

Override Time to Renew Dead Money Powers

THE NEWS:

Washington, D. C.—By a simple majority of four votes, the Senate returned to President Roosevelt his power to devalue the dollar and to continue for two more years the \$2-billion stabilization fund. Although the statute which the Senate extended had been talked to death in the June 30 filibuster, administration leaders contend that nothing but the Senate vote was necessary to call them back into existence. The President quickly signed the bill as soon as he received it.

COMMENT:

Overriding time's veto of the presidential money powers, the Senate by a vote of 43 to 39 passed H.R. 3325, the bill to extend for two years the stabilization fund and the president's devaluation powers.

The act which H.R. 3325 was to amend, entitled "an Act to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised," reads as follows:

"(c) All the powers conferred by this section shall expire June 30, 1939 . . ."

That clause occurs in subsection (c) of section 10 of the Gold Reserve Act of 1934 which was approved January 30, 1934, and amended in 1937 to extend the money powers for two years.

Thus to say that the powers did not expire on June 30, at which time they had not been extended, is to deny the wording of the law which created them. In as neat a trick as any Republican ever thought of, the President managed to secure an immediate opinion from his Attorney General that the powers were not dead but only sleepeth. They "lapsed," said the Attorney General, and it took all the cajoling the administration could muster, to get the four vote majority which approved their argument.

Senator Key Pittman, 100 per cent New Dealer, spoke against the bill, although he later voted for it. Senator Henry F. Ashurst of Arizona, who led the New Deal Court fight, voted against the bill. But that was because they are from states where domestic silver is more popular than foreign silver, and high prices for domestic silver were not included in the New Deal plans.

Nevertheless, many of the 39 who opposed extending the powers are discontented with the appearances of things. Some of them insisted that the powers were dead and as such could not be revived without rewriting a new law.

Congress May Send Europe Bill Collector

THE NEWS:

Washington, D. C.—Both Houses of Congress have in their legislative bin awaiting action, a resolution to appoint William Griffin, a New York editor and publisher as a special roving ambassador to visit certain European countries and suggest that they renew payments on their defaulted post-war debts to the United States.

Senator Robert Reynolds of North Carolina and Representative Chauncey W. Reed of Illinois, are authors of the resolution.

Mr. Griffin's name is suggested because he has spent years of travel in Europe at his own expense, studying the war debt situation, and interviewing foreign statesmen on the subject.

COMMENT:

Just four weeks ago, the nations of Europe, except Finland, ignored the

Congress Forgets 'Economy' in Enacting Its Extensive Program

THE NEWS:

Washington, D. C.—The New Deal neutrality and lending programs now hold the key to Congressional adjournment. All other major enactments have already been handled.

Before engaging in conflict with the administration of the President's money powers, Congress enacted in its six months of legislative efforts, practically everything that Mr. Roosevelt had requested.

COMMENT:

Gone is even the memory of the "do-nothing Congress" of 1938. While this session did not produce the "economy" in spending which Congressmen had originally promised, it has seen enacted an extensive program of social legislation.

Following are some of the more important legislative measures which were adopted by Congress at this session:

National Defense: H.R. 3791, which authorized increasing airplanes of the army air corps to 6,000, increasing enlisted personnel, etc. Signed April 3 to become Public Law 18; H.R. 4278, authorized construction of naval air bases (signed April 25,

fact that \$218,269,384 was due to the United States on their war and post-war debts. On that day the United States Treasury reported that the debtor nations owe the United States \$12-billion, 800-million.

The war and post-war debts as they stood on June 15 of this year were:

Belgium	\$ 454,178,478
Estonia	20,766,730
Finland	8,173,505
France	4,237,649,725
Germany	193,384,575
Great Britain	5,427,315,134
Greece	34,111,553
Hungary	2,330,683
Italy	2,038,681,997
Latvia	8,558,591
Lithuania	7,710,878
Poland	259,877,333
Roumania	66,230,864
Jugoslavia	62,190,546

Of these nations, only Finland paid the \$160,693 installment due on the 15th. The Finnish debt was not a war debt, but a post-war loan for grain and foodstuffs. Of the total loans, \$7-billion were made to seven allied countries before the armistice, and \$3-billion after the war to 20 countries, 13 of whom had not borrowed anything before the armistice.

On December 18, 1931 Congress passed the so-called Hoover foreign debt moratorium. The alleged purpose was to assist prostrate Germany, but the actual purpose, says Representative Martin L. Sweeney of Ohio, was "to permit the international bankers to collect their private loans, which exceeded by several billion dollars the obligations due our national government."

The \$250-million payment due on December 15, 1931, although it was admitted that France, Britain, Italy, and several other debtor nations had deposited the money with their fiscal agents in this country with orders to pay it on that date, was never paid, because of the passage of the moratorium. Previous to that time, America had already cancelled \$7-billion worth of war debts for these nations. Since 1931, the government of Hungary has made a small token payment, and Finland has submitted her regular payments. Other than that, not a single nation has paid on its war debts in the last six years.

P.L. 43); H.R. 4630, appropriating \$508-million for the army (signed April 26, P.L. 44); S. 828, appropriating \$12-million for the acquisition, conversion and construction of naval vessels (signed April 26, P.L. 45); H.R. 6149, a naval appropriation of \$773-million (signed May 25, P.L. 90); H.R. 2878 authorizes \$54-million for the construction of naval public works (signed June 2, P.L. 106); S. 572, providing for the purchase of \$100-million worth of strategic materials in war or emergency (signed June 7, P.L. 117). The total defense appropriations on July 1 included \$1,243,746,686 for the War Department, \$976,220,241 for the Navy and \$641,593,799 for Coast Guard and non-military purposes—or a total of \$2,861,560,726, the largest defense appropriation since the war.

Reorganization: H. R. 4425 gave the President his desired power to transfer, combine and rearrange government departments and agencies. (Signed April 3, P.L. 19.) This legislation, in some form or other, had been requested by every President since 1912. Following its enactment, two government reorganization plans (S.J. Res. 138) creating central government lending, security, and works agencies—and interchanging departmental agencies—were approved. (Signed June 7, P. Res. 20.)

Agriculture: H.R. 5269 appropriated \$1,194,488,000 for the agricultural department, including \$773-million for subsidies for co-operators in the crop-control program, and \$203-million for disposal of surplus produce. (Signed June 30.) Effective on the same day was reorganization plan number 1, which placed the Farm Credit Administration and the Commodity Credit Corporation with their \$1-billion lending power, in the hands of the Secretary of Agriculture.

Relief: H. J. Res. 83 appropriated \$725-million for relief to June 30 (signed Feb. 4, P. Res. 1). H. J. Res. 246 increased that appropriation to \$825-million, or almost the amount the President had originally requested. (Signed Apr. 13, P. Res. 10.)

H. J. Res. 326 appropriated \$1,775,600,000 for relief for the fiscal year which began July 1. This was the amount requested by the President. (Signed June 30.)

Taxation: H.R. 6851, tax bill of 1939, removed undistributed profits tax and substituted flat 18 per cent levy on profits. Retained nuisance or indirect taxes. (Passed June 24.) H.R. 3790, provides for reciprocal taxation of federal and local government salaries. (Signed April 12, P. L. 32.)

Housing: H.R. 5324 increased F.H.A. lending authorization from \$3-billion to \$4-billion (signed June 3, P.L. 111).

R.F.C.: S. 1102 continued functions of the Reconstruction Finance Corporation to June 30, 1941 (signed March 4, P.L. 2). It is now a branch of the new federal lending agency.

Credit: H.R. 4011 continued the existence of the Commodity Credit Corporation and the Export-Import Bank, increasing the lending authority of the latter. (Signed March 4, P.L. 3.) The C.C.C., formerly independent, but now (since July 1) under the Department of Agriculture, makes loans to farmers on their produce when surpluses cause natural price reduction. The Export-Import bank, formerly under the R.F.C. and now a part of the new lending

agency, extends credit or loans to foreigners for the purchase of American exports.

Aliens: H.R. 2200 abolished the requirement that aliens must specifically renounce allegiance to sovereignty in order to become naturalized (signed June 20, P.L. 138). H.R. 805 extended until May 25, 1940, the time for naturalization of alien veterans (signed June 21, P.L. 146).

Money: H.R. 3325 extended to June 30, 1941 the \$2-billion stabilization fund and the President's power to devalue the dollar. Passed Senate July 5, signed July 6—after the renewed powers had "expired" according to the act creating them. Administration leaders by a broad-minded mental reservation, translate "expire" to mean "lapse"—the subject to be ultimately settled by the Court or by Republicans in 1940.

The Townsend pension plan, Florida Ship Canal boondoggling proposal and a proposed new naval base on Guam Island in the Pacific, were rejected at this session of Congress.

Vote of House On Neutrality Irks President

THE NEWS:

Washington, D. C.—President Roosevelt told his press conference that he wanted action on neutrality legislation at this session of Congress. Mr. Roosevelt stated that reports from Europe disclosed that the House failure to repeal the embargo on arms to belligerents, had been hailed by the Nazi and Fascist nations.

He made it clear that he is supporting the Bloom proposal to scrap the arms embargo provision of the present neutrality law entirely.

COMMENT:

The administration failure to get the embargo repealed even in the House, spells certain controversy and ultimate compromise in the Senate, where a neutrality bloc is as determined to avoid war, as the administration is to repeal the arms embargo.

President Roosevelt has adopted the tactics that have become characteristic of "liberals" in general, which seem to be: when persons oppose you, accuse them of being friends of Wall Street or favorable to Nazism or Fascism.

The Reds have so overworked it, that it no longer means anything when they shout Fascist. A few of the more rabid New Dealers have resorted to these tactics at regular intervals during the last decade, and Mr. Roosevelt himself has been known to excoriate Wall Street once in a while when some of his proposals failed to make the public hit he thought they would.

But when the official head of one department of government informs another equally if not more important branch of government, that unless they pass his particular brand of legislation, they are playing into the hands of foreign governments, it is about time to begin calling things by their right names.

The Bloom bill, H.J. Res. 306, as amended and passed by the House, is in the Senate.

It is still in order for interested citizens to encourage their Senators to stand by their guns and demand neutrality legislation that does not align us with any foreign nation.

The Possibility of A Corporative State in England

By REV. W. J. RANDALL

*Famous Writer for SOCIAL JUSTICE Balances
Obstacles and Favorable Factors*

IN THE PREFACE to his enlightening "Essay on the Restoration of Property," Mr. Hilaire Belloc speaks of the possibility of restoring the lost state of property to the proletariat. His words are depressing but true. He writes:

"Respect for reality compels me to say that the restoration of property when that institution has all but disappeared is a task almost impossible of achievement. If it were quite impossible . . . it would not be worth while wasting breath or ink upon it. It is not quite impossible; at least, it is not quite impossible to start the beginnings of a change. But the odds against a reconstruction of economic freedom in a society which has long acquired the practice and habit of wage slavery is difficult beyond any other political task."

I have quoted these words because they might be applied very aptly to another matter—the establishment of the Corporative State in England. Corporativism and the common possession of real property are associated; and both seem so far from achievement as to be figments of an idealist's imagination. Yet it may be said that Corporativism, like common property, is not quite impossible—because the impossibility, insofar as it exists, is neither physical nor metaphysical. It depends upon the human will. And where it is a question of the human will choosing a particular plan of action, the thing cannot be quite impossible, however difficult; for where there's a will there's a way.

In view of existing realities in England, what possibility is there of the establishment of the Corporative State?

Essence of the Corporative System

It will be well to refresh our memories with a picture of the Corporative System; let us do this as briefly as possible. In "Vocational Society—the Christian Challenge" (SOCIAL JUSTICE, Aug. 15, 1938) we saw that Corporativism is the "plan based upon the natural classification of occupation or particular kind of work . . . it classifies society according to the functions of the various workers;" in the words of Pope Pius XI: "binding men together not according to the position they occupy in the labor market, but according to the diverse functions which they exercise in society."

This is a natural arrangement—and therefore essentially healthy. It is natural because it arises directly out of the various necessary occupations which support the economic life of the State. Now a particular occupation creates a common bond of interest among the workers; hence it is natural for them to unite in associations.

This is the basic principle of Corporativism; and it is a principle which cannot reasonably be denied.

The picture can be sharpened by filling in with a few details.

(a) In the Corporative System a "vocational group" is a group comprising all the workers in a particular occupation; and the vocational groups

The contributions of the Rev. W. J. Randall, distinguished English writer, have long been a distinctive feature of SOCIAL JUSTICE, National Weekly. It is with genuine pleasure that we are able to present a further discussion from his brilliant pen—this time, on the "Possibility of a Corporative State in England."

—THE EDITOR

taken together constitute the Corporative Society.

(b) These groups must be "public institutions;" because they must exercise regulating power (or "jurisdiction") over their members.

(c) The Corporative Society has internal, domestic autonomy (or self-government); but it is not independent of government of the civil State.

(d) It is not identical with the State. It is an order or arrangement within the framework of the State. As Father Coughlin has pointed out (SOCIAL JUSTICE, May 15, 1939), "a corporative system in nowise destroys representative government: it perfects it." And as Dr. Cornelius Lucey says in his "Christian Alternative to Communism and Fascism," "Christian Corporativism has nothing to do with party politics. It is equally at home under all forms of government."

(e) The government of the civil State must provide legal guarantees and protection for the Corporative Society. But the government must not make the vocational groups mere pieces of State machinery (a grave fault in Fascism and Naziism, and a point criticized by Pope Pius XI in the "Social Order," Part II, Sec. 5).

Having thus obtained a clear-cut notion of the Corporative System, let us return to the question: What possibility is there of its establishment in England? First of all, what are the obstacles?

Prejudice and Custom Present Obstacles

Here are the chief obstacles (with the reasons appended):

1. *The Industrial System.* This (not of course peculiar to England) is contrary to Corporativism at almost every point. The prevailing system of employment has the serious defects of big monopolies, competition checked only by rival competitors, sudden reductions of staff owing to the vagaries of markets, dismissal without compensation, and insecurity of tenure—all these without considering the generally inadequate wage as judged by the family standard. The system is strongly rooted and powerfully backed; and hence extremely difficult to dislodge.

2. *The Political System.* Although the English constitution is not intrinsically opposed to Corporativism (since Corporativism could certainly exist and flourish under a constitutional monarchy), yet the political atmosphere is antagonistic; the system of parliamentary representation

by territory instead of vocation, and the party system which binds men to mere traditional attitudes, both tend to be antipathetic to Corporativism.

3. *The Financial System.* This (again not peculiar to England, as it has the civilized world in its net) is the method of dealing with money (the purchase-token); and it has always had a vitally important social effect. A sound financial system allows money to flow freely through the entire social community, producing a healthy social life; an unsound financial system restricts the circulation of money, producing social disorder. The prevailing financial system is of the latter kind: restricting the free circulation of money (and hence of credit). It backs up in general any plan which promises a big monetary return irrespective of justice or equity. Hence its controllers look unfavorably (to say the least) at any social system which would control unfair competition and commercial profiteering (as the Corporative System would).

4. *Prejudice.* This has produced a widespread attitude which puts a clog on any movement towards Corporativism. Such prejudice arises largely from an aversion to Fascism, which is taken to represent dictatorship, and which is identified (though wrongly) with Corporativism. This prejudice has other minor branches; represented by the ideas: "You can't get employers and employees to work in harmony together," "You can't bring back the guilds of the middle ages," and so on. To modify this prejudice will require much re-education.

5. *Prevailing Non-Christian Outlook.* This is the most radical obstacle. It is widely pervasive and deeply persuasive. It is at the root of social and economic disorder, as Pope Pius XI declared. There are of course crowds of excellent people living on the heritage of Christian teaching (without their recognizing the fact); yet the public attitude—backed up by press, cinema and public life generally—is quite non-Christian; not positively anti-Christian but deeply materialistic and hedonistic. Obviously such an attitude paves the way for manifold injustice, because lacking the moral direction which only Christianity can give. Hence a system which makes for co-operation based on the essential dignity of man and on fundamental human rights, does not appeal.

This is the dark side of the picture. Let us now look at the bright side. What are the factors in favor of the practicability of a Corporative System?

Many Factors

Favorable to Guild

Despite the obstacles we have enumerated (which are terrific) there are nevertheless certain elements which give rise to a reasonable hope for a Corporative Society within the framework of the English constitution. These elements may be enumerated as follows:

1. *Public Interest in Social Reform.* This has been happily evident in recent years, and has been specified in

various statutory measures. Factory Acts, Trade Boards Acts, Compensation Acts, Early Closing Acts, Pensions Acts—all these are evidence of legislative concern with workers and their conditions; the same may be said of Arbitration Boards and Agricultural Wages systems. One recent contribution to this evidence is of special significance—the Liberal Party Committee's "Report on the Distribution of Property" (issued in 1937) which arrives at the thoroughly sound conclusion that "a system of diffused property is alone compatible with freedom and well-being." These things are only remotely associated with Corporativism, it is true; yet they indicate the direction of public and legislative interest in social reform—as against the antipathy of the political system which we have mentioned.

2. *The Existing Trade Unions.* These, with all their defects, are an attempt to unite co-workers in the various occupations; and they are in some degree a successful attempt. "Although," as Dr. Lucey writes in his "Christian Alternative," "there is little sign of any trend towards Corporativism in our industries or among our trade union leaders and employers," yet the trade unions are (as Mr. G. K. Chesterton put it) the ghosts of the ancient guilds. Hence they are on the right track. They have doubtless suffered in some cases from their leaders; they still suffer from lack of universal membership of workers. But these defects are remediable; and essentially the Trade Union tends toward the Vocational idea.

3. *The Spread of Catholic Social Teaching.* This has certainly made strides since the day when the indefatigable Father Plater was successful in founding the Catholic Social Guild. What is now needed is the advance to a specific social program based on the definite doctrine of the vocational group. Fear of being considered "too political" has been permitted in the past to create a phantom danger; but with the definite teaching of Pope Pius XI there should be little difficulty in getting down seriously to the promulgation of the Papal solution of social disorder.

Christian Ideal

Requires Education

Meanwhile, it is not impossible for Christians to add considerable weight towards the Corporative System. It will need an appreciation of the Papal teaching—and at present such appreciation is very weak. In England (as in Belgium) political prejudice and private interests have unhappily blinded many to the truth of that Papal teaching. To make all Christians realize the truth of that teaching as the only social remedy will require (to quote Dr. Lucey again) "a whole-hearted effort on the part of our priests and our publicists." Leaders are needed—and urgently; leaders equipped with wide knowledge, strong personality, and untiring zeal. Given these, progress might be sure and rapid.

In regard to the financial opposition, I think that even this might be overcome. The controllers of finance (and certainly the lesser and more immediate controllers, the subsidiary bankers) are first and foremost utilitarian; they are primarily interested in interest.

If the Corporative System were viewed as economically safe, then we may presume that it would be sufficiently financed. As long as the financiers gained sufficient on loans, they would probably be satisfied. The problems surrounding interest and loans would still remain, at least in the earlier stages of Corporativism. But these problems would not constitute an essential blockade to the system, and they could be faced and dealt with as a separate campaign.