

The CHAIRMAN. Mr. Thompson.

Mr. THOMPSON. Apparently, Mr. Kerr, your organization in the Illinois drainage districts is in favor of the sales-tax idea, or at least you yourself are in favor of it?

Mr. KERR. We have approved it; yes, sir.

Mr. THOMPSON. How does your association feel about the 2 percent occupational tax in the State of Illinois?

Mr. KERR. We have acquiesced in it as the best means of getting along. We feel that it has the result that everybody is a taxpayer now in Illinois, and I think in the end there will be benefits.

Mr. THOMPSON. Then your organization does endorse the occupational tax in Illinois?

Mr. KERR. Yes, sir.

Mr. THOMPSON. Do you believe that Federal salaries are too high?

Mr. KERR. I beg your pardon?

Mr. THOMPSON. Do you believe that the mail carrier on your route gets too much money?

Mr. KERR. Yes, sir. I could duplicate my mail carrier, and he is just the average mail carrier. I could duplicate him for half the money, many times.

Mr. THOMPSON. Do you not believe the Federal Government should set up decent wages, in keeping with the high standard of living in America?

Mr. KERR. That is all right; but, if you ask for bids for mail carriers for my route, you will find plenty of men that will carry that mail for half the money he is getting and make money by it or make a good living.

Mr. THOMPSON. That is all.

Mr. HILL (acting chairman). Thank you very much for your appearance, Mr. Kerr.

Mr. KNUXTON. Well, we are still \$9,000,000,000 short.

Mr. HILL (acting chairman). We will call the next witness.

Mr. C. C. Mayer, Washington, D. C.

STATEMENT OF C. C. MAYER, REPRESENTING THE END POVERTY IN CIVILIZATION SOCIETY

Mr. MAYER. I appear here as the representative of the society organized and started in California to "End poverty in civilization", not by hobbling industry by taxing it more and more all the time and reducing the output and reducing employment, but by having assurance instead of insurance, to have a guaranty of a job for everybody who is able to work and willing to work, and taking care of those who are unable to work through old-age pensions.

The history of our Government from the time that Washington was inaugurated has been built up economically on the basis that every dollar put into circulation should be a debt against the person who uses it, instead of a credit for wealth that is created. We gave the privilege of issuing money to private individuals. Mr. Hamilton organized the First Bank for the United States, and he and his colleagues, most of them in Congress, took over the power to coin money, and that bank went out of existence in 20 years; and then another bank carried along until the most courageous and the best Democrat we have ever had, Andrew Jackson, put them out of

existence and wiped out all of the debt of the Government. That was one time when there was no debt.

This bill proposes to increase the debt. We have \$250,000,000,000 of debt of all kinds. We are on the wrong road. You have got to reverse yourselves. The Supreme Court is going to tell you that gold is not money. Money is the fiat sovereign power of the Government against all the assets, whether it is brass or kilowatt-hours of electricity or anything else. We have got to take over the control of money and the right to tax people for the use of money. Instead of destroying wealth and pauperizing people by spilling milk over the highways, burning cotton, and destroying food, we have got to distribute it so that you do not put the person on the dole and pay a higher price for something that you are destroying.

Only by producing wealth for everybody to earn is it going to be possible to keep the country from going deeper and deeper, and sinking lower and lower in the economic scale. We have no standard of living here. If there were 30,000,000 families at \$1,000 a year income, there would be \$30,000,000,000 turn-over there. If they had what Brookings Institute says is a fair standard of living, \$2,000 or \$2,500, we would have \$60,000,000,000 or \$75,000,000,000, at \$2,500 per family, and if we had such an income our facilities at present, if everybody were employed, with all the mechanical processes we have to produce goods and distribute them in the channels of trade, there still would not be sufficient to meet the demand.

People do not buy, they do not pay taxes, because they have no money with which to buy. There is only \$45,000,000,000 turn-over now, I believe, in the last calculation, and there was formerly \$90,000,000,000 and it is proposed to get more money by restricting and decreasing the employment, by charging those who work part of their pay, so that there is no buying power, there is much less buying power, and then you pay them for being idle. You may as well put all the horses in the country, or those which cannot work profitably, into the stable and feed them, instead of turning them loose in the fertile fields and letting them earn their way, and letting people earn their way on the same basis in fertile fields of employment.

There is an unlimited demand among the poor for more shoes, more clothes, more milk and break, and cotton, and under the State plan that exists in Ohio, these cooperative societies, under the State management, I understand, are producing mattresses and various other products that can be exchanged on a barter and trade basis, on a scrip basis, instead of on a money basis. We are either going back to the cave man's age, tending in that direction, or we are going to junk the present method of doing business, of increasing debts up above \$250,000,000,000, instead of decreasing them. Produce your wealth. Collect through taxes. Call it a "sales tax." Well, that is mostly the way we get our taxes now, indirectly. We do not call it a sales tax. A tax on cigarettes of 6 cents on a 10-cent pack is a sales tax. The tax on gasoline is a sales tax. The tax on electric power, a billion dollars a year, is a sales tax, but the public does not get it. You have let the people who control the constitutional, sovereign, vital, fundamental, all-essential important power to issue money, get that. They take their bonds, their bondage bonds, and

they order printed money for them at 30 cents a thousand dollars, or 40 cents a thousand.

The CHAIRMAN. Your time has expired.

Mr. MAYER. May I have leave to extend?

The CHAIRMAN. You have that privilege.

Mr. MAYER. And I would like to ask the privilege of quoting Speaker Byrns, page 11836, June 15, last year. He said that the appropriations of Congress had been nominal, small compared to the power of Congress to secure money; that they could get \$10,000,000,000 by setting aside the alcohol revenues, and in the same way you can get \$25,000,000,000 by setting aside part of the privately operated power company profits which exceed a billion dollars annually.

The CHAIRMAN. Do you say Speaker Byrns said that?

Mr. MAYER. Yes, sir; page 11836, Congressional Record, June 15, 1934.

Mr. KNUTSON. It is a good thing it was not found out while he was a candidate for Speaker!

Mr. BUCK. Mr. Chairman.

The CHAIRMAN. Mr. Buck.

Mr. BUCK. I would like to ask this gentlemen whether he believes the Townsend old-age pension plan would fit into the scheme of economic security that he recommends?

Mr. MAYER. It is not possible under any plan that is now proposed. You cannot give one man \$200 a month, unless the average family of five is getting a thousand dollars a month. If the average income per family is \$200 a month, then the one old person in that family may have reason to have \$50 or \$40, one-fifth of the \$200.

The CHAIRMAN. Have you prepared a bill embodying your views?

Mr. MAYER. I would like to say that Mr. Sadowski last year offered a bill, no. 9931, providing for assurance.

The CHAIRMAN. That is not a bill which you prepared?

Mr. MAYER. No, sir; I would like to offer his bill as a substitute for parts of your bill, titles III and VI.

The CHAIRMAN. How much does his bill authorize?

Mr. MAYER. I do not know that it authorized anything.

The CHAIRMAN. You ought not to favor it if you do not know what it authorized.

Mr. MAYER. I favor it, because his idea was to employ everybody idle, on a wealth-creating basis under, or at less pay than an establish or prevailing industrial wage.

(Extension of remarks follows:)

Titles III and VI levy taxes on workers' pay rolls, reduce purchasing power, shorten employment, hobble industry, increase bureaucracy and authorize it to run wild.

The inevitable, drastic change in our money system, now in transition, demands an entirely new viewpoint on all legislation. Demands a recasting of our whole economic set-up. Guaranteed, assured employment must be provided. Loading down the backs of labor with still more restrictions on earnings and a deadening plague of bureaucrats should be unthinkable.

A "new deal" civilization must discard all the old, outworn, misdirected and untenable theories of money. Economic monstrosities resulting from "old-deal" mistakes of the past must be made over to conform with new deal policies so as to meet the inescapable demands of our present pressing, changing economic conditions. Constitutional equal rights demand economic security for every worthy family and assured work for every worthy worker.

It is calculated that probably only 50 percent of all workers can reasonably be covered by titles III and VI. Many of these would be covered only in haphazard employment. Also there is danger of developing a regimented autocracy predicated on the subjugation of the masses of men, further delaying and denying independence, equal rights, economic liberty, and the pursuit of happiness. The inalienable rights of all our citizens must not be circumscribed.

Small bands of our forbears took over a vast continent on the basis that unshackled, free men were endowed with equal rights. They built great industries with continental networks of transportation and an unrivalled capacity to produce beyond the bounds of the supremest wants of many scores of millions of their fellows. Free citizens now deny that any group of men have the slightest justification to proscribe the inalienable rights of 126 million people and their posterity with bureaucratic taxation policies.

With radio's freedom of speech outstripping the petty, financial-enslaving propaganda of special interests, their newspaper press and their lilliputian one-track mentalities, our national strength united will inevitably be asserted to block or surmount any further taxation shackling of producers to restrict purchasing power, consumption and an abundant life. A new deal that actually gets somewhere by abolishing economic slavery or insecurity, cannot be denied.

America's wealth was bequeathed to all its citizens. Not merely to a small group of money-manipulating monopolists, controlling, un-Constitutionally, the power "to coin Money, regulate the Value thereof."

These ERIC (End Poverty in Civilization) truths are self-evident:

God created the natural wealth of the earth for the use of all men, not of a few.

God created men to seek their own welfare, not that of masters.

Private, monopolized control and ownership of tools, of money-token and other tools, has become a basis of enslavement.

Autocracy in industry cannot exist alongside democracy in government.

The existence of luxury in the presence of poverty and destitution is contrary to good morals and sound public policy.

The present depression is one that prevents the existence of abundance to enforce the poverty of scarcity.

A small group of men have vast, overwhelming wealth while the rest of mankind have vast, overwhelming debts, subjugating and unbearable. The pending bill does not aim to mitigate existing debts but to increase them.

It is contrary to common sense that men should be pauperized because they produce too much of their necessities and even of their luxuries.

The destruction of food or other wealth, or insufficient production to meet actual requirements, are morally wrong.

The solution of our economic ills, as provided in H. R. 5228, comprehends:

Work for all, all the time.

Stabilization of money and labor. One hour of common or unskilled labor should have a fixed, prosperity value, running as high as one dollar per hour in some States.

Overproduction should be guarded against and regulated automatically as explained on page 10, H. R. 5228.

Money to have no interest or bondage value, but to be disbursed only in payment for wealth values as created or transferred.

Money to be loaned to governmental subdivisions at cost, approximating one-thirtieth of 1 percent, with a service, collection or redemption charge added in lieu of interest, penalty, or tribute charges.

Money to be loaned to quasi-public corporations at 1 percent or less for wealth-creating, productive purposes to help reduce the cost of a high standard of living, to help reduce the cost "of liberty and the pursuit of happiness."

Money to be loaned to all real-estate owners at 1 percent or less.

Payment of the soldier certificates (bonus) at once.

This legislation contemplates a redeemable, noninflationary currency, issued to all the public on their negotiable assets. Money is to be issued and loaned in the same manner the Government now issues and lends money to the Federal Reserve banks, at cost, said cost being from 30 to 40 cents for a thousand dollars.

Under this bill (H. R. 5228) the privately owned Federal Reserve banks and the national banks would be denied the right to act as banks of issue, a sacred, sovereign right constitutionally belonging exclusively to Congress under its fundamental power "to coin money, regulate the value thereof."

Without an assured decent standard of living and assured income opportunity, the enjoyment of life, liberty, and the pursuit of happiness are impossible. The pending bill (H. R. 4120) fails to encompass any assurance of these fundamental rights. H. R. 5228 does encompass and guarantee these fundamental rights.

Measures to help "establish justice, insure domestic tranquillity, promote the general welfare" are further briefly indicated below.

To establish positive, progressive, wealth-producing employment of willing workers instead of the pending proposals for negative, subsidized idleness; to substitute H. R. 5228 for titles III and VI, would be a constructive step in the right direction instead of the proposed retrogressive steps that lack constructive qualities.

President Roosevelt 2 years ago established elementary social justice for the juvenile or minor grades of employable workers through his rapidly expanding Civilian Conservation Corps program.

The Economy Security Act (H. R. 4120), under various titles, provides some slight or extended positive and constructive measures of social justice for all categories of mankind except active, wealth-producing workers between the ages of 18 and 21 and 65.

"To secure the blessings of liberty to ourselves and our posterity" to any enlightened extent, commensurate with existing opportunities, the new-deal provisions of H. R. 5228 must be adopted to achieve a truly national, all-embracing program that is further herewith outlined.

To establish an equitable, well-balanced growth and development of the whole of the United States, all State, municipal, and local taxes should be progressively taken under control of the National Government. Money needed to carry on State, municipal, and local activities should be apportioned out of the income of the United States so as to give every part of the country prosperity under State supervision.

Capital investment by the United States in largest projects at lowest unit costs: Dams for "White Coal", for potable water, for Irrigation and Fisheries; Ditches for canalizing and lake connections; Drains to transform swamps into finest gardens and farming areas, rented to the ablest farmers and gardeners at rents beyond competition; Terracing of mountains; Forestation of all lands not otherwise better used on largest scale at lowest unit cost, by and for the United States, to be rented to users.

United States investment of Capital to be made at the greatest speed consistent with good workmanship in Heat and cold proof, fire and Flood-proof, Tornado, Hurricane, and Earthquake-proof structures, the best built on the largest scale at the lowest unit cost, rented or mortgaged for residence, business, industries, warehouses, and other purposes by the United States.

The United States to progressively restore obsolescence, salvaging and transforming Industries and methods of Production. Loans to be made to private enterprises, farmers, industries, transportation, communications, mining, etcetera, of demonstrated merit.

Until complete World Disarmament the maintenance of Army, Navy, and Air Forces for Defense superior to that of any other World Power.

To help stabilize prices, to safeguard unforeseen Peace or War time demands, all metals and materials that can be stored without deterioration, should be acquired and located strategically in safest structures.

Establishment of a Universal System of Education in which every child from its earliest years shall have Boy Scout and Girl Campfire training in Camps established all over the United States and possessions so every child shall have contact and experience growing up in every part of the United States.

All Scout Masters, Girl Campfire Matrons, the Teaching and Administrative Staff in all phases of juvenile and adolescent Education to be drawn from citizens at retirement age from the ablest leaders of society whose accomplishments, adaptability and fitness render their advice and service invaluable.

Private Credit having proved its incapacity to produce the best results, the United States shall extend the Postal Savings Banks to merge all Mutual Savings, Commercial, Investment and Private Banking, Life and Fire Insurance, Brokerage and Stock Exchanges, Loan and Building Associations into the United States Department of Finance. Every Officer and employee of the present organizations to be merged and apportioned their particular work in the National Institution according to their demonstrated functions and abilities.

Foreign Commerce to be promoted on the principle of exchange of all commodities to the fullest extent for mutual benefit.

The Constitution to be amended for Initiative, Referendum, Imperative Mandate, Recall, and Direct Election of President and Vice President by Popular Vote.

To provide data for the exhaustive planning, estimate, and comparison of every Project on the Land surface of the United States, and as a necessary preliminary to an extensive series of test drillings 2 miles or more in depth in at least 10-mile squares all over the United States, to get comprehensive, accurate data of the Geological resources of the country, the completion of the Topographic Surveys and Topographic Contour Maps of the United States in their entirety shall be placed first on the Calendar as the most urgent task to compete with the greatest speed consistent with accuracy.

A committee of New York City Bankers have currently reported to the New York Chamber of Commerce, as a reply to questions by Senator Fletcher, chairman of the U. S. Senate Committee on Banking and Currency, with these two declarations:

"We have at the present time neither a currency system nor a banking system. By reason of the emergency legislation passed since March 1933, our former currency system has been discarded and in its place there has been substituted a currency dictatorship, which, no matter how well suited to meet the requirements of an emergency, cannot in any sense be described as a system adequate to meet the needs of moderate economic life.

"In the same way, it is necessary to point out that our present banking system is not a system but a hybrid hotchpotch of relics of various old systems upon which has been superimposed an emergency structure.

Debt, interest bearing obligations of all money-token instruments outstanding throughout the United States, I again state, exceed 250 billion. To save our civilization, to begin to give the people of these United States the Independence, Liberty, Equal Rights, and Pursuit of Happiness which our forebears fought to gain and were denied, our Government must reverse its monetary policies as pursued for generations and as devoted continuously to creating debt-bearing, interest-absorbing, unearned-increment, wealth-confiscating measures controlled by private usurpers of the Constitutional, exclusive Congress power "to coin Money, regulate the Value thereof."

Unless our debt shackling policies of the past are entirely reversed so as to put a premium on the creation of wealth, by liberal compensation instead of a penalty (debt), our civilization cannot achieve its purposes.

Other nations, especially Japan, will supply the raw and finished products of commerce that we deliberately forego by destroying produced wealth in food and material crops. We not only create scarcity, poverty, high prices, and impossible debts among our own people. We also deliberately remove our surplus products from the world markets to favor competing nations and minimize the usefulness of our Merchant Marine.

Naval equality, destroyed 12 years ago, is now being restored. But if we progressively impoverish and pauperize our own citizens, and also destroy international trade, we are hopelessly lost.

Our civilization tends to fall apart.

Denying inherent, fundamental Independence and Constitutional rights, pursuing any policy to further encumber with debt and with inescapable poverty most of our citizens by refusing to increase and exchange our national wealth, unavoidably continues to pyramid disaster and chaos.

Men must have work. They must have tools and materials with regular, decent, or substantial income. To increase more interest-bearing bonded indebtedness means more misery and more ultimate poverty.

Taxing at least a sum of \$500,000,000 of the total electric power revenues of double this annual amount, to offset the spending of billions of dollars to guarantee work to every able-bodied citizen, should be one way to justify the issuance of Constitutional legal tender money to avoid interest-bearing bonded indebtedness.

Issuance of several hundred millions of legal tender money for early Civil War purposes has saved 12 billion dollars in interest charges to date on a 5 percent basis. This legal-tender issue was followed by "payable in gold" bonds (interest and principal), the gold being controlled and monopolized by International-Wall Street bankers. As a result our total debts have reached a collapsible condition. They have become an insuperable and almost insurmountable burden upon our civilization in competition with Japan and other nations, especially those that repudiated their internal and external debts.

Blundering on and off the vicious, illusive, enslaving tyrannical gold system of money control, as England has done, is unworthy of a great democracy that

assumed 160 years ago to cast asunder from the British system of financial gold control and domination. A domination that has clutched America's throat and dictated our destiny most of the time since 1776. England's monarchial, imperialistic problems and policies are no criterion or model for the United States.

"Reconstruction and control of finances in both countries is most essential" says Lloyd George this current week. Here they transcend any attempt of emergency experiments to further tax and hobble employment with makeshift insurance measures, and through new swarms of bureaucratic leeches, before there is a solid approach of national stability in employment.

"America is prodigiously wealthy. Its riches are to (should) be utilized to ensure a higher standard of life and greater security for its workers", says Lloyd George. But only by assuring work for all idle willing workers. Not by crippling production, export power, purchasing power, directed by new hordes of tax gatherers, to further muddle our present almost insoluble distress.

Unbearable high interest debts have nearly all been accumulated since the days of McKinley and Teddy Roosevelt. They account for the pauperization of a preponderant percentage of distressed citizens with "80% of our population on the border line of poverty."

Mark Hanna's Gold Bug victory started our present topheavy debt-money inflation. In 1897 the total debt structure of our then existing 82 industrial combinations totaled only 1,000 million. In the next four years a dozen more combines added 250% additional debt inflation, including Morgan's U. S. Steel.

In the seven years ending 1929 new "securities" corporate and foreign bonds, were floated to the extent of nearly 50,000 million, according to the Commerce Yearbook 1929. These seven years produced nearly fifty (50) times as much corporate debt-money inflation as the total outstanding corporate debt structure in 1897.

Wall Street's financing of the Great War by manipulation and inflation through the privately owned and operated Federal Reserve added scores of thousands of millions (scores of billions) to our debt-money burden.

While foreign nations have mostly repudiated their debts of all kinds our nationals continue to hobble along with impossible-to-pay debts and our burden continues to increase through mistaken policies.

Private monopoly ownership of money-issuing privileges, of debt-imposing tools and instrumentalities, of industry, trade, and commerce, are the basis of enslavement of the people of the United States.

Monopoly and luxury flourishing in the face of poverty and destitution of an overwhelming majority belie our Independence and Constitution, and disrupt "the general Welfare."

Natural drought and famine can be tolerated. Man-made depressions, scarcity and poverty are intolerable.

Our national wealth has been siphoned into the hands of the few. Unbearable burdens of debts have been saddled upon the backs of the many.

Men will not indefinitely suffer privation while living amid a superabundance of all they can desire to provide a full life of plenty.

To check lengthening cracks in our civilization we must have production for use on a mutually advantageous or profitable basis. Monopolized production must not supply constantly increasing tribute to redeem falsely built-up vested capital.

Purchasing power, velocity of turn-over of money actually used in trade, alone promotes the public welfare.

Insufficient circulation of money compel depression and distress.

Ample circulation of money and of trade is the all-important necessity "to promote the general Welfare."

Only 5½ billions of pocket money are now extant in dollars, mostly hoarded in bank vaults. For every self-liquidating dollar owned there are nearly fifty inflationary, debt-shackling dollars in circulation. There must be several times as many self-liquidating, cash-in-the-pocket dollars as now pass in trade and actually circulate "to promote the general Welfare."

Taking the falsely bottomed, falsely built, falsely boomed and repeatedly wrongly buttressed financial-industrial monopolized combines now in control, and supporting them on a status quo basis to rehabilitate or reconstruct society, is a denial of all the inherent rights of mankind. There must be no continued acceptance of tribute-exactly financial tyrannies that consume, through their excessive hydra-headed interest and profits system, the substance of humanity, saddled with scores of billions of frozen debts.

There must be a reversal of the mistakenly promoted economic financial manipulations of the past 73 years, since the issuance of legal-tender dollars ceased and were succeeded by the now repudiated Gold Standard system of closely controlled, piratically exploited money-token "securities" and measures monopolized by a few master dictators of men, their associates, and beneficiaries.

"There came an epoch of the decline and fall of the Roman Empire because the ruling classes failed to continue to solve the problems of the poor", says J. Blake Lowe in the February Forum magazine. This particular article gives a safe and sane plan of "Production for Use" for idle workers in self-sustaining subsistence communities, under the title "Profitable Unemployment." It recites that Tiberius, of the highest nobility of Rome, and his son, Gaius, pursued public-works policies, and ascribes the Decline and Fall of the Roman Empire to povertizing of the masses and failure "to promote the general Welfare."

The CHAIRMAN. We thank you.

The next witness is Miss McGuire. Please come forward and give the stenographer your full name and address.

STATEMENT OF MISS LOUISE MCGUIRE, REPRESENTING THE NATIONAL ASSOCIATION OF CLASSROOM TEACHERS

MISS MCGUIRE. I represent the National Organization of Classroom Teachers. That organization is affiliated with the American Federation of Labor.

First of all, I want to say that our organization is greatly heartened and edified by the President's proposed Economic Social Security program. We come in contact with misery, with broken homes, with children who are neglected, with children who are delinquent, some of them, and all of these, or most of these, I would say, come into this condition because of factors over which they have no control, or at least a very imperfect control.

Mr. Green has put forth the view of labor, and so I shall not take up any of those points which he covered, but there are one or two items which I would like to ask. The first is, I would like to ask that you give special attention to the white-collared class in relation to the provisions of this proposed bill. I ask this because most of these people are not eligible for the average community's resources. In other words, not only the white-collared class but the group that are just above the so-called "poverty line" I am speaking about. For instance, if you are very poor, you have access to free clinics, to free legal advice, and to other community resources. If you are very wealthy, you can pay for those; but if you are just above the line you really are not eligible for any of this, and we come constantly into contact with families who sacrifice practically everything in home life in order to stay independent. That is, the wife goes out to work or the family, already living in crowded quarters, take in roomers or boarders, or the children go out to work, even those that would be probably much better off if they stayed in school.

Both of these groups are potentially large consumers, if they had the power to consume.

Also, I want to ask special consideration to the handicapped group as outlined in the bill. There are very inadequate resources and opportunities at the present time for crippled people, either children or adults, for any training to make them independent, to make them self-supporting. Many of these are in school now, and there are