & Electric Holding Company before the Committee to tell how much was expended in defeating the death penalty. This might conceivably soften House members in their opposition to the death penalty. As a result, both Senate and House started an investigation. In the Senate, it was started by Senator Black's Committee. In the House by the Rules Committee of which Rep. O'Connor of N. Y. is the Chairman. Both Committees set out to find Mr. Hopson. G-men were enlisted to search for him. The House Committee found him and brought him to Washington to testify. While testifying before the House Committee, the Senate Committee being dissatisfied with the way things were going tried to serve Hopson with a subpoena. Committee attendants prevented it. The Senate Committee then thought of having Hopson arrested or subpoenaed after he left the custody of the House Committee. House Committee then contemplated a plan to bring Hopson before the bar of the House, arrest him, put him in the custody of the Sergeant-at-arms where he would be free from molestation by the Senate Committee. Meanwhile the Senate Sergeant-at-arms was out looking for Hopson. Thinking that he might be found in the apartment of B. B. Robinson, a young, personable chap who was Hopson's aid and assistant, he went there and found an intimate party in progress where a bit of drinking was taking place. And who should the Senate Sergeant-at-arms find there in Mr. Robinson's apartment. Well, bless your soul, nobody other than Marvin McIntyre, Secretary to the President, and Lawrence Robert, Assistant Secretary of the Treasury. Ain't Nature grand?

L'ENVOI. The first session of the 74th Congress is about to conclude its labors and seek respite from a heavy session which began on January 3rd. It will have been in session about 230 days, one of the longest in the last 20 years. Three members died and many have been stricken. It has dealt with many momentous matters. Beginning with the first session of the 73rd Congress in 1933, the Congressional Front was born and has continued to go into all sections of the State. To the editors and publishers who have so graciously devoted space to it, I am deeply grateful. If the weekly paragraphs have brought some enlightenment and instruction to the readers, I shall feel fully repaid for whatever labors were involved. With this issue, the Front "signs off" until the first week in January of 1936.