

Dr. TOWNSEND. Well, the man is mistaken.

Senator BARKLEY. That would not be a financial transaction that would bear the 2-percent tax, would it?

Dr. TOWNSEND. I do not think so.

The CHAIRMAN. Are there any other contributions to these clubs that you organize over the country?

Dr. TOWNSEND. Contributions from the clubs?

The CHAIRMAN. To the clubs. I am just trying to get whether there is any other source of revenue to your organization.

Dr. TOWNSEND. Yes; there has been a suggestion which has raised some money for maintaining our expenses here in Washington. We have made an appeal to the clubs to raise a certain amount of money.

The CHAIRMAN. How much has been raised from that source?

Dr. TOWNSEND. About \$11,000.

The CHAIRMAN. Is that included in this report?

Dr. TOWNSEND. No, sir.

The CHAIRMAN. Why not?

Mr. CLEMENTS. Pardon me, Mr. Chairman, I would like to answer that. The doctor is not at all familiar with that part of it.

Senator COUZENS. Give your name to the reporter.

STATEMENT OF R. E. CLEMENTS, REPRESENTING OLD AGE
'REVOLVING PENSIONS, LTD.

Mr. CLEMENTS. Robert E. Clements.

The CHAIRMAN. Are you on the board of strategy, Mr. Clements?

Mr. CLEMENTS. No, sir; I am secretary and treasurer of the corporation.

The CHAIRMAN. Do not forget to put into the record the composition of that board of strategy.

(The following is a list of the names of the members of the Strategy Committee of Old Age Revolving Pensions, Ltd. :)

C. H. Randall, chairman, Los Angeles, Calif.
 Frank A. Arbuckle, Santa Monica, Calif.
 W. D. Wood, Los Angeles, Calif.
 C. N. Johnston, Los Angeles, Calif.
 George A. Snow, Los Angeles, Calif.
 W. H. Mitchell, Los Angeles, Calif.
 H. H. Fuller, Santa Monica, Calif.
 E. F. Zimmerman, Los Angeles, Calif.
 Max Lowenthal, secretary, Los Angeles, Calif.

Dr. TOWNSEND. All right.

Senator BLACK. Mr. Chairman, has he been sworn?

The CHAIRMAN. None of the witnesses have been sworn.

Senator WALSH. Let him make a statement about the money.

The CHAIRMAN. Go ahead.

Mr. CLEMENTS. You want to know what funds have been raised by the clubs outside of their initial purchase of a booklet?

The CHAIRMAN. From any source, I do not care which. It would seem to me that this proposition has gotten a lot of money somewhere. We just want to know the sources from which you receive the money, and how much.

Mr. CLEMENTS. If you will pardon me, Senator, you say "a lot of money." I do not understand just how much you mean by "a lot of money." We have taken in approximately \$50,000, and we

have spent approximately \$40,000. There is an audit in process now by a certified public accountant who is in nowise connected with the organization. It will give a certified public accountant's audit up to January 1, 1935. The statement that you have gives the last audit, which brought our audit up to November 1, 1934. It was rushed in here and was just received this morning, since the session commenced.

Senator BARKLEY. Do not your books show you much you received up to the first of February, we will say?

Mr. CLEMENTS. Admittedly, and if the committee so wishes it, we will have that prepared for you. We will be very glad to have that figure brought right up to date on a trial balance.

Senator BARKLEY. Your propaganda and your activities have evidently intensified since the first of November. An audit up to the first of November does not show a very true picture.

Mr. CLEMENTS. As I just stated, we will have an audit here very shortly up to the first of January, if that is sufficient, but if not, we will be only too happy to wire and have it brought right up to date.

Senator CONNALLY. You are the treasurer, you know how much money has been taken in, roughly, in all. Can you tell us, approximately, what it is?

Mr. CLEMENTS. Approximately. I have been away from Los Angeles, from the Los Angeles office, for some time.

Senator CONNALLY. Do you know or not?

Mr. CLEMENTS. I do not know exactly.

Senator CONNALLY. About how much would you say?

Mr. CLEMENTS. I stated approximately \$50,000 has been received and approximately \$40,000 has been spent.

The CHAIRMAN. If there are some other sources of contribution, we would like to have you tell us about them, other than the fees and dues that have come in.

Mr. CLEMENTS. That is what I asked you, if you wanted to know what had come from the clubs besides the original purchase of the booklet.

The CHAIRMAN. You say you cannot give us any information about that?

Mr. CLEMENTS. Yes, sir.

The CHAIRMAN. Give it to us, then.

Mr. CLEMENTS. I understood that was not what you wanted.

The CHAIRMAN. Yes.

Mr. CLEMENTS. The amount that they collected so far by donations from various clubs to maintain an office in Washington, and for expenses! no salaries, outside of the stenographic help and necessary professional help like Mr. Doane, that has been something over \$11,000, I should say, approximately \$11,000. That is up to date.

The CHAIRMAN. That is coming in all the time?

Mr. CLEMENTS. The thought was we would need to maintain the office here for possibly the full length of the congressional session, approximately \$21,000. That was the estimate.

The CHAIRMAN. So, as I understand it, these gentlemen, when they join as members of this organization, they pay 25 cents down—they formerly paid 12½ cents—and in addition to that they are

called on for contributions by the club to help run the office here; is that right?

Mr. CLEMENTS. Not exactly, Senator. There has never been any set contribution asked for from anyone joining the Townsend Club. They are requested to evidence their interest in the movement by the purchase of a book. If they do not care to purchase the book, they can become members just the same.

Senator COUZENS. What does the book cost?

Mr. CLEMENTS. Twenty-five cents, the retail sales price of it. The book itself costs 1.6 cents.

Senator COUZENS. Have you any direct contributions from citizens mailed in here on behalf of the fund outside of the clubs?

Mr. CLEMENTS. There have been, I should say, four or five, ranging from \$1 to \$10, and those contributions are immediately sent back to Los Angeles to be receipted for in Los Angeles, and are put in the fund which is for this specific purpose, and no other purpose.

Senator COUZENS. I observe in the financial statement that you have filed here, among your assets is "Accounts receivable, \$7,442.36." What do you mean by "Accounts receivable"?

Mr. CLEMENTS. That is consignments of literature, booklets, that have been sent out to various people on consignment, trusting that they would sell them and return the money.

The CHAIRMAN. Do you have any financial arrangements with any retail merchants in connection with the advertising campaign?

Mr. CLEMENTS. The advertising campaign? Just what do you mean, Senator?

The CHAIRMAN. Do you have any arrangements with anyone who is advertising either in this paper or otherwise, that will get you some contributions?

Mr. CLEMENTS. No. There is, however, an association of merchants and manufacturers on the Pacific coast which have stated their willingness to repurchase on some kind of a basis, I do not know the exact figure, it varies, the labels and containers of their product as an advertising feature. That, I believe, you will notice in the Townsend Weekly under what is known as the "Cooperative division." The members of clubs, or other people, save the labels off of a soap package, or the cap of a bottle, or some container, as evidence of purchase, and those manufacturers are pleased to rebate to the cooperative department a certain percent of the wholesale price of that product.

The CHAIRMAN. In other words, the membership of your organization are encouraged to buy from certain merchants?

Mr. CLEMENTS. Not at all, sir.

The CHAIRMAN. If they do buy from a certain merchant, and they send in the label as some evidence that they have bought this particular product, then they get a kind of a rebate, or the organization gets, something from this particular merchant, is that it?

Mr. CLEMENTS. Not at all, Senator, if you will pardon me.

The CHAIRMAN. I do not understand it, then.

Mr. CLEMENTS. They are not merchants at all, they are manufacturers that manufacture a specialized product. For instance, I think the Los Angeles Soap Co. redeem wrappers on their soap, the same

as they are offering in all magazines all over the United States. You save the container and send it in and you get a prize, or a new package, or something of that character.

The CHAIRMAN. So then you have a separate organization that does encourage your membership to buy certain articles of people with whom you have an arrangement such as that!

Mr. CLEMENTS. It is a separate division of the same organization.

The CHAIRMAN. And how much money have you obtained from that source?

Mr. CLEMENTS. The labels have only recently been compiled and returned to their various sources, and the amount has not yet been estimated.

The CHAIRMAN. Have you any other scheme of operation that might obtain some money for this organization to carry on this propaganda?

Mr. CLEMENTS. No schemes; no.

The CHAIRMAN. Well, any other plans? I apologize to you for saying "schemes."

Mr. CLEMENTS. I do not know that we have any plans on foot other than the sale of our literature to finance this plan.

The CHAIRMAN. And this label arrangement?

Mr. CLEMENTS. And this label arrangement; yes; pardon me.

The CHAIRMAN. Are there any others? And then, there is this paper that is published, the Townsend Weekly?

Mr. CLEMENTS. That Townsend Weekly, that is owned not by the Old Age Revolving Pensions. The Old Age Revolving Pensions is a nonprofit California corporation.

The CHAIRMAN. Whom is it owned by?

Mr. CLEMENTS. That is owned by Dr. Townsend and R. E. Clements.

The CHAIRMAN. This statement, then, does not include any financial report of the Townsend Weekly, does it?

Mr. CLEMENTS. That statement was made prior to the inception of the Townsend Weekly.

The CHAIRMAN. How many of these Townsend Weeklies are sold?

Mr. CLEMENTS. The first issue was 37,500; the second issue was 50,000; the third issue, the one that you have there, was 75,000.

Senator BARKLEY. What is the price?

Senator WALSH. Five cents.

Mr. CLEMENTS. Very few of them, of course, are sold by us at 5 cents apiece. We deliver them to any part of the United States for 2 cents.

Senator COUZENS. Have you made any money out of this paper?

Mr. CLEMENTS. I haven't seen a balance sheet. I rather think it is probably a little in the red. It is devoted exclusively to the interests of the Townsend plan.

Senator BLACK. Senator, you started to ask him a question and he did not fully answer your question. You asked him if he had any other plan.

The CHAIRMAN. Is there any other plan?

Mr. CLEMENTS. There are no other plans they have operating to bring revenue to the Old Age Revolving Pensions.

The CHAIRMAN. Or by any of the parties connected with it?

Mr. CLEMENTS. Or by any of the parties connected with it officially or otherwise, except the label that we went into here and the sale of the literature.

The CHAIRMAN. Now I notice in this Townsend Weekly of January 28, 1935, an advertisement "cooperative division (wholesalers and manufacturers)." That is what you mentioned about the label plan, isn't it?

Mr. CLEMENTS. Yes, sir; that explains it, I think.

The CHAIRMAN. I think it would be very well for us to put in this record that part there.

(Statement referred to is as follows:)

COOPERATIVE DIVISION (WHOLESALEERS AND MANUFACTURERS)

Is proving a great success. The list is not appearing in this issue-due to the necessity of using all available space for important news.

Don't fail to make our February 1 drive a great success by calling attention at all club meetings to this plan of saving labels, cartons, containers, etc., by all club members and their friends in the Western States.

Be sure to send to headquarters all merchandise evidence by February 1, then twice a month.

The CHAIRMAN. I notice another advertisement here of Albert M. Hansen. Who is Albert M. Hansen?

Mr. CLEMENTS. Is that in connection with a song?

The CHAIRMAN. That is the "Townsend plan song", which is called "In This Land of Freedom."

Mr. CLEMENTS. That is a private enterprise of Mr. Hansen's. We have nothing whatever to do with that.

The CHAIRMAN. You do charge him for carrying the advertisement, however?

Mr. CLEMENTS. Yes, sir.

The CHAIRMAN. You get no rake-off from the sale of that song?

Mr. CLEMENTS. We get no percentage whatever from the sale of the song; no, sir.

The CHAIRMAN. In this advertisement I notice that it is carried as "New, Catchy, Original, Different!" That advertisement might go in the record.

(Advertisement referred to is as follows:)

NEW, CATCHY, ORIGINAL, DIFFERENT!

TOWNSEND-PLAN SONG, "IN THIS LAND OF FREEDOM"

Sing it at your Townsend club meetings-hum it every day-this new, catchy, Townsend-plan song. It's taking the entire Nation by storm! Fifteen cents per copy, two for 25 cents.

Mail your order to Albert M. Hansen, owner and publisher, 2063 Yosemite Drive, Los Angeles, Calif.

Mr. CLEMENTS. Of course, we have no control over the advertising copy other than that it is submitted to us.

The CHAIRMAN. What does he pay for that advertisement?

Mr. CLEMENTS. I am sure I could not tell you exactly, but I rather think a dollar a column inch.

Senator BLACK. Where does he live?

Mr. CLEMENTS. I believe he lives in Pasadena, Calif.

Senator BLACK. Does he have any connection with your headquarters there now or has he had any connection with it in the past?

Mr. CLEMENTS. No.

Senator BLACK. Are-does he have any connection with any of the individuals connected with the plan in California?

Mr. CLEMENTS. None whatever.

Senator GERRY. Do you have any financial report from the different clubs as to how much money they take in?

Mr. CLEMENTS. Some of them, yes; most of them, no.

Senator GERRY. You simply let them go ahead?

Mr. CLEMENTS. They are entirely independent organizations. We exercise no control over their finances whatever.

Senator WALSH. Did you state what the total membership was in those clubs?

Mr. CLEMENTS. That would be quite impossible to state, because we do not exact a list or roster of their membership at all.

The CHAIRMAN. I think that is all, Mr. Clements. I will go back to Dr. Townsend.

Senator BLACK. Let me ask one more question in connection with what Mr. Clements said.

The CHAIRMAN. Yes.

Senator BLACK. Do all the people who sign these petitions join the clubs, or do you permit them to join the clubs if they sign the petition?

Mr. CLEMENTS. There is only a very small percentage of the people who signed the petitions and then joined the clubs. There is no obligation, financial or otherwise, attached to the signing of the Townsend plan petition.

Senator GERRY. But they are selling your booklets?

Mr. CLEMENTS. To whom do you refer?

Senator GERRY. These clubs.

Mr. CLEMENTS. Yes, sir.

Senator GERRY. And they have your endorsement!

Mr. CLEMENTS. They purchase the books from us on a consignment basis.

Senator GERRY. Do you make any investigation of them?

Mr. CLEMENTS. What do you mean?, Do you mean a financial investigation?

Senator GERRY. Or any sort of investigation as to who the members are or who the people forming the club are.

Mr. CLEMENTS. There is a rather perfunctory investigation made as to the officers, whether or not they are people of good repute in the community in which they apply for leadership in the club.

Senator BARKLEY. Who makes that investigation?

Mr. CLEMENTS. It is sent in on a form to the office.

Senator BARKLEY. Do you have somebody who investigates?

Mr. CLEMENTS. No, sir. We make a very perfunctory investigation. They say who they are, whether they are members of a fraternity, and so on.

Senator BARKLEY. Whose duty is it; to go around and hunt out people to sign a petition of this sort?

Mr. CLEMENTS. It is any one's duty. That has been entirely voluntary on the part of people who come in and ask for the privilege of circulating the petition.

Senator BARKLEY. Usually somebody in every community who gets up a petition takes the responsibility of carrying it around over town and having it signed?

Mr. CLEMENTS. Yes.

Senator BARKLEY. What inducement is there for anybody in the community to get up one of these petitions, the form of which you have, I believe, prepared?

Mr. CLEMENTS. There is no inducement whatever except the inducement engendered by their desire to see such legislation enacted.

Senator BARKLEY. You send the forms out to them?

Mr. CLEMENTS. We send 50 blank petitions to each Townsend club.

Senator BARKLEY. They select a man who is to drum up the signatures?

Mr. CLEMENTS. They select the party who will circulate the petition; yes.

Senator BARKLEY. And get the signatures?

Mr. CLEMENTS. Yes.

Senator GERRY. They buy your book at how much—1.6 cents?

Mr. CLEMENTS. Pardon me. I said that that was the cost of the book to us.

Senator GERRY. What do they pay for the books?

Mr. CLEMENTS. The clubs?

Senator GERRY. Yes.

Mr. CLEMENTS. They buy the book from us at 25 cents. A club pay 25 cents to the national association for each book.

Senator BLACK. That is the retail price?

Mr. CLEMENTS. That is the retail price.

Senator BARKLEY. Do you know what proportion of the people who sign these petitions understand this plan?

Mr. CLEMENTS. I am persuaded that the great proportion of the American public have intelligence enough to understand a plan as simple as the Townsend plan.

Senator BARKLEY. Do you know what is said to those who are approached for signature by the approacher?

Mr. CLEMENTS. Quite obviously not; but there is printed very plainly the purport of the petition on the heading of each petition.

Senator BARKLEY. It may be that the Ways and Means Committee and the Finance Committee are below the average of intelligence, but it has taken them several weeks to try to find out all the implications of this plan and its effect on the country. I am wondering whether the agent who seeks signatures to petitions goes over the same amount of detail in trying to explain it to the signers that we try to go into in trying to find out what it means, its effect, its economic soundness, and all that.

Mr. CLEMENTS. I am sure, Senator, the average person circulating the petition at the present time is not as capable of going into the minute details of this plan as has been gone into here, and this plan probably will continue to be investigated. I mean to convey that they are certain that the people who signed the petition knew what they were petitioning for.

Senator BARKLEY. They knew they were petitioning Congress to buy a \$200 a month pension for people over 60 years of age, all people over 60 years of age?

Mr. CLEMENTS. Yes, sir.

Senator BARKLEY. Do you think that was explained to them?

Mr. CLEMENTS. Yes.

Senator BARKLEY. Do you think it was explained to them every time they put their names on this petition that if this law was passed they would have to pay a sales tax?

Mr. CLEMENTS. It says right on the heading of the petition that there will be a tax.

Senator BARKLEY. Have you had any experience in circulating petitions for signatures generally?

Mr. CLEMENTS. No, sir.

Senator BARKLEY. You do not know, then, to what extent people sign petitions that are shoved under their noses without any explanation of any kind, they just sign it?

Mr. CLEMENTS. I only know by my own experience that I do not sign petitions that I do not understand the purport of.

Senator BARKLEY. I understand that you would not, and neither would I, and frequently I do not sign any at all, but you know how easy it is to get petitions signed.

Mr. CLEMENTS. I understand it is very easy to get petitions signed.

Senator BARKLEY. I have had 22 years' experience in receiving them.

The CHAIRMAN. Mr. Clements, I hope you will send your latest audit in so we may get it into the record.

Mr. CLEMENTS. I will be very glad to send it in.

The CHAIRMAN. May I ask you whether your organization has filed with the treasurer income-tax returns?

Mr. CLEMENTS. That has been handled through our legal department in Los Angeles and Long Beach. There has been an income-tax return received, the form has been received. Whether or not it has been filed as yet I am not sure.

The CHAIRMAN. Well, last year was there any filed?

Mr. CLEMENTS. We have only been operating since January 1934.

The CHAIRMAN. Since January 1934?

Mr. CLEMENTS. Yes. You will notice that statement there, January 30, 1934.

The CHAIRMAN. Is that when your organization was incorporated?

Mr. CLEMENTS. Pardon me. January 30, 1934, as you notice from that statement, we had a balance of \$7.89 on that date.

The CHAIRMAN. When did you take out articles of incorporation?

Mr. CLEMENTS. January 24, 1934.

The CHAIRMAN. And before that you were not operating?

Mr. CLEMENTS. No.

The CHAIRMAN. And you have now filed no income-tax return; up to date?

Mr. CLEMENTS. I am not sure that it has been filed. The form was received in the Los Angeles office.

Senator BLACK. Mr. Clements, you are the treasurer?

Mr. CLEMENTS. Yes.

Senator BLACK. A statement has been made here by someone, I do not recall who, that in many instances your agents were required to file a telegraphic report each night of the amount of money that was collected. Is that true?

Mr. CLEMENTS. That is absolutely false.

Senator BLACK. You have never done that in any instance?

Mr. CLEMENTS. There is only one instance in which there was ever a telegraphic report asked for, and that was in the instance when there was a Nation-wide mass meeting held for the Townsend plan on October 28, I believe, 1934. At that time we asked them

to wire us the number in attendance and also what, if any, was the total contribution at that meeting which was taken up for the benefit of our extension-fund work, and I should judge we received some 20 or 30 telegrams to that effect.

Senator BLACK. You sent them out everywhere where they held the meeting?

Mr. CLEMENTS. We sent them out.

Senator BLACK. Someone sent them the message, telling them to report by wire at each of those meetings?

Mr. CLEMENTS. There was a circular letter sent out; yes.

Senator BLACK. And they did all report by wire?

Mr. CLEMENTS. Probably 5 percent of them reported by wire.

Senator BARKLEY. Mr. Clements, what was your occupation before you became identified with this movement?

Mr. CLEMENTS. I have been a broker, a dealer in real estate in California for 21 years.

Senator BARKLEY. Do you know Dr. Pope?

Mr. CLEMENTS. I have heard of Dr. Pope.

Senator BARKLEY. At the last session of Congress we were besought by the Dr. Pope organization and flooded with petitions for his plan. Have you and Dr. Townsend consulted with Dr. Pope in any way in the framing of this Townsend plan as a successor to the Pope plan?

Mr. CLEMENTS. I cannot speak for Dr. Townsend—you can ask him—but I am sure there has been no connection whatever with Dr. Pope, or any of his connections.

Senator BARKLEY. You are not an actuary?

Mr. CLEMENTS. No, sir.

Senator BARKLEY. Have never been?

Mr. CLEMENTS. No, sir.

Senator CONNALLY. Do you send out any forms or letters or telegrams to Members of Congress to these clubs? Do not you send out suggested forms of letters and telegrams to Senators and Congressmen?

Mr. CLEMENTS. Absolutely not.

Senator CONNALLY. I get some from widely separated points and they are practically identical language, and I was just wondering if you did not propagandize through sending out some suggested forms of wires and letters.

Mr. CLEMENTS. Not at all. Permit me to say it has never been the thought of Dr. Townsend or those in charge of this plan that you gentlemen were to receive anything but the most courteous recommendation that you would give the Townsend plan a thorough and complete hearing.

Senator CONNALLY. I saw in the press not long ago some statement quoting Dr. Townsend as intimating if Congress did not jump through the hoop and give them the old-age pension law that they were going to beat everybody in the elections.

Mr. CLEMENTS. We have been misquoted in the press many times.

Senator CONNALLY. That is not your attitude?

Mr. CLEMENTS. No.

Senator BARKLEY. I see a form in front of Senator Connally, sent to him from Santa Cruz, Calif., and it says: "We voters want", and then in red, "the Townsend plan made a law at this session of Con-

gress, your key for the ballot box. Santa Cruz Area Townsend Clubs, representing 40,000 voters." Signed by O. F. Schroeder. Do you know anything about who gets out that form, and who Schroeder is?

Mr. CLEMENTS. No; I do not.

Senator BARKLEY. Do you know what he means there by his reference to the ballot box?

Mr. CLEMENTS. I have an idea what he means, but we know nothing about such propaganda.

Senator BARKLEY. That is evidently an intimidation.

Mr. CLEMENTS. It does not originate or emanate from the headquarters of the Townsend organization.

Senator BARKLEY. Do you know who would be likely to originate it or emanate it?

Mr. CLEMENTS. I presume the man that signed it.

Senator BARKLEY. This card is printed probably by the thousands. Who takes the responsibility of having that expense incurred for the printing of those cards and the mailing of them to Members of Congress?

Mr. CLEMENTS. I am sure I do not know, but I can assure you that Old Age Revolving Pensions, Ltd., has absolutely nothing to do with the encouragement of printing them or paying for the cost of printing.

Senator BARKLEY. Whether the corporation, limited, has anything to do with it or not, has anybody in connection with the corporation as an individual, unlimited, anything to do with it?

Mr. CLEMENTS. No one who is officially connected with the headquarters.

The CHAIRMAN. Well, Mr. Clements, I notice in this Townsend Weekly that you do have, in bold type [reading] :

Write! Wire! Now is the time to let your Congressman and Senator know that you expect him to support the Townsend pension bill.

To that extent you are encouraging these pamphlets to come in here?

Mr. CLEMENTS. We are most certainly encouraging the people to write to their Senators and Congressmen and let them know their ideas.

The CHAIRMAN. That is one of the principal objects of your whole organization?

Mr. CLEMENTS. Yes.

The CHAIRMAN. I notice in the same publication, "On to Congress."

MASS MEETING-GREETINGS!

We are on the doorstep of Congress. In fact we are inside the door. Congressman McGroarty introduced the Townsend pension bill Wednesday, January 16.

Mammoth mass meeting, Sunday, February 3, at 3 o'clock.

Olympic Auditorium, Eighteenth and Grand Avenue, Los Angeles; 11,000 free seats.

You did not charge any admission?

Mr. CLEMENTS. No, sir.

The CHAIRMAN. They were all free seats?

Mr. CLEMENTS. Yes, sir.

The CHAIRMAN. Were any contributions taken up? Was the hat passed around?

Mr. CLEMENTS. Yes, sir.

The CHAIRMAN. How much was raised at that mass meeting?

Mr. CLEMENTS. \$1,637 and some odd cents.

The CHAIRMAN. Do you always pass the hat around at all of these mass meetings?

Mr. CLEMENTS. No, sir.

The CHAIRMAN. That goes into the treasury, does it?

Mr. CLEMENTS. That particular contribution went into this fund which we are pleased to designate as the "Congressional Action Fund.,, That is a separate fund and used for the specific purpose of maintaining the Washington office and paying the necessary help and the actual expenses of the men who come here to assist.

The CHAIRMAN. I understood you to say you had 52,000 copies of this published.

Mr. CLEMENTS. I think it was 50,000. That is the second issue that you have there.

The CHAIRMAN. Well, I notice here in the second issue you say, "Official Townsend Weekly got a paid circulation in 1 week of over 60,000 copies!" Why was that statement made?

Mr. CLEMENTS. Perhaps I was too conservative in my estimate,

Senator BARKLEY. That is the second issue, of which you said there were 50,000?

Mr. CLEMENTS. I was not in Los Angeles when that was printed, I was in Washington. I know what the order was for the first issue. It was 25,000, then it was increased 12,000, which made it 37,000. I was informed by letter that they anticipated that the second issue, which was the issue that is on the chairman's desk, would be 50,000.

The CHAIRMAN. Why did they say the issue was increased over 60,000?

Mr. CLEMENTS. Perhaps by the time it went to press, Senator, they had orders for that many.

The CHAIRMAN. Maybe the Doctor can explain that. Can you explain that, Doctor?

Mr. TOWNSEND. Why, it has been proven that the number printed has been inadequate on each issue and we have had to run a separate lot, an additional lot. Now, of course, until the orders pile up we do not know what that is going to be.

The CHAIRMAN. Was there any further statement you desired to make, Doctor?

Dr. TOWNSEND. I think not.

Senator COUZENS. Doctor, have you had any personal compensation out of all this work?

Dr. TOWNSEND. Personal compensation?

Senator COUZENS. Yes.

Dr. TOWNSEND. Nothing beyond my actual expenses.

Senator COUZENS. How much have they been?

Dr. TOWNSEND. They have been averaging about \$50 a week.

Senator COUZENS. And that is all you have had since January, 1934?

Dr. TOWNSEND. That is all I have. I have no bank account,, I have no moneys accumulated, I do not expect to have anything.

Senator COUZENS. You have no salary of any kind?

Dr. TOWNSEND. No salary at all.

The CHAIRMAN. Are there any other questions?

Senator BLACK. I want to ask him one other question about the bill. Doctor, I notice in the bill which you have offered that the people can spend this money for goods and services. That is there, isn't it?

Dr. TOWNSEND. Yes; that is right.

Senator BLACK. It is contemplated, for instance, that two persons who draw a pension of \$400 a month, that they can spend that for services to whomsoever they seem fit?

Dr. TOWNSEND. Yes; if they create jobs with that money.

Senator BLACK. And now one of the ideas in your plan is to force people to spend that money, isn't it?

Dr. TOWNSEND. Yes.

Senator BLACK. If that money is spent for services and it reaches a second hand, there is no provision that requires the recipient to spend it, is there? He can save it?

Dr. TOWNSEND. I presume that could be done.

Senator BLACK. In other words, if one of these pensioners, receiving \$200 a month, or a family receiving \$400 a month, had to spend it, you do not contemplate that we will have snoopers going around to see who they hire or whose services they buy, do you?

Dr. TOWNSEND. It will not require any snoopers. Everybody has neighbors. If they find that somebody is spending the money other than is proposed by law, they would probably report.⁴

Senator BLACK. Your idea is that the neighbors would know who they hired. Do they have a right to hire anybody they please?

Dr. TOWNSEND. They could hire anybody they pleased. If the neighbors find the man who is receiving a pension is supporting too many parasites, his case will be investigated.

Senator BLACK. How could it be? He has the right to hire anybody he wants to hire, under the law, hasn't he?

Dr. TOWNSEND. After paying his own expenses he is not going to have a great amount of money to hire people.

Senator BLACK. Suppose he hired his son? He would have the right to, would he not?

Dr. TOWNSEND. Yes.

Senator BLACK. Suppose he had a brother that was not doing anything, he would have a right to hire his brother?.

Dr. TOWNSEND. Yes.

Senator BLACK. That brother could spend it or not, just as he wanted, just as he saw fit?

Dr. TOWNSEND. Yes.

Senator BLACK. There is nothing in the bill that would absolutely require that the money be spent for goods and commodities, is there?"

Dr. TOWNSEND. You are assuming that everybody who gets this particular amount of money in payment for his salary is going to sit down there and hold it. People do not do that.

Senator BLACK. You are assuming they would spend it all. If they did not spend it all, then your plan would not work, would it?

Dr. TOWNSEND. No; it would have to go into circulation.

Senator BLACK. If you wanted it to be spent for goods and services in your bill, why should you leave that loophole?

Dr. TOWNSEND. Because many of the old folks have to have assistance, they have to have nurses and attendants.

Senator BLACK. You have agents all around the country, don't you?

Dr. TOWNSEND. We have voluntary agents; yes.

Senator BLACK. They could hire these agents, if they wished, after the law passed, to perform services for them?

Dr. TOWNSEND. I do not know what incentive there would be for that.

Senator BLACK. Well, they might want to hire them, the agents would be there, they are pretty good agents, it looks like, from the number of petitions, from the number of signatures. They are pretty much on the alert.

Dr. TOWNSEND. They certainly are, because there are many people whose condition today makes them alert for anything that is going to alleviate their condition.

Senator BLACK. The point I wanted to bring out was, they can spend the money for goods and services. Your idea was to make them spend it and keep it going. It would not work otherwise?

Dr. TOWNSEND. There isn't any concern on the part of anyone who does any thinking about this, but the individual receiving the money will not use the greater portion of it for his own particular needs, and if he wants to spend 25 percent of it in hiring help, that is not going to affect the ultimate outcome.

Senator BLACK. Do you know that a number of letters have been received by Congressmen and Senators, protesting the idea that they will be compelled to spend it, and compelled to spend it all within the month?

Dr. TOWNSEND. What of it?

Senator BLACK. Then there are some of them that would not want to spend it.

Dr. TOWNSEND. Yes; a very small percentage. It will not make any difference between the outcome.

Senator GERRY. Your idea is the community would take an interest in seeing that it would be spent?

Dr. TOWNSEND. I think so.

Senator GERRY. Did it work that way in prohibition?

Dr. TOWNSEND. In prohibition?

Senator GERRY. Yes.

Dr. TOWNSEND. No. Why?

Senator GERRY. I am asking you.

Dr. TOWNSEND. Because there was very little effect on the part of the powers that had charge of the enforcement of the prohibition law, to do anything with it.

Senator BARKLEY. There was also a laxity on the part of people in the community to keep the enforcement officers informed, to the extent that they did not want to be snooping around among their neighbors to find out whether or not there was a violation. Your bill set up an official snooping committee in each precinct in the United States to watch over the expenditure of this money, and follow it out to the ultimate results.

Dr. TOWNSEND. I cannot see that there would be any snooping necessary.

Senator BARKLEY. What would the committee that you set up in the bill be required to do?

Dr. TOWNSEND. To receive complaints.

Senator BARKLEY. To receive complaints from whom?

Dr. TOWNSEND. From those who thought the law was being violated.

Senator BARKLEY. There would be a committee set up in each voting precinct to receive complaints from the neighbors who thought that one of their next-door neighbors were spending some of the \$200, or \$400, or \$600, if there happened to be three of them who were 60 years old living in the same household, in a way that they did not approve of?

Dr. TOWNSEND. There would have to be some sort of committee until the people became accustomed to the new regime, the new system.

Senator BLACK. The longer it is in operation the more people in each neighborhood, will be drawing this pension, so there would be that much more work to be done.

Dr. TOWNSEND. There is going to be a limit, of course. There is a limit to the number of people who attain the age of 60 years.

Senator BLACK. They increase up to 1980, according to your theory ; the number increases until then?

Dr. TOWNSEND. Well, until we can get all on the pension roll who wish to go on, of course.

Senator BLACK. The number of eligibles will increase up to 1980?

Dr. TOWNSEND. I do not know why.

Senator BLACK. Well, I thought, on your theory, from your testimony before the House committee, that the number of eligibles above 60 would increase, and that within 5 years, as you indicated in your testimony before the House committee, you would have to lower this to probably 55, and then later on to 50, there would be a gradual increase in the number.

Dr. TOWNSEND. That is not the assumption at all. The reason we say it will, be necessary for us to reduce the age limit will be from the fact that industries are going to be carried on by machines to the extent that we will not have places for the workers.

Senator BLACK. That is what I am saying. Every time you reduce the age limit you take in several more millions of eligibles.

Dr. TOWNSEND. It may be necessary for us to do that in time.

Senator BLACK. Yes. The more eligibles there are the more committees there will have to be, to watch them, to see that they spend this money according to Hoyle during each month?

Dr. TOWNSEND. If we had a few committees of that sort during prohibition, we could enforce the law. We did not have them.

Senator BLACK. That may be, I do not know, but what is everybody's business usually is nobody's business. It is my experience and observation that it is rather difficult to get committees of neighbors to make any report of any technical violation of the law by another neighbor.

The CHAIRMAN. We have asked you to put the articles of incorporation in the record, and some other matters. I wish, for the benefit of the committee, that you would turn over to the clerk as soon as you can all the pamphlets that have been issued, either by the parent organization or any of the affiliated organizations with

reference to your matter, and a copy of all the issues of your paper that you have now, as well as a copy of this book that sells for 25 cents, or any other pamphlets that you have.

Dr. TOWNSEND. We will be glad to do that.

The CHAIRMAN. Turn them over to the committee. The committee thanks you, Dr. Townsend.

Senator CONNALLY. Just a minute. , Doctor, you say the plan will cost from 18 to 20 billion dollars a year?

Dr. TOWNSEND. There will be that amount put in circulation.

Senator CONNALLY. I suppose that money has got to be taken from somebody else in the way of taxes and turned over to the aged.

Dr. TOWNSEND. It has got to be produced.-

Senator CONNALLY. In other words, that money has got to come out of those that are working, those that have jobs.

Dr. TOWNSEND. Yes.

Senator CONNALLY. After the old couple get it they can hire anybody they please, anybody they desire. Would not it be possible for them to hire all of their daughters, their boys, and their sorry sons-in-laws?

Senator CONNALLY. That would withdraw them from production. They are young and able to work, and other young people would work, and would be making the money which would be used for paying for the upkeep of those idlers. Is that true or not?

Dr. TOWNSEND. That is not true.

Senator CONNALLY. Could not it be true?

Dr. TOWNSEND. It. could be true; yes.

Senator CONNALLY. On your own plan?

Dr. TOWNSEND. You might assume the movement would move close to the earth in the next few weeks, but it is not going to do that.

Senator CONNALLY. Here is an old man and woman making \$400 a month, who never made a hundred in their lives, and they have three or four sorry sons that do not want to work, why could not they hire them as doorkeepers or personal assistants, or secretaries, and pay out these sums to them, and why could not the sons take that money and put it in the stock market, or buy whisky, or play cards, or do anything they pleased ?

Dr. TOWNSEND. We do not propose to restrict anybody in the quality or the character of the thing he spends money on. What we want to do is to get money into circulation.

Senator BARKLEY. Even if that expenditure turns out to be injurious ?

Dr. TOWNSEND. What ?

Senator BARKLEY. Even if that expenditure turns out to be injurious to their morals, or to their physical welfare?

Dr. TOWNSEND. My dear sir, are you so terribly concerned; about the morals and welfare of the young today?

Senator BARKLEY. To be frank; yes.

Dr. TOWNSEND. Why is it then that we are debauching So many of our young people at the present time?

Senator BARKLEY. Well, I am not doing any of that.

Dr. TOWNSEND. Neither am I; and I want to end the conditions which maintain that sort of thing. Seventy-five percent of the criminals of the country today are young people, and they are largely

made up of those who have not been able to do anything for themselves. NOW let us not strain at a gnat and swallow a camel.

Senator BARKLEY. That is one of the troubles. I am afraid your camel is so big that we cannot swallow him.

Dr. TOWNSEND. Perhaps not; but neither can we assimilate the one we have got. We have to change it for something else.

The CHAIRMAN. Doctor, the committee has worked for 4 or 5 weeks. We are trying to reach some reasonable and rational conclusion with reference to taking care of these old people. We hope to evolve a very good bill. We may not be able to accept your proposition., but the committee thanks you. The committee will adjourn until 10 o'clock Monday morning, with the announcement that the hearings on this bill will close Wednesday morning.

Dr. TOWNSEND. You will be open on Monday morning?

The CHAIRMAN. Yes; we have a calendar on Monday morning.

Dr. TOWNSEND. Will it be possible for Mr. Doane to meet here with you?

The CHAIRMAN. We will hear him Wednesday morning, if there is some explanation he wants to make, or if he wants to put in the record some of the facts that you mentioned.

Dr. TOWNSEND. Thank you.

Mr. Clements subsequently submitted the following statements of receipts and disbursements, Old Age Revolving Pensions: Ltd.

Old Age Revolving Pensions, Ltd.

STATEMENT OF RECEIPTS AND DISBURSEMENTS
NOVEMBER 1934

Receipts :	
Petty cash on hand -----	\$8.51
Cash in bank-----	510.12
Stamps on hand-----	59.18
Accounts receivable -----	2, 902.11
Sales -----	4, 528.14
Cash over and short-----	2.57
	\$8, 010. 63
Disbursements :	
Salaries-----	1, 165. 35
Rent-----	393.92
Printing-----	7, 572. 89
Postage, express, etc-----	543.34
Utilities-----	13. 49
Telephone, telegraph, etc-----	126.44
Sales tax-----	. 57
Bank tax-----	3. 40
Refunds-----	33. 00
Office expense-----	99. 82
Office supplies-----	36.53
Miscellaneous-----	12.20
Buttons-----	250.00
Commissions-----	57s. 13
Legal fees-----	100.00
Furniture and fixtures-----	34.50
Organization and organizers-----	530.50
Accounts payable-----	459.35
Accounts receivable-----	-500.00
Transferred to extension account-----	247.60
Returned check (A. J. Mum)-----	27.00
	7, 109. 33
To be accounted for -----	901.30

Accounted for as follows:

Balance cash	\$124.55	
Balance in petty cash	9.68	
Balance in bank	604.11	
Balance in stamps	162.96	
		\$901.30

Old Age Revolving Pensions, Ltd.

**STATEMENT OF RECEIPTS AND DISBURSEMENTS
DECEMBER 1934**

Receipts :

Petty cash on hand	\$9.68	
Cash carried forward	124.55	
Cash in bank	604.11	
Stamps on hand	162.96	
accounts receivable	3,265.47	
Sales	14,222.60	
Cash over and short	7.83	
		18,397.20

Disbursements :

Salaries--	1,807.69	
Rent	96.00	
Printing	1,994.35	
Postage, express, etc	1,205.75	
Utilities	14.66	
Telephone, telegraph, etc--	295.23	
Bank tax	7.54	
Office expense	123.45	
Office supplies	176.07	
Miscellaneous	196.70	
Radio advertising	6.00	
Refunds	13.00	
Commission--	31.25	
Legal fees--	50.00	
Furniture and fixtures	46.00	
Organization and organizers---	775.52	
Accounts payable	1,077.23	
Returned checks	12.50	
Bad accounts	61.76	
Commission fees to managers---	1,854.51	
Charges to accounts receivable----	7,013.75	
Club adjustments	36.23	
		16,852.73

To be accounted for-- 1,544.47

Accounted for as follows :

Balance in cash	\$1,372.14	
Balance in petty cash--	2.34	
Balance in bank	93.33	
Balance in stamps	76.66	
		1,544.47

Townsend Clubs-O. A. R. P. Ltd.

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
NOV. 1 TO DEC. 31, 1934**

Receipts :

Cash on hand Oct. 31, '1934	\$4,988.86	
Receipts Nov. 1 to Dec. 31, 1934	11,362.85	
		16,351.71
		16,351.71

Disbursements :	
Organization -----	\$1,402.00
Office expense-----	215.90
Modern Crusader-----	754.00
O. A. R. P., Ltd-----	1,746.15
O. A. R. P., Ltd., refunds -----	70.33
Printing-----	18.65
Salaries-----	451.14
Office equipment-----	45.00
Commissions-----	1,576.79
Postage-----	136.22
Auditing-----	140.00
Miscellaneous-----	7.50
	<u>\$6,563.68</u>
Cash on hand Dec. 31, 1934-----	<u>9,788.03</u>
	<u>16,351.71</u>

*Extension fund—O. A. R. P. Ltd.*STATEMENT OF RECEIPTS AND DISBURSEMENTS
NOV. 1 TO DEC. 31, 1934

Receipts :	
Cash on hand Oct. 31, 1934-----	\$ 4,295.32
Receipts Nov. 1 to Dec. 31, 1934-----	8,329.61
	<u>12,624.93</u>
Disbursements :	
Organization -----	\$4,319.27
Refund of organization fees-----	441.64
Advertising-----	43.19
Radio organization-----	3,283.98
Printing-----	4.00
Refund of expense fees-----	2,250.94
Statistical reports-----	330.50
Auditing-----	140.00
Speakers' bureau-----	157.61
Strategy committee-----	143.05
Legal fee-----	50.00
Miscellaneous-----	10.45
	<u>11,174.63</u>
Cash on hand Dec. 31, 1934-----	<u>1,450.30</u>
	<u>12,624.93</u>

(Mr. Clements subsequently submitted an audit prepared by Ray S. McAllister, certified public accountant, Los Angeles, Calif., of receipts and disbursements of Old Age Revolving Pensions, Ltd., Townsend Clubs, and Club Extension Account.)

Los ANGELES, CALIF., February 19, 1935.

OLD AGE REVOLVING PENSIONS, LTD.,
Los Angeles, Calif.

GENTLEMEN : Pursuant to your request, I have made the following audit :

Receipts and disbursements :

Old Age Revolving Pensions, Ltd., July 1 to December 31, 1934.

Townsend Clubs, July 17 to December 31, 1934.

Club Extension Account, August 23 to December 31, 1934.

These statements and comments are submitted herewith.

Respectfully submitted.

RAY S. McALLISTER,
Certified Public Accountant.

Receipts and disbursements Old Age Revolving Pensions, Ltd., Townsend Clubs, and Club Extension Account

RECEIPTS

	Old Age Revolving Pensions, Ltd., Jan. 30 to Dec. 31, 1934	Townsend Clubs, July 17 to Dec. 31, 1934	Clubs Ex- tension, Aug. 23 to Dec. 31, 1934	Grand total
Balance on hand Jan. 30, 1934				\$7.89
Membership	\$835.33			635.33
Books	24,808.10			24,808.10
Donations	314.99			314.99
Collections	622.10			622.10
Subscriptions--	25.50			25.50
Buttons	527.25			527.25
Advertising	47.40			47.40
F. E. Townsend	1,016.00			1,016.00
Accounts receivable collections	13,609.94			13,609.94
Contributions (special)	1,119.00			1,119.00
Petitions	1,015.61			1,015.61
Leaflets	514.94			814.94
Stickers	495.30			495.30
Contributions	338.69			338.69
Miscellaneous	254.26			254.26
Cash over	97.16	\$459.92	\$258.46	815.54
Questions and answers	635.67			635.67
Pensions news-	55.13			55.13
Dues, books, literature		20,855.30		20,855.30
Refunds, etc.	21.77	60.56		82.33
Club donations			2,965.32	2,965.32
General donations			586.31	586.31
Radio donations-			2,781.35	2,781.35
Washington account, trip Dr. F. E. Townsend			2,976.83	2,976.83
Mass meetings			5,976.78	5,976.78
Cuttle collection			52.50	52.50
Hawks collection			300.33	300.33
Pasadena collection-			375.00	375.00
Congressional collection			751.73	751.73
Speakers bureau			103.25	103.25
Total receipts	46,454.14	21,375.78	17,127.56	84,957.78
Total receipts and cash on hand				84,965.67

Receipts and disbursements Old Age Revolving Pensions, Ltd., Townsend Clubs, and Club Extension Account-Continued

DISBURSEMENTS

	Old Age Revolving Pensions, Ltd., Jan. 30 to Dec. 31, 1934	Townsend Clubs, July 17 to Dec. 31, 1934	Clubs Ex- tension, Aug. 23 to Dec. 31, 1934	Grand total
Salaries.....	\$5,225.62	\$671.12		\$5,896.74
Rent, rentals.....	1,153.10	17.04		1,170.14
Postage.....	3,764.00	294.51		4,058.51
Utilities.....	187.30			187.30
Printing.....	2,001.98	392.07	\$231.05	2,625.10
Buttons.....	612.61			612.61
Organizers and organization expense.....	8,694.79	2,497.36	9,084.94	20,277.09
Legal.....	234.70		50.00	284.70
Advertising.....	205.15		71.19	276.34
Janitor.....	54.75			54.75
Taxes.....	186.86			186.86
Office supplies.....	598.89			598.89
Miscellaneous.....	281.86			281.86
Books.....	4,108.11			4,108.11
Petitions.....	1,202.82			1,202.82
Radio.....	415.00		3,692.73	4,107.73
Envelopes.....	1,315.19			1,315.19
Miscellaneous.....	130.64	126.43	58.68	315.75
Stickers.....	339.84			339.84
Letterheads.....	92.48			92.48
Phone and telegrams.....	562.61			562.61
Office expense.....	488.04	48.22		536.26
Refunds.....	163.34	340.63	8.40	512.37
Returned checks.....	39.50			39.50
Commissions.....	1,315.51	4,901.35	441.64	6,658.50
Accounts payable.....	1,359.09			1,359.09
Order books.....	295.64			295.64
Leaflets.....	120.00			120.00
Subscription cards.....	12.25			12.25
Furniture and fixtures.....	80.50	232.16		312.66
Radio advertising.....	6.00			6.00
Accounts receivable.....	7,513.75			7,513.75
Extension account.....	247.60	e-e		247.60
Bad accounts.....	61.76			61.76
Modern crusader.....		1,776.00	m-m	1,776.00
J. P. Gross.....		203.75		203.75
Photos.....	1.00			1.00
Audit.....		140.00	140.00	280.00
Smith & Tomlinson settlement.....		500.00		500.00
Townsend Weekly.....		2.00		2.00
Expressage.....		6.20		6.20
Public meetings.....			932.22	932.22
Speakers bureau.....			50.00	50.00
Statistical reports.....			330.50	330.50
Total disbursements.....	43,071.28	12,149.84	15,091.35	70,312.47
Balance.....				14,653.20
Accounted for as follows:				
Security First National Bank, Los Angeles, Calif.....				4,558.66
Citizens State Bank, Long Beach, Calif.....				8,643.40
Cash on hand.....				1,372.14
Cash, petty.....				2.34
Stamps.....				76.66
				14,653.20

(Whereupon, at 12: 17 p. m., the committee adjourned until 10 a. m., Monday, Feb. 18, 1935.)