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

RFC LOANS TO BUSINESS Recently the RFC announced an ambitious plan to aid expansion in all forms of business by means of loans to business for materials and labor thru the banks. In substance, a business man who needed money to buy materials or pay labor should go to the bank and apply for a loan. The bank was to borrow money for this loan from the RFC at 3% and re-loan to the business man at 5%. The bank, of course, was to be beholden to the RFC for repayment. Thus far, the plan has been of little import largely because the larger banks are literally brimming with actual cash and why should they borrow from the RFC when their own coffers are filled and they are seeking good loans.

GOLD PURCHASES. What's it all about - this purchasing of gold by Uncle Sam at \$32.00 per ounce? Just this. Professor Warren, formerly of Cornell University, now monetary adviser to the government says that, "Prices are an expression of the value of gold in terms of commodities. By controlling the price of gold, you control the price of commodities". The logic is this: Under the Gold Standard Act, the price of gold was set at \$20.67 per ounce. If substantially higher prices were offered for gold, it would take more dollars to buy an ounce. Where it took 20-67/100 dollars to buy one ounce before, it now takes 32 dollars. The more dollars it takes, the cheaper is the value of the dollar measured in purchasing power. If the dollar is not worth as much, the butcher, the farmer, the haberdasher, the hardware store will require more of those cheapened dollars for the things they have to sell. In other words prices will go up. Gold purchases began on October 22nd.

RELIEF PLANS The Federal Emergency Relief Administrator (FERA for short) announces that 3-1/3 million families are on relief. Winter is here. Accordingly they must be cared for by Uncle Sam, the States and municipalities. Present plans call for purchases of 9 million pounds of butter per month, 10 million dozen eggs per month, 30 million pounds of pork per month, 8 million pounds of beef per month and clothing, shoes, coal and other necessities in proportion, to feed the needy. A nation wide plan is being developed to serve meals to needy school children and to set aside concentration areas for feeding transients. A tremendous undertaking.

PUBLIC WORKS: In 1931, Congress shaped a public works program containing 900 Federal Projects. In the 73rd Congress, 3-1/3 billion were appropriated for this purpose, to include not only Federal but Federal-aid projects as well for states, counties and municipalities. Hon. Harold L. Ickes, Secretary of the Interior, was placed in charge of this fund and an organization was developed to administer and check all projects. On November 1st, only 66 of the 900 Federal projects had been approved, totalling 23 million dollars. Of the total amount thus far approved, three states (N.Y., Cal., and Mass.) secured 16 million or 2/3 of the total. Texas, home of Vice-President Garner has received only \$45,000, Indiana \$115,000, Ohio \$107,000, and Illinois \$360,000. The latter for a postoffice at Decatur.

GOVERNMENT BY INITIALS. For your guidance: RFC-Reconstruction Finance Corporation. HOLC-Home Owners Loan Corporation. TVA-Tennessee Valley Authority (handles Muscle Shoals). FCA-Farm Credit Administration. PWA-Public Works Administration. FCT-Federal Coordinator of Transportation. FERA-Federal Emergency Relief Administration. NRA-National Recovery Administration. FDIC-Federal Deposit Insurance Corporation. AAA-Agricultural Adjustment Administration. CCC-Civilian Conservation Corps. There are others.

EXPORTS. A letter from a radio manufacturer this week states, "Our export business has been ruined". On Oct. 18th Secretary Wallace in an address at the Century of Progress said. "Exports of pork from the U.S. to Great Britain have declined from 20% to 6%". Other manufacturers make the same complaint. What's the reason? Answer: Smart Britishers. Cheap money stimulates exports and restricts imports. Therefore in 1932, the British Gov't. established the Economic Equalization Account with capital of three quarters of a billion dollars. Pounds went down, dollars went up. Thirty-three countries have monetary systems related to that of the pound sterling and their money declined in value along with the pound. The pound went down to \$.22 from 4.86 when Britain left the gold standard. How does that affect us? Our dollar would buy 1/3 more in Britain, or a pound sterling country, than at home. That's rather tempting. Therefore British export business increased, afforded employment for the jobless. The differential of 1/3 in comparative money value was enough to enable British and other foreign goods to hurdle our tariff walls and still undersell American goods. Countries tied to the pound sterling could, under depreciated money, buy more profitably from Great Britain or other pound sterling nations than from the U.S. Is it any wonder that export trade declined with a result that our unemployment problem continued in aggravated form? France, remained on gold, but met this problem by adding a surtax to her tariffs to equalize the difference between normal and depreciated money. The same remedy was presented to the Ways and Means Committee of Congress in 1932, but they failed to report favorably on the proposal. This analysis may explain the present gold purchases. Buy gold and cheapen the dollar. It should succeed, provided it does not inspire an international contest to see which nation can depreciate it's money the most.

THIS AND THAT. More than 50 new distilleries are seeking to qualify new issues of stock before the Federal Trade Commission under the New Federal Securities Act. All of the gold produced in the world since Columbus discovered America in 1492 could be cast in a cube 40 x 40 x 40 feet. Over half of it has vanished from market use - either hoarded, made into jewelry or sunk in ships. John R. McCarl, Comptroller General of the U.S. is in some respects more powerful than the President. He holds office for 15 years, is not removable even by the President, and passes on all contracts and expenditures. They must be in accord with the law. He is the watch dog for the people. Once General Pershing lost the vouchers showing payments for expenses on an official business trip. The law provides that vouchers must accompany an expense claim. McCarl ruled that General Pershing was out. Once a Department head in the Dept. of Agriculture spent \$25,000 on hoof and mouth disease. There was no appropriation for it. McCarl ruled that the official must dig into his jeans for that amount. Congress relieved the embarrassment of this official by reimbursing him.