

[May 11, 1935]

THE BONUS. For the purpose of clarity, a summary of bonus procedure in the 74th Congress might be quite pertinent. (1) The first Bonus bill introduced in the House was H. R. No. 1, known as the Patman Bill calling for immediate payment of the bonus in Treasury certificates. (2) Next came the Vinson Bill, authorizing the immediate cash payment of the bonus. It contemplated a bond issue to pay the bonus but carried no appropriation and one of the moot questions at the time it was considered was whether it was anything more than an authorization. It provided no money, and left that matter to the Ways & Means Committee of the House and to White House recommendation. (3) Then came the Andrews Bill which provided for some cash and some bonds, but not for the face value of the bonus certificates. (4) There was also the Cochran bill which was essentially a compromise measure. The Patman Bill was in fact, the only bill in the House which authorized the payment of the bonus and provided the means for payment. The House passed the Patman Bill by a narrow margin. In the Senate, Senator Harrison introduced the Harrison Bill, with the inference that if passed, the President would sign it. It provided for dating the certificates back to Nov. 11, 1918 and gave an option of cash or bonds. Those who held the bonds until 1945 would receive about \$1115 for a \$1000 certificate. Those who wanted cash immediately would receive about \$765 for a \$1000 certificate. When the filibuster on the Costigan Anti-Lynching Bill was broken in the Senate this week, the Bonus became the first order of business. An effort was made to substitute the Harrison Bill for the Patman bill but failed. Then an effort was made to substitute the Vinson Bill for the Patman Bill. Before it was voted on however, Senator Thomas of Oklahoma managed to secure adoption of an amendment to the Vinson Bill writing in an appropriation of more than two billion dollars. This amendment therefore provided the means for payment of the bonus without further legislative action and made the Vinson Bill acceptable to those who had some doubts about it before. The fight in the Senate therefore lay between the Vinson Bill and the Patman Bill. At a crucial moment, the 71 year old Senator McAdoo of California arose to make a short speech. He pointed out that the Vinson bill would require the Government to pay 66 millions a year in interest for 20 years and that at the end of that time, Uncle Sam would have paid \$1,320,000,000 in interest and still owe the original two and one fifth billion dollars in bonds. He stated further that by setting aside \$1 million annually for 20 years, the certificates could be completely paid under the Patman plan. By adding, that this two and one fifth billions in certificates was like throwing a mere spadeful of earth into the ocean, so far as inflation was concerned, he carried the day, because Senators were not forgetting that at one time he was the Secretary of the Treasury under President Wilson. The vote was taken. The Patman bill carried by a vote of 55 to 33. Forty three Democrats, 10 Republicans, 1 Progressive and 1 Farmer Laborite voted for it. Twenty one Democrats, 12 Republicans voted against it. The vote to substitute the Vinson Bill for the Patman Bill was 54 to 30. The vote to substitute the Patman Bill for the Vinson Bill was 52 to 35. On final roll call for adoption, the Patman Bill carried 55 to 33. It now goes to the White House.

MCKELLAR AMENDMENT. During the dying hours of the 73rd Congress, Senator McKellar of Tenn. offered an amendment to a pending bill in the Senate which was adopted. At the time, few realized the implications of the amendment, but later it came out that it's effect was to challenge the Civil Service status of some 1200 persons working in the Treasury Dept., 700 of whom were Prohibition agents. It required that these agents take a new competitive Civil Service examination in which they received no credit for training and experience. Many of them failed in the examination, included some of the best of Prohibition agents. Their failure created a problem for Secretary Morgenthau who was launching a hard drive against bootleggers because it crippled his forces. The Secretary asked many of these agents to remain on the jobs without pay, promising that he would at the proper time go before Congress and ask additional funds for their pay. Hundreds of them therefore worked from December until now without pay. The matter has now been adjusted since the new Treasury Appropriation Bill carries an item of \$1,385,000 for the pay of these agents and also gives those who failed last year, a chance to take a new non-competitive examination in which training and experience and prior service will be given proper weight. Thus ends a vast anxiety and much confusion and disruption of Treasury forces, all of which was the result of a hastily adopted and much misunderstood amendment.

PATENTS. The Patent Office may well be described as the repository of the crystallized inventive genius of this country. Those who burn the midnight oil and work many years to perfect some device or to improve some existing device, or process must file for and secure Letters Patent from Uncle Sam to be secure in their inventions and discoveries. On July 31, 1790, the U. S. issued Patent No. 1 to Samuel Hopkins for a method of making lye. It was signed by George Washington. On August 8, 1911, Patent No. 1,000,000 was issued to Francis Holton for an improvement in vehicle tires. On April 30, 1935, the United States issued Patent No. 2,000,000 to Joseph Ledwinka for an improvement for pneumatic tires used on streamlined railroad trains. It took 121 years before the first million patents were issued, and only 24 years for the second million.

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**RAILROAD PENSIONS.** The 73rd Congress passed a Railroad Retirement Bill providing pensions for all railroaders who attained a certain age. The bill called for assessments on both employers and employees and the act was to be administered by a Railroad Retirement Board consisting of three members. This Board organized immediately after appointment, set up offices in the Tower Building, Washington, D. C. and began to put the act in effect. It was anticipated that the constitutionality of the act would be questioned and a suit was filed in the District of Columbia for that purpose. The opinion of the lower Court delivered by Judge Wheat held that the act was unconstitutional because it was based upon promoting the efficiency and safety of interstate commerce and that those railroad workers who were employed on short line railroads which did not operate outside of state borders would be the beneficiaries of the act, even tho they were not in interstate commerce. The case then went to the Supreme Court of the United States. It was expected that, if the Court confirmed the decision of the lower court, this difficulty could be immediately remedied by an amendment to the original act and that such an amendment could be adopted before the present Congress ended. The Supreme Court decided the case on Monday May 6th and to say the least, the opinion of the majority was somewhat unexpected. The Court refused to accept the view that pensions provided for by law promote either efficiency or safety. "We feel bound to hold" said the majority, "that a pension plan thus imposed is in no proper sense a regulation of the activity of interstate transportation." Literally interpreted, this language could be taken to mean that Congress has no authority whatsoever to pass a railroad pension measure and retire aged railroaders in the interest of efficiency and safety.

**THIS AND THAT.** Legislation in the 73rd provided that husband and wife could not both be on Uncle Sam's payroll. One or the other must choose to go. Out of this sprang the **inference** that husbands and wives would deny that they were married or would live in a so-called married state and continue on the payroll. Some of them raised the cry that the so-called "marriage clause" impelled people to live in "sin" for the purpose of protecting their jobs. Charges were hurled back and forth rather freely and to top it off, Adele Rogers St. John noted woman newspaper writer, made it the subject of a special novel which is now running serially in the Washington newspapers under the title "Marriage Clause." There will be lots of noise and smoke but little action.....In this day and age, officeholders, politicians and majorities are often threatened with loss of patronage or that they will not receive any largesse from Federal Appropriations unless they remain regular in their loyalties and affiliations to and with a general program. More than three thousand years ago, such threats were far more emphatic and all-inclusive as witness what King Pharoah Seti said to those who would disturb his program: "The gods will become red like the flame of a brazier to consume their flesh because they have not heard or listened to me. The gods will annihilate those who have violated my intentions.".....One of the fruits of the chain letter deluge is that stamp sales have increased to such an extent that the Bureau of Printing and Engraving has had to work overtime to meet the demand.....The Senate received in excess of a 100,000 telegrams last week to support the Patman Bonus Bill..... Last year, when Income Tax Blanks were filed, there had to be added a pink slip showing certain figures and information that was available to the public. The pink slip provision was repealed only recently. Now they have millions of pink slips on hand that are worthless. They must be officially destroyed and the job may be wished upon the Hon. Charles J. Colden, Member of Congress from California. He constitutes a one-man committee known as the Committee on Disposition of Useless Executive Papers. Congressman Colden was born on a farm in Peoria County, Illinois in 1870 and later moved to California.

**SUB-COMMITTEES.** Every Senator serves on from three to seven Standing Committees of the Senate and possibly on additional special committees. You can imagine what a task it is along with all other business to give attention to the matters coming before these committees. Consequently, many committees are divided into sub-committees of four or five members and these sub-committees hold hearings on bills, make their report to the full committee and the full committee in turn reports the measure out or permits it to die without further action. Senator Duncan U. Fletcher of Florida is Chairman of the Senate Banking and Currency Committee. This committee will handle the Banking Act of 1935 which passed the House on May 9th. Senator Glass, father of the Federal Reserve System is Chairman of the sub-committee which is holding the hearings on the Banking Bill. Senator Glass does not see eye-to-eye with the administration on banking legislation and is opposed to some of the provisions of the bill. Senator Fletcher on the other hand is for the administration bill. You therefore have the spectacle of a Committee Chairman and the chairman of the sub-committee at odds. And both are members of the same party. Strange things can happen under such circumstances.