r

number (Mr. WILLIAMS of Missouri) did not agree with us, out I do not hesitate to attest his sincerity, honesty, and

necessity, and I do believe that the House is not laboring under

thing in this bill. Such unqualified rejection of the judge-

to help them in this manner, and I believe the House is not

he of his associates may determine whether you think his

nence as judges of the particular needs of the class of

the particular needs of the House and the justice of having

the House a wrong impression. He gave you to under-

that we intended to appropriate $125,000,000 to this

institutions themselves do not contribute. It is ex-

that, by the purchase of stock, they will contribute

of the difference between what they contribute and $125,-

will be called for as a loan from the Federal Treas-

But it is all to be repaid.

That answers the charge that we are putting the Go-

in business. We do not put the Government into

any more than we put it into business with the

the Farm Loan Board that money. We are not going to

we are in each case lending money to be repaid. This bill proposes to lend

to the home-loan banks such part of $125,000,000 as the

member institutions themselves do not contribute. It is ex-

pected that, by the purchase of stock, they will contribute

both the home-loan banks own

We have oversight, but the ownership is in the banks.

And so it is with the farm-loan system.

Now, how will this system help the little fellow? This is the

quarters of the 12,000 building and loan associations in this

country that are on notice, as it is called—they have no

withdrawals, and they demand a notice of 60 or 90 days. They are

I have a letter from Indianapolis, for example, telling me

that the building and loan associations in that city, with

$h100,000 worth of mortgaged property in a $5,000 house

I remaining?

Mr. LUCE. I hope the gentleman will not let me forget to

answer him after I have finished this thought. The asso-

the building and loan associations to repay what

them the request for withdrawals by those who have put money in

the association against a rainy day. Also, it will help them to

or any man who is willing to

Now, the question was asked by the gentleman from Illi-

whether the associations could not borrow from the

Reconstruction Finance Corporation.

Mr. LUCE. I hope the gentleman will not let me forget to

answer him after I have finished this thought. The asso-

in the State of Illinois, where he does not have a house in six

months, I think it is, which can not fit in with the scheme

of the building-and-loan amortization or installment idea.

So the men who are conducting the Reconstruction Finance

Corporation advise us not to rely upon that body for con-

But, with us to make it possible for the asso-

I believe therefore we have ample warrant for creating this

the long-time associations to meet the particular needs of the class of

Mr. SCHNEIDER. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Yes.

That being the case, just why did they put all of the banks in under this act?

Mr. LUCE. The gentleman makes another inquiry for

which I am grateful. When this idea was conceived, it was

recognized that through large areas of the country the little

local bank is the only financing institution. I agree with

the gentleman from South Carolina that we ought not to

ourage banks to go into the real-estate business. For a

long time I have thought it a weakness in our banking

The CHAIRMAN. The time of the gentleman from Mas-

massachusetts has expired.

Mr. STRONG of Kansas. I yield one minute more to the

gentleman.

Mr. LUCE. I wish it were possible to separate completely

the short-time commercial and long-time mortgage

transactions. When, in reading for amendment, we got to the

section concerned, I shall further explain the reasons that

actuated the committee.

Mr. KETCHAM. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Yes.

Mr. KETCHAM. The gentleman from Wisconsin (Mr. HAYLY) stated, in connection with the amount that might

be borrowed on that amount was to be judged by the land

value of the particular project covered by the mortgage.

I notice the language says "real estate." If the land value

be only $2,500 and an $8,000 house be built upon that land,

the amount that could be borrowed on that by the institu-

tion giving the mortgage would be 40 per cent of the total,

would it not, and not of the land value?

Mr. LUCE. Oh, it is the real estate, land and buildings

combined.

The CHAIRMAN. The time of the gentleman from Mas-

sachusetts has again expired.

Mr. McFADDEN. Mr. Chairman, how much time have I

remaining?

The CHAIRMAN. Twenty-five minutes.

Mr. McFADDEN. Mr. Chairman, at the present session of

Congress we have been dealing with emergency situ-

ations. We have been dealing with the effect of things

rather than with the cause of things. In this particular

discussion I shall deal with some of the causes that lead

up to these proposals. There are underlying principles

which are responsible for conditions such as we have at

the present time and I shall deal with one of these in par-

icular which is tremendously important in the considera-

tion that you are now giving to this bill.

Mr. Chairman, we have in this country one of the most
corrupt institutions that the world has ever seen. I

Some people think the Federal reserve banks are United

States Government institutions. They are not Government

institutions. They are private credit monopolies which prey

upon the people of the United States for the benefit of
themselves and their foreign customers; foreign and domestic speculators and swindlers; and rich and predatory money centers. In this dark era of financial panic there are those who would cut a man's throat to get a dollar out of his pocket; there are those who send money into States to buy votes to control our legislation; and there are those who maintain an international propaganda for the purpose of deceiving us and of weakening the strength of new concessions which will permit them to cover up their past misdeeds and set again in motion their gigantic train of crime.

These 12 private credit monopolies were deceitfully and dishonestly foisted upon this country by bankers who came here from Europe and who repaid us for our hospitality by undermining our American institutions. Those bankers took money out of this country to finance Japan in a war against Russia. They created a reign of terror in Russia with our money in order to help that war along. They instigated the separate peace between Germany and Russia and thus drew a wedge between the allies in the World War. They financed Trotsky's mass meetings of dissolute and rebellion in New York. They paid Trotsky's passage from New York to Russia so that he might assist in the destruction of the Russian Empire. They fomented and instigated the Russian revolution and they placed a large fund of American capital to the disposal of one of their rival banks in Sweden so that through his Russian homes might be thoroughly broken up and Russian children flung far and wide from their natural protectors. They have since begun the breaking up of American homes and the dispersal of American children.

It has been said that President Wilson was deceived by the attentions of these bankers and by the philanthropic poses they assumed. It has been said that when he discovered the manner in which he had been misled by Colonel House, he turned against that busybody, that "holy monk" of the financial empire, and showed him the door. He had the grace to do that, and in my opinion he deserves great credit for it.

President Wilson died a victim of deception. When he came to the Presidency, he had certain qualities of mind and heart which entitled him to a high place in the councils of this Nation, but there was one thing he was not and what he never aspired to be, and that was a banker. He said that he knew very little about banking. It was, therefore, on the advice of others that the iniquitous Federal reserve act, the death warrant of American liberty, became law in his administration.

In conclusion, there should be no partisanship in matters concerning the banking and currency affairs of this country, and I do not speak with any.

In 1912, the National Monetary Association, under the chairmanship of the late Senator Nelson W. Aldrich, made a report and presented a violent bill called the National Reserve Association bill. This bill is usually spoken of as the Aldrich bill. Senator Aldrich did not write the Aldrich bill. He was the tool, but not the accomplice, of the European-born bankers who for nearly 20 years had been scheming to set up a central bank in this country and who in 1912 had spent and were continuing to spend vast sums of money to accomplish their purpose.

The Aldrich bill was condemned in the platform upon which Theodore Roosevelt was nominated in the year 1912, and in that same year, when Woodrow Wilson was nominated, the Democratic platform, as adopted at the Baltimore convention, said: "We are opposed to the Aldrich plan or a central bank."

These plain language words men who ruled the Democratic Party then promised the people that if they were returned to power, there would be no central bank established here while they held the reins of government. Thirteen months later, that promise was broken, and the Wilson administration, under the tutelage of those sinister Wall Street figures who stood behind Colonel House, established here in our free country the worm-eaten monarchical institution of the 'king's bank'. to control us from the top downward, and to saddle us from the cradle to the grave. The Federal reserve act destroyed our old and characteristic way of doing business; it discriminated against our 1-name commercial paper, the finest in the world; it set up the antiquated 2-name paper, which is the present curse of this country, and which has wrecked every country which has ever given it scope; it fastened depression on this country more than any practice from which the framers of the Constitution sought to save us.

One of the greatest battles for the preservation of this Republic was fought out here in Jackson's day, when the Second Bank of the United States, which was founded upon the same false principles as those which are exemplified in the Federal reserve act, was hurried out of existence after the downfall of the Second Bank of the United States in 1837, the country was warned against the dangers that might ensue if the predatory interests, after being cast out, should come back in disguise and unite themselves to the Executive and through him require control of the Government.

That is what the predatory interests did when they came back in the livery of hypocrisy and under false pretenses obtained the passage of the Federal reserve act.

The danger that the country was warned against came upon us and is shown in the long train of horrors attendant upon the affairs of the Aldrich bill -- the National Reserve Board and the Federal reserve banks. Look around you when you leave this chamber and you will see evidences of it on all sides. This is an era of economic misery and for the conditions that caused that misery, the Federal Reserve Board and the Federal reserve banks are fully liable. This is an era of financed crime and in the financing of crime, the Federal Reserve Board does not play the part of a distinguished spectator.

It has been said that the draughtsman who was employed to write the text of the Federal reserve bill used the text of the Aldrich bill for his purpose. It has been said that the large German bankers of the United States made the Aldrich bill, and the Aldrich bill had been drawn up by expert lawyers and seemed to be appropriate. It was indeed drawn up by lawyers. The Aldrich bill was created by acceptance bankers of European origin in New York City. It was a copy and in general a translation of the statutes of the Reichsbank and other European central banks.

Half a million dollars was spent on one part of the propaganda organized by those same European bankers for the purpose of misleading public opinion in regard to it, and for the purpose of giving Congress the impression that there was an overwhelming public demand for that kind of banking legislation and the kind of central bank with it, namely, an asset currency based on human debts and obligations instead of an honest currency based on gold and silver values. Dr. H. Parker Willis had been employed by the Wall Street bankers and propagandists and when the bill finally came to a vote, he obtained employment from Cassa Grassi to assist in drawing a banking bill for the Wilson administration, he appropriated the text of the Aldrich bill for his purpose. There is no secret about it. The text of the Federal reserve act was tainted from the beginning.

Not all of the Democratic Members of the Sixty-third Congress voted for this great deception. Some of them remembered the teachings of Jefferson; and, through the years, there have been no criticisms of the Federal Reserve Board and the Federal reserve banks so honest, so outspoken and so unflattering as those which have been voted here by Democrats. Again, although a number of Republicans voted for the Federal reserve act, the wisest and most conservative members of the Republican Party would have nothing to do with it and voted against it. A few days later when the bill came to a vote, Senator Henry Cabot Lodge, of Massachusetts, wrote to Senator John W. Weeks as follows:

New York City, December 17, 1913.

My dear Senator Weeks:

Throughout my public life I have supported all measures designed to curb the excesses of the banking business.

This bill puts the Government into the banking business as never before in our history and makes, as I understand it, all notes Government notes when they should be bank notes.
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The powers vested in the Federal Reserve Board seem to me highly dangerous, especially where there is political control of the board. I should be sorry to hold stock in a bank subject to such domination. It may well be that as it stands the act is not so much an interference with the way to a vast inflation of the currency. There is no necessity of doing evil upon this point after the remarkable and most powerful argument of the senator from New York. I can be content here to follow the example of the English committee for Parochial Schools. I want to be very cautious. I will say ditto to Mr. Lodge and I will merely add that I do not like to think that any law can be passed which will make it possible to submerge the gold standard in a flood of debasement. I had hoped to support this bill, but I can not vote for it as it stands unless the amendment to maintain features upon principles in the highest degree menacing to our prosperity, to stability in business, and to the general welfare of the people of the United States.

Very sincerely yours,
HENRY CABOT LODGE

In the 18 years which have passed since Senator Lodge wrote that letter of warning all of his predictions have come true. The Government is in the banking business as never before. Against its will it has been the buckler of horse thieves and card sharps, bootleggers, swindlers, and all kinds of public thievery. Through the Federal Reserve Board and the Federal reserve banks the rife of every country is operating on the public credit of the United States Government. Meanwhile, and on account of it, we ourselves are in the midst of the greatest depression we have ever known. That the menace to our prosperity is seen by Senator Lodge, has indeed struck home. From the Atlantic to the Pacific our country has been ravaged and laid waste by the evil practices of the Federal Reserve Board and the Federal reserve banks and the Inter-

In 1913, when the Federal reserve bill was submitted to the Democratic caucus, there was a discussion in regard to the form of the proposed paper currency should take. The proponents of the Federal reserve act, in their de-

In 1913, before the Senate Banking and Currency Commi-

But the whole scheme of a Federal reserve bank with its con-

A few days before the Federal reserve act was passed Sen-

Long before we wake up from our dreams of prosperity through an inflated currency, our gold, which Alcoa could have kept us from catastrophe, will have vanished and no rate of interest will tempt it to return.

If ever a prophecy came true, that one did. It was impossible, however, for those luminous and instructed thinkers to control the course of events. On December 23, 1913, the Federal reserve bill became law, and that night Colonel House wrote to his hidden master in Wall Street as follows: In the name of appreciation to you for the years of service you have devoted to the cause of currency legislation and to congratulate you that the measure has finally been passed.

The words "unless the President had stood as firm as he did we should likely have had no legislation at all," were a gentle reminder that it was Colonel House himself, the "holy monk," who had kept the President firm.

The foregoing letter affords striking evidence of the manner in which the President had in his mind features upon principles in the highest degree menacing to our prosperity, to stability in business, and to the general welfare of the people of the United States.

In 1913, when the Federal reserve bill was submitted to the Democratic caucus, there was a discussion in regard to the form of the proposed paper currency should take. The proponents of the Federal reserve act, in their de-

The words "unless the President had stood as firm as he did we should likely have had no legislation at all," were a gentle reminder that it was Colonel House himself, the "holy monk," who had kept the President firm.
In defiance of this and all other warnings, the proponents of the Federal reserve act created the 12 private credit corporations and gave them an absolute monopoly of the currency of the United States, not of government; and in violation of all the currency, the Federal reserve act providing ways by means of which the gold and general currency in the hands of the American people could be obtained by the Federal reserve banks in exchange for Federal reserve notes, which are not money, but mere promises to pay notes. Since the evil day when this was done the initial monopoly has been extended by vicious amendments to the Federal reserve act and by the unlawful and treasonable practices of the Federal Reserve Board and the Federal reserve banks.

Mr. Chairman, when a Chinese merchant sells human hair to a Paris wigmaker and bills him in dollars, the Federal reserve banks can buy his bill against the wigmaker and then use that bill as collateral for Federal reserve notes. The United States Government thus pays the Chinese merchant the debt of the wigmaker and gets nothing in return except a shady title to the Chinese hair.

Mr. Chairman, if a Scotch distiller wishes to send a cargo of Scotch whisky to the United States, he can draw his bill against the purchasing bootlegger in dollars; and after the bootlegger has accepted it by writing his name across the face of it, the Scotch distiller can send that bill to the nefarious open discount market in New York City, where the Federal Reserve Board and the Federal reserve banks will buy it and use it as collateral for a new issue of Federal reserve notes. Thus the Government of the United States pays the Scotch distiller for the whisky before it is shipped; and if it is lost on the way, or if the Coast Guard seizes it and destroys it, the Federal reserve banks simply write off the loss to the Government and are not responsible for any money that was paid to the Scotch distiller. While we are attempting to enforce prohibition here, the Federal Reserve Board and the Federal reserve banks are financing the distillery business in Europe and are paying bootleggers' bills with the public credit of the United States Government.

Mr. Chairman, if a German brewer ships beer to this country or anywhere else in the world and draws his bill for it in dollars, the Federal reserve banks will buy that bill and use it as collateral for Federal reserve notes. Thus, they compel our Government to pay the German brewer for his beer. Why should the Federal Reserve Board and the Federal reserve banks be permitted to finance the brewing industry of Germany, either in this way or as they do by compelling small and fearful United States banks to take stock in the Benskeck brewery and in the German bank for brewing industries?

Mr. Chairman, if Dynamit Nobel of Germany wishes to sell dynamite to Japan to use in Manchuria or elsewhere, it can draw its bill against its Japanese customers in dollars and send that bill to the nefarious open discount market in New York City, where the Federal Reserve Board and the Federal reserve banks will buy it and use it as collateral for a new issue of Federal reserve notes, while at the same time the Federal Reserve Board will be helping Dynamit Nobel by stowing its stock into the United States banking system. Why should we send our representatives to the disarmed conference at Geneva while the Federal Reserve Board and the Federal reserve banks are making our Government pay Japanese debts to German munition makers?

Mr. Chairman, if a bean grower of Chile wishes to raise a crop of beans and sell them to a Japanese customer, he can draw a bill against his prospective Japanese customer in dollars and have it purchased by the Federal Reserve Board and the Federal reserve banks and get the money out of this country at the expense of the American public before he has even planted the beans in the ground.

Mr. Chairman, if a German in Germany wishes to export goods to South America or anywhere else, he can draw his bill against his customer and send it to the United States
and get the money out of this country before he ships or
even manufactures the goods.

Mr. Chairman, why should the currency of the United
States be based on the strength of Chinese human hair? Why
should it be issued on the trade whins of a wigmaker? Why
should it be issued on the strength of German beer? Why
should it be issued on a crop of unplanted beans to be
grown in Chile for Japanese consumption? Why should the
Government of the United States be compelled to re-
many billions of dollars every year to pay the debts of some
foreigner to another foreigner? Was it for this that our
national-bank depositors had their money taken out of our
banks and shipped abroad? Was it for this they had to lose it?
Why should the public credit of the United States Government
and likewise money belonging to our national-
bank depositors be used to support foreign broilers, narcotic
drug vendors, whiskey distillers, wigmakers, human-hair
merchants, Chilean bean growers, and the like? Why should
our national-bank depositors and our Government be forced
to finance the munition factories of Germany and Soviet
Russia?

Mr. Chairman, if a German, in Germany, wishes to sell
wheelbarrows to another German, he can draw a bill in
dollars and get the money out of the Federal reserve banks,
before an American farmer could explain his request for a
loan to move his crop to market. In Germany, when credit
instruments are being given, the creditors say, 'See you, it
may not work out. I cannot trust you.' But, the reserve
foreigners feel the same way. The reserve to which these
gently refer is our reserve, which, as you know, is entirely
made up of money belonging to American bank depositors.
I think foreigners should cash their own trade paper and
not send it over here to bankers who use it to fish cash out
of the pockets of the American people.

Mr. Chairman, there is nothing like the Federal reserve
pool of confiscated bank deposits in the world. It is a public
trough of American wealth in which foreigners claim rights
equal to or greater than that of Americans. The Federal
reserve banks are the agents of the foreign central banks.
They use our bank depositors' money for the benefit of their
foreign principals. They barter the public credit of the
United States Government and hire it out to foreigners at a
profit to themselves.

All this is done at the expense of the United States Gov-
ernment, and at a sickening loss to the American people.
Only our great wealth enabled us to stand the drain of it as
long as we did. I believe that the nations of the world would have settled
down after the World War more peacefully if we had not
had this standing temptation here—this pool of our bank
depositors' money given to private interests and used by
them in connection with illimitable drafts upon the public
credit of the United States Government. The Federal Re-
serve Board invited the world to come in and to carry away
cash, credit, goods, and everything else of value that was
movable. Values amounting to many billions of dollars have
been taken out of this country by the Federal Reserve Board
and the Federal reserve banks for the benefit of their for-
gn principal. The United States has been ransacked and
pillaged. Our structures have been gutted and only the
walls are left standing. While this crime was being per-
petrated everything the world could take up to sell us was
brought in here at our own expense by the Federal Reserve
Board and the Federal Reserve banks until our markets were
swamped with unneeded and unwanted imported goods
priced far above their value and thus made to equal the
dollar volume of our honest exports and to kill or reduce our
favorable balance of trade. As agents of the foreign
central banks, the Federal Reserve Board and the Federal
reserve banks try by every means within their power to re-
over the balance of trade. They act for their
principal and they accept fees from foreigners for
acting against the best interests of the United States.
Naturally there has been great competition among foreigners
for the favors of the Federal Reserve Board.

What we need to do is to send the reserves of our national-
banks home to the people who earned and produced them
and to all our citizens. Why pull our teeth to surrender them to predatory interests? We need
to destroy the Federal reserve pool, wherein our national-
bank reserves are impounded for the benefit of foreigners.
We need to make it very difficult for outlanders to draw
money away from us. We need to save America for
American money, first to the last cent. If the Federal
Reserve Board will not do that, we shall have to take the
law into our own hands.

Mr. Chairman, when you hold a $10 Federal reserve note
in your hand you are holding a piece of paper which sooner
or later is going to cost the United States Government
$10 in gold, unless the Government is obliged to give up the
old standard. It is protected by a reserve of 40 per cent,
or American gold. It is based on the idea that a reserve of
covering it may be in a foreign warehouse; or on casks purporting to contain
peas but which may contain no peas but salt water instead;
or on horse meat; illicit drugs; bootleggers' fancies; and
rags and bones from Soviet Russia of which the United States
has paid over a million dollars' worth last year; on wine,
which is legal, natural garbage; or on rotten rice, pepper,
ing, or Bombay ducks. If you like to have paper money
which is secured by such commodities, you have it in the
Federal reserve note. If you desire to obtain the thing of
value upon which this paper currency is based—that is, the
Limburger cheese, the whisky, the illicit drugs, or any of
the other items— you will have a very hard time finding
them. Many of these things are unobtainable. They are
foreign countries. Are you going to Germany to inspect her
warehouses to see if the specified things of value are there?
I think not. And what is more, I do not think you would
find them if you did go.

Immense sums belonging to our national-bank depositors
have been given to Germany on no collateral security; how-
ever. The Federal Reserve Board and the Federal reserve
banks have issued United States currency on mere finance
drafts drawn by Germans. Billions upon billions of our
money has been pumped into Germany and money is still
being pumped into Germany by the Federal Reserve Board
and the Federal reserve banks. Her worthless paper is still
being negotiated here and renewed here on the public credit
of the United States Government and at the expense of the
American people. On April 27, 1932, the Federal reserve
outfit sent $750,000, belonging to American bank depositors,
in gold to Germany. A week later, another $300,000 in gold
was shipped to Germany in the same way. About the middle
of May, $3,000,000 in gold was shipped both by the Federal
Reserve Board and the Federal reserve banks. Almost
every week there is a shipment of gold to Germany. These
shipments are not made for profit on exchange. Since
German marks are below parity against the dollar.

Mr. Chairman, I believe that the paper we are sending to
foreigners as agents of our national-bank depositors of the
United States are entitled to know what the Federal
Reserve Board and the Federal reserve banks are doing with
their money. There are millions of national-bank depositors
in this country who do not know that a percentage of every
dollar they deposit in a member bank of the Federal re-
serve system goes directly to the American agent of
foreign banks and that all of their deposits can be paid away
to foreigners without their knowledge or consent by the
crooked machinery of the Federal reserve act and the
questionable practices of the Federal Reserve Board and the
Federal reserve banks. Mr. Chairman, the American people
should be told the truth by their servants in commerce.

In 1930 we had over half a billion dollars outstanding
daily to finance foreign goods stored in or shipped between
foreign countries. In its yearly total, this item amounts to
several billion dollars. What goods are those upon which
the Federal reserve banks yearly pledge several billion dol-
ars of our public credit? What are the foreigners for
actions against the best interests of the United States? Nat-
urally there has been great competition among foreigners
for the favors of the Federal Reserve Board.
Mr. Speaker, on the 13th of January of this year I addressed the House on the subject of the Reconstruction Finance Corporation. In the course of my remarks I made the following statement:

In 1926 the member banks of the Federal reserve system borrowed $65,958,690,000 from the Federal reserve banks on their 13-day promissory notes. Think of it! Sixty billion dollars payable upon demand in gold in the course of one single year. The actual payment of such obligations calls for six times as much monetary gold as there is in the entire world. Such transactions represent a grant in the course of one single year of about $7,000,000,000 to every member bank of the Federal reserve system.

Is it any wonder that there is a depression in this country? Is it any wonder that American labor, which ultimately pays the cost of all the banking operations of this country, has at last proved equal to the task of supplying this huge total of cash and credit for the benefit of stock-market missionaries and foreign swindlers?

Mr. Chairman, some of my colleagues have asked for more specific information concerning this stupendous graft, this frightful burden which has been placed on the wage earners and taxpayers of the United States for the benefit of the Federal Reserve Board and the Federal reserve banks.

They were surprised to learn that member banks of the Federal reserve system had received the enormous sum of $65,958,690,000 from the Federal Reserve Board and the Federal reserve banks on their promissory notes in the course of one single year, namely, 1926. Another Member of this House, Mr. Bixby, the honorable gentleman from Maine, has questioned the accuracy of my statement and has informed me that the Federal Reserve Board denies absolutely that these figures are correct. This Member has said to me that the thing is unknown to him, that it is when the all reason to think that the Federal Reserve Board and the Federal reserve banks should have so subsidized and endowed their favorite banks of the Federal reserve system. This Member is horrified at the thought of a graft so great, a bounty so detrimental to the public welfare as sixty and half billion dollars paid out to favored banks of the Federal reserve system.

I sympathize with Mr. Bixby. I would spare him pain if I could, but the facts remain as I have stated them. In 1926, the Federal Reserve Board and the Federal reserve banks presented the staggering amount of $65,958,690,000 to their member banks at the expense of the wage earners and taxpayers of the United States. In 1929, the year of the stock-market crash, the Federal Reserve Board and the Federal reserve banks advanced fifty-eight billions to member banks.

In 1930, while the speculating banks were getting out of the stock market at the expense of the general public, the Federal Reserve Board and the Federal reserve banks advanced them $18,027,000,000. I need not tell you that it is not right, that it is wrong, that it is the all reason to think that the Federal Reserve Board and the Federal reserve banks should have so subsidized and endowed their favorite banks of the Federal reserve system. This Member is horrified at the thought of a graft so great, a bounty so detrimental to the public welfare as sixty and half billion dollars paid out to favored banks of the Federal reserve system.
by the Federal Reserve Board, I can only say that it must have been prompted by fright, since hanging is too good for a Government board which permitted such a misuse of Government authority and credit.

My friend from Kansas, Mr. McCracken, has stated that he thought the Federal Reserve Board and the Federal Reserve banks lent money by rediscounting, as they do, but they lend comparatively little that way. The real rediscounting that they do has been called a mere penny in the slot business. It is too slow for genuine hogsheads. They discard it. They prefer to subsidize their favorite banks by making those $80,000,000,000 advances, and they prefer to accept advances on those in the notorious open discount market in New York, where they can use them to control the prices of stocks and bonds on the exchanges. For every dollar they advanced on rediscounts in 1932 they lent $33 to their favorite banks for gambling purposes. In other words, their rediscounts in 1892 amounted to $1,515,271,000. While their loans to member banks amounted to $80,000,000,000. As for their open-market operations, these are on a stupendous scale, and no tax is paid on the acceptances they handle; and their foreign principals, for whom they do a business of several billion dollars every year, pay no income tax on their profits to the United States Government.

This is the John Law swindle over again. The theft of the Teapot Dome was trifling compared to it. What king ever received such a fortune as the Federal Reserve Board and the Federal reserve banks have robbed us.

Is it any wonder that there have lately been 99 cases of sharp practices in the New York hospitals? Is it any wonder that the children of this country are being despised and abandoned?

The Government and the people of the United States have been swindled by the Federal Reserve Board and the Federal Reserve banks. The acquisition of American gold or a panel of Federal reserve notes presented no more difficulty than the drawing up of a worthless loan. In the United States courts, sharpers with strong banking interest as sure as a fence" acting as a receiver of the worthless paper coming from abroad, deriding it and getting the currency out of the Federal reserve banks for it as quickly as possible, exchanging that currency for gold, and in turn transmitting the gold to its foreign confederates.

Such were the exploits of Ivar Kreuger, Mr. Hoover's friend and confidant. Every dollar of the billions Kreuger and his gang drew out on 100 per cent. of the money on acceptance was drawn from the Government and the people of the United States through the Federal Reserve Board and the Federal reserve banks. The credit of the United States Government was peddled to him by the Federal Reserve Board and the Federal reserve banks for their own private gain. That is what the Federal Reserve Board and the Federal reserve banks have been doing for many years. They have been peddling the credit of this Government and the signature of this Government to the swindlers and speculators of all nations. That is what happens when a country forsakes its Constitution and gives its sovereignty over the public currency to private interests. Give them the flag and they will sell it.

The nature of Kreuger's organized swindle and the bankrupt condition of Kreuger's combine was known here last June when Hoover sought to extend Kreuger's loan to Germany of one hundred twenty-five millions from the operation of the Hoover moratorium. The bankrupt condition of Kreuger's combine was known here last summer when $30,000,000 was taken from American taxpayers by certain bankers in New York for the ostensible purpose of permitting Kreuger to make a loan to Colombia. Colombia never paid that money. The nature of Kreuger's swindle and the bankrupt condition of Kreuger was known here in January which he visited his friend, Mr. Hoover, at the White House. It was known here in March before he went to Paris and committed suicide there.

Mr. Chairman, I think the people of the United States are entitled to know how many of these banks were subject at the disposal of Kreuger and his gigantic combine by the Federal Reserve Board and the Federal reserve banks and to know how much of our Government currency was leased and lost in the financing of that great swindle in the years during which the Federal Reserve Board and the Federal reserve banks took care of Kreuger's requirements.

Mr. Chairman, I believe there should be a congressional investigation of the operations of Kreuger and Toll in the United States and that Swedish Match, International Match, the Swedish-American Investment Corporation, and all related enterprises, including the subsidiary companies of Kreuger and Toll, should be investigated and that the issuance of United States currency in connection with those enterprises and the use of our national-bank depositors' money for Kreuger's benefit should be made known to the general public. I am referring, not only to the securities which were floated and sold in this country, but also to the commercial loans to Kreuger's enterprises and the mass financing of the Federal Reserve Board and the Federal Reserve banks and the predatory institutions which the Federal Reserve Board and the Federal reserve banks are putting to the streets of the country.

A few days ago the President of the United States, with a white face and shaking hands, went before the Senate on behalf of the monied interests and asked the Senate to levy a tax on the people so that foreigners might know that the United States would pay its debts to them. Most Americans thought that it was the other way around. What does the United States owe to foreigners? When and by whom was the debt incurred? It was incurred by the Federal Reserve Board and the Federal reserve banks when they peddled the signature of this Government to foreigners for a price. It is what the United States Government has to pay to redeem the obligations of the Federal Reserve Board and the Federal reserve banks. You are going to let those thieves get off scot free? Is there one law for the looter who drives up to the door of the United States Treasury in his limousine and another for the United States veterans who are sleeping on the floor of a dilapidated house on the outskirts of Washington?

The Baltimore & Ohio Railroad is here seeking a large loan from the people and the banks and the taxpayers of the United States. It is begging for a hand-out from the Government. It is standing, cap in hand, at the door of the Reconstruction Finance Corporation, where all the other jackals have gathered to the feast. It is asking for money that was raised from the people by taxation, and it wants this money of the poor for the benefit of Kuhn, Loeb & Co., the German international bankers. Is there one law for the Baltimore & Ohio Railroad and another for the soldiers who defended the United States this last day and that last year?

Mr. Chairman, some people are horrified because the collateral behind Kreuger and Toll deceptions was removed and worthless collateral substituted for it. What is this but what is being done daily by the Federal reserve banks? When the Federal reserve act was passed, the Federal reserve banks were allowed to substitute such like collateral" for collateral" behind Federal reserve notes but by an amendment obtained at the request of the corrupt and dishonest Federal Reserve Board, the act was changed so that the whole of the Federal reserve banks trouble was taken here in Congress so that the law would permit the Federal reserve banks to switch collateral. At the present time there is a night-and-day movement of collateral. A visiting Englishman, leaving the United States a few weeks ago, said that he would like to clean up the mess at Washington. Cleaning up the mess consists in fooling the people and making them pay a second time for what they had foolishly lent to the Federal Reserve Board and the Federal reserve banks. It consists
in making that heavy load of dubious and worthless foreign paper—the bills of wigmakers, brewers, distillers, mercantile vendors, investment makers, illegal finance dealers, and worthless foreign securities, out of the banks and putting it on the back of American labor. That is what the Reconstruction Finance Corporation is doing now. They are not only lending to banks and railroads but they are lending money to these banks and railroads for the purpose of putting on the back of American labor. That is what the Reconstruction Finance Corporation is doing now. They are not only lending to banks and railroads but they are lending money to these banks and railroads for the purpose of putting on the back of American labor.

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Mr. Chairman, I am going to make a statement here about the Federal Reserve Board and the Federal reserve banks, and I am going to do it in a very short time.

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conspicuously written on the inside of the plate that will be offered to you will be found the words "Made in Germany" and that means "Made on the public credit of the United States Government paid to German firms in America and sold taken from the confiscated bank deposits of the American people."

The Federal Reserve Board and the Federal reserve banks are spending $100,000,000 a week buying Government securities in the open market and are thus making a great bid for foreign business. They are trying to make rates so attractive that the human-kind merchants and shippers and other business entities in foreign lands will come here, and hire more of the public credit of the United States Government and pay the Federal reserve outfit for getting it for them.

Mr. Chairman, when the Federal reserve act was passed the people of the United States did not perceive that a world system was being set up here which would make the savings of an American school-teacher available to a marxole-dye-merchant in Munich. They did not perceive that the United States was to be lowered to the position of a cootie country which has nothing but raw materials and heavy goods for export; that Russia was destined to supply man power and that this country was to supply financial power to an international conglomerate—superstate controlled by international bankers and international industrial leagues, setting together to enslave their own people.

The people of the United States are being greatly wronged. If they are not, then I do not know what "wronging the people" means. They have been driven from their employment. They have been deprived of their homes. They have been evicted from their rented quarters. They have lost their children. They have been made to suffer and to die for the lack of shelter, food, clothing, and medicine.

The wealth of the United States and the working capital of the United States has been taken away from them and has either been locked in the vaults of certain banks and great corporations or exported to foreign countries for the benefit of the foreign customers of these banks and corporation. So far as the people of the United States are concerned, the cupboard is bare. It is true that the warehouses and coal yards and grain elevators are full, but the warehouses and coal yards and grain elevators are padlocked and the great banks and corporations hold the keys. The sack of the United States by the Federal Reserve Board and the Federal reserve banks and their confederates is the greatest crime in history.

Mr. Chairman, a serious situation confronts the House of Representatives today. We are the representatives of the people, and the rights of the people are being taken away from them. Through the Federal Reserve Board and the Federal reserve banks, the people are losing the rights guaranteed to them by the Constitution. Their property has been taken from them without due process of law. Mr. Chairman, common decency requires us to examine the public access to see what crimes against the public welfare have been or are being committed.

What is needed here is a return to the Constitution of the United States. We need to have a complete divorce of Bank and State. The old struggle that was fought out here in Jackson's day must be fought over again. The Independent United States Treasury should be reestablished and the Government should keep its own money under lock and key in the building the people provided for that purpose. Asset currency, the device of the swindler, should be done away with. The Government should buy gold and issue United States currency on it. The business of the independent bankers should be restored to them. The State banking systems should be freed from coercion. The Federal reserve districts should be abolished and State boundaries should be respected. Bank reserves should be kept by the people, and the people own them. This reserve money of the people should be protected so that international bankers and acceptance bankers and discount dealers can not have easy access to it. (Applause.)

The struggle is on while we are putting our financial affairs in order. The Federal reserve act should be repealed and the Federal reserve banks, having violated their charters, should be liquidated immediately. Patchy Government officers who have violated their oath of office should be impeached and brought to trial. Unless this is done by us, I predict that the American people, outraged, robbed, pillaged, insulted; and betrayed as they are in their own land, will turn in their wrath and send a President here who will sweep the money changers out of the temple. (Applause.)

Mr. STRONG of Kansas. Mr. Chairman, I shall use the remaining five minutes that I have at my disposal. There is a disease that afflicts mankind which is very vicious. It warps the judgment, it narrows the vision, it causes people to do things which they know are wrong. Yet, they do them. There is one disease that has been referred to as B.A. Ladies may refer to it as "tummy ache," but out in the wide-open spaces this disease is known as B.A. I have not the time to refer to the money changes he makes against the Federal reserve system, but I call attention to the fact that for 12 years he has been the chairman of the Banking and Currency Committee of this House and did not see fit during that time to try and remove any of the evils of which he now complains. It seems to me entirely out of place to wait until he is 'retired' as chairman of that committee and then attempt to assail all the institutions of which it has control.

I think this is a good bill. It is a bill that has been proposed by the President and has been approved by the Democratic majority of the Banking and Currency Committee, on which there is a majority of Democrats, and brought before this House with the approval of that committee. It seems to me that perhaps we should support them in this bill. It seems to me that perhaps we should support the house by the renewal of its loan, or to build a small house and secure a loan upon it.

If there were legislation that is justified it is this bill, to establish these home loans. This bill has been very, very carefully considered. The gentleman from Wisconsin (Mr. Barlow) has been very cautious in his committee, and he and the gentleman from Massachusetts (Mr. Logan) who introduced the bill in this House have spent much with the subcommittee in holding hearings on this bill. They have brought it here with their entire approval. I ask my friends on both sides of this House to accept the judgment of those gentlemen and pass this bill with a splendid majority. We need it in this country. All over this broad land the little home owner is being threatened with foreclosures on the home he loves and lives for. This bill will give him relief, and I ask you to vote for the bill. Do not lead astray on those who have a violent desire to attack everything of a financial nature in the country.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. REILLY. Mr. Chairman, I yield to the gentleman from Louisiana (Mr. Ovcrton).

Mr. OVERTON. Mr. Chairman, the Federal home loan bill bank bill is twofold in its purpose and effect. It is intended both as a present emergency relief of, and as a permanent aid to, a class of institutions and a character of people which and who constitute the most stabilizing influence in our nation's life and progress.

What are these institutions? They are the home-building, home-improving, and home-financing organizations of our country. They are scattered throughout the Nation. They are located in every state of the Union. They are the local steady associations alone, without taking into consideration the state banks, insurance companies, and other proposed beneficiaries of this bill, financed over four and a half million homes during the decade of 1920 to 1930. These associations have so grown in popular favor and confidence that they out-number the membership of over 14,000,000 of the people and assets of over $5,000,000,000.