(c) The Social Insurance Board shall have the power to make such rules and regulations as will facilitate the operation of such permitted private annuity plans, and shall have the right to revoke such permission either upon the request of the employer or upon the failure of the employer to fulfill the requirements of this section.

Senator KING. Mr. Reymond, of Binghamton, N. Y.

STATEMENT OF M. H. REYMOND, BINGHAMTON, N. Y.

Mr. REYMOND. My name is M. H. Reymond. I appear as an ordinary citizen, not in behalf of any special interest or group.

Senator KING. What is your business, Mr. Reymond?

Mr. REYMOND. My business is industrial engineering. I have done work for many well-known companies. In that connection I have had occasion to observe the problem of insecurity in industry at the place where it is actually developed. I have also made a careful study of the general problem of industrial depression and unemployment during the past 15 years.

What I propose to show is as follows: First, that the currently agitated theory of trying to create prosperity by increasing the benefits under the present bill is an economic delusion; and, second, that even if the benefits are not increased, this bill, if enacted into law, will have a retarding influence upon our recovery from the existing unemployment.

I also propose to place the general subject of economic security before this committee in a new light that I believe may prow helpful not only in appraising this particular bill but also in appraising other legislation that is constantly coming before you.

In order to keep myself from wandering away from the subject and to conserve time, I have prepared a preliminary statement which I estimate will take about 10 or 15 minutes. I assume it is satisfactory to go ahead on that basis.

Senator KING. You can have PO minutes. Read it as rapidly as you can.

Mr. REYMOND. While I am thoroughly in sympathy with the humanitarian impulses behind the present economic security bill, I am concerned about, the prospect of its turning out to be another one of those well-intentioned things that, at a time like the present, may do more harm than good. This danger is particularly great if this bill is looked upon as an agency wherewith to create prosperity and the expenditures under this bill are extended under the delusion that expenditures of this kind can create prosperity. The economic fact is just the reverse. Even if this bill is passed without any additions to the proposed expenditures, its effects will be to retard recovery and extend somewhat. the time until our vast army of unemployed workers shall have been reabsorbed by private industry.

I submit that if legislation of this Bind should be passed at all at the present time, it should be purely on the ground that the humanitarian benefits will outweigh the economic disadvantage of putting a damper on recovery from unemployment.

I will now try to show why legislation of this character will retard the solution of the existing unemployment problem.

In order intelligently to appraise the influence upon unemployment of legislation of this character-or of any other legislation for that matter-it is necessary first of all to understand what causes unemployment. My experience is that very few people know what causes unemployment. This applies not only to people in general and their political representatives but also to corporation managers and to labor leaders and to professional economists. It is no wonder this unemployment problem has been mishandled, when most of the people who have been intrusted with its solution do not themselves understand the nature of the problem they are dealing with. And yet, the cause of unemployment is really quite simple and understandable. It is merely the fact that the margin of profit between selling prices and costs of production has been so contracted as to force the partial or complete closing down of most of our business enterprises.

This began in 1929 when a rapid decline in prices, due in turn to a complication of financial causes, which it would be inappropriate to discuss in detail at this time. Costs of production did not decline as rapidly as the general level of prices, for two reasons. One reason was the fact that the human element in industry resists any rapid reduction in wage and overhead costs. This applies to employers as well as to employees. Neither of them like to see wages reduced, and neither; of them like to reduce overhead costs any more than is necessary. The other reason was the fact that our Government exhorted employers to keep up wage rates and to spend all they could on plant facilities, in addition to paying higher taxes to finance Government expenditures.

The inevitable result of rapidly declining prices, combined with less rapidly declining costs, was a wiping out of profits, a contraction of enterprises, and a growing army of unemployed workers.

I submit to you that these are the basic facts of the unemployment problem.

With this understanding in mind as to what causes unemployment, I submit that there are only two intelligent ways to attack this problem. One is in the direction of reducing wage and overhead costs. The other is in the direction of efficiently restoring the general level of prices.

Thus far, since 1929, we have done neither of these things. In the direction of restoring the general level of prices we have wasted time and resources on positively erroneous schemes that were foredoomed to inefficiency and failure.

Senator **KING.** Such as the N. R. A.?

Mr.. **REYMOND.** That was one of them. The Public Works program was another one. The monetary scheme was another, and there were others.

Senator **KING.** Inflation 8

Mr. **REYMOND.** Yes. I would like to be able to go into detail on all those subjects, but of course that would be departing from this bill.

In the direction of reducing the wage and overhead costs we have done worse than nothing. In all of the 5 years since 1929 we have resisted the reduction of these costs. Our intentions were good. We wished to help labor and relieve unemployment. Actually, with what might be called misguided humanitarianism, we have unnecessarily prolonged the problem of unemployment and we have retarded the recovery of adequate earnings per week by the wage worker. We have forced the closing down of many small marginal businesses and we have compelled many employers of labor who were formerly humanely inclined toward their employees, to discharge aged, infirm, and otherwise handicapped employees in order to stay in business at all, thus swelling the ranks of what are now called the unemployables.

This brings us to the question of whether the present bill at the present time isn't another similar piece of miguided humanitarianism. This bill proposes a 2–8 percent tax on payrolls plus initial contributions by the Federal Government of $80,000,000 per year to $200,000,000 per year. It further proposes a duplication of these expenditures by the individual States. Another important consideration is the fact that this is a subject matter upon which actual costs are likely far to exceed initial estimates, if our experience with benefits of a similar character for a small part of our people, our war veterans and their dependents, means anything.

Senator KING. Or if the experience in other countries means anything.

Mr. REYMOND. I will come to the experience in other countries in just a moment..

The CHAIRMAN. Whom do you work for now, Mr. Reymond?

Mr. REYMOND. I have done work for many well-known companies.

Senator COUZENS. Will you name them, please?

Mr. REYMOND. A few of the companies that I have done work for are the Endicott- Johnson, the Eastman Kodak, General Motors, Western Electric, and a great many other smaller companies. However, I want to make it clear that I do not reflect the views of any one of these companies. I am presenting my own personal views.

Senator COUZENS. Are you under retainer from any of those companies now?

Mr. REYMOND. No, sir. The new taxes involved unquestionably mean a further increase in the overhead costs of business, and, as such, cannot but have a retarding influence on the reexpansion of business to absorb the existing unemployed. I submit to you the opinion that, just a.t the present time, the unnecessary misery and the continued demoralization of our people created by prolonging the existing unemployment would be likely to more than counterbalance the well-intentioned humanitarian benefits anticipated by the proponents of the present bill.

I also submit. to you that it would be almost impossible to prevent benefits under this bill from going to many people who could get along without them. The inevitable result would be expensive relief. I submit the opinion that our duty at the present time is to provide for victims of the depression and other misfortunes in the most economical manner. There is no greater economic fallacy than the currently popular theory that the spending of money by Government, on old-age pensions or in any other way, tends to help business and relieve unemployment.

If this' money is raised by' taxing pay roils or by taxing sales, the result is to prolong business stagnation and unemployment. If this money is raised by selling bonds the people who buy the bonds will spend that much less money on the investments 'they would otherwise have made in private industry.

Finally, I submit the opinion that I deplore the general philosophy of this bill of looking upon the problem of depression and unemployment as a permanent problem, and of seeking to imitate what European countries have clone with this problem. My thought is that we should be praying to be spared from the fate of European nations instead of trying to imitate them.

Senator KING. Well, we took that course the other day in dealing with the World Court bill.

Mr. REYMOND. Yes. However, that was not exactly an issue of imitating other countries. There were some other angles there. The condition of European peoples is anything but enviable or secure, economically or otherwise. I believe American ingenuity should be able to find a better solution to this problem than anything that any European country has yet found. If we in the United States continue to bungle this unemployment problem, as the European countries have bungled it for years, we may yet land in the deplorable condition that these countries appear to be drifting toward. our own people, in their discouragement and desperation, may cast to the winds their hard-won political and industrial liberty of the past few centuries in the foolish hope that somehow this may bring us greater econ omic security. To my mind it would be one of the great tragedies of history if, because of a little lack of economic understanding, we also should drift into that same kind of condition.

Senator KING. Mr. Reymond, if I understand your thesis, it is this, That by spending money we cannot get back prosperity, we cannot get out of the depression.

Mr. REYMOND. That is corre t.

Senator KING. And, secondly, that so long as we are maintaining the thesis of high wages and large expenditures, whereas in other countries wages are low, we cannot compete with the world, and we are going to lose our foreign trade and thereby retard the alleviation of the present. condition ?

Mr. REYMOND. Yes. The principal point I wish to make is that there are only two ways in which we can actually relieve the unemployment situation. We cannot do it by passing unemployment insurance legislation or by expending money on public works, or in any other way, or old-age pensions. The only way it can be done is either to reduce the wage and overhead costs in proportion to the drop of the natural level of prices, or to work on the other end of the financial factors which have caused price levels to drop, and bring them in relation to the overhead costs.

Senator COUZENS. Have you any program to accomplish that ?

Mr. REYMOND. I have a very definite program.

Senator COUZENS. Are you going to state it to us?

Mr. REYMOND. I am afraid it would be out of order in connection with this bill. I would be glad to have an opportunity to do that. I was going to come to that in a moment.

In conclusion, I would like to make it clear that I am not criticizing what appears to me to be misdirected efforts to deal with the question Gf unemployment, without, on my part, having definitely in mind a better approach to the problem than that which I am criticizing.

I have shown what causes unemployment. I have show-n how we have thus far largely made the situation worse instead of better bv our misguided efforts. I have shown that the present bill has all the earmarks of being another misguided effort. And I have submitted a general formula by which to check any plan for relieving unemployment, to find out whether it will actually contribute toward the desired result, namely : It must either (I) reduce wage and overhead costs, or (2) it must provide an efficient program for restoring and then stabilizing the general level of prices.

I now submit that the esisting unemployment can be cured by either of these two alternative methods. I also submit that the present situation is so serious that we should be doing something in the direction of both of these methods.

I would suggest that the erroneous labor legislation of recent years that is retarding recovery from unemployment should be repealed, and I would suggest that the consideration of legislation like the present bill, that would further aggravate this unemployment problem, should be postponed until some future time.'

I would like to go further than these suggestions. I would like to outline to you the principal thing that I believe should be done in order to efficiently and permanently cure the problem of unemployment. But I am afraid I cannot do this without departing from a discussion of the present bill. I would have to talk about the financial causes that made the general price level rapidly decline, beginning in 1929, and that made investment goods prices rapidly rise prior to 1929, and that, if they continue uncorrected, will plague us with similar rapid fluctuations in the general level of prices in the future. I would also have to describe in detail why our past efforts in this direction have been erroneous and futile, and also how future efforts can be made efficient and successful. I suppose I will have to await an opportune future time to submit these further suggestions, in connection with some other bill, perhaps. Just now I would be glad to go into any further discussion of the present bill that may be requested.

Senator KING. Speaking for myself, if you care to submit further observations respecting the curative policies, I would be glad to hear them now, or have you prepare a paper on that.

The CHAIRMAN. If you want to elaborate on that subject, you can do so and put it in the record.

Mr. REYMOND. All right; I will submit a written statement elaborating what I believe should be done.

The CHAIRMAN. I wish you would do it right away, because we are having these printed every day.

SUPPLEMENTARY STATEMENT BY M. H. REYMOND, BINGHAMTON, N. Y., INTRODUCED AT THE SUGGESTION OF THE COMMITTEE, DESCRIBING WHY OUR EFFORTS OF THE PAST 5 YEARS IN THE DIRECTION OF RESTORING AND THEN STABILIZING THE GENERAL PRICE LEVEL HAVE FAILED, AND DESCRIBING HOW IT IS BELIEVED THIS OBJECTIVE CAN BE EFFICIENTLY ATTAINED

WHY OUR EFFORTS OF THE PAST 5 YEARS HAVE FAILED

As has been shown, the only other logical approach to the problem of unemployment, aside from forcing costs down proportionately with existing prices, is to efficiently raise the general level of prices until it is again in balance with existing costs.

Any program to efficiently raise the general level of prices requires a thorough understanding of the complication of financial elements that caused this general level of prices to rapidly fall beginning in 1929. There is no better illustration of the confusion of thought among professional economists than the fact that many of these (so-called " conservatives " as well as so-called " progressives ") have sought to restore the general level of prices by closing their eyes to these financial elements, proceeding on the wishful theory that if they artificially raised costs of production they would automatically also raise the general price level. The fact of the matter is that if it is possible for the general level of prices to drop faster than costs, as occurred beginning in 1929, it is obvious that costs are not the controlling element. Under such circumstances, any increases in costs that may be forced in some peculiarly situated industries will be counterbalanced by a corresponding depression in prices in other industries. The general level of prices will not rise merely because of increased costs. Quite the contrary. It is therefore ridiculous to try to restore a depressed price level by raising prices. And yet this kind of shallow economic thinking regarding price control has had a large influence in molding our national policies since 1929.

Of a similar confused character is the theory, largely held among professional economists, that the general price level can efficiently be raised by spending money raised by bond issues, whether on public works, on subsidies to particular industries, on bonuses to war veterans, on pensions to the aged, or in any other way. Beginning in 1929, we have spent increasingly large sums of borrowed money on schemes of this kind. We have increased the debt of the Federal Government by some 15 billion dollars. The failure to produce the anticipated result appears to make no impression upon those who recommend schemes of this kind. Rather than admit an error in their theory, they are merely spurred on to demand bigger and more reckless expenditures. The economic fact, as pointed out in the early days of such schemes by less confused economists, is that for every dollar raised by **bond** issues and spent by the Government, a dollar is withdrawn from investment in and spending on private enterprises by the buyers of the Government bonds.

Some artificial-spending-to-raise-tfle-price-level theorists, thus brought around to realize the basic fallacy in their general theory, attempt to justify this theory on a different ground. They admit that if the Government bonds are bought by private investors the theory will fail of the desirer1 result. But;, they say, if the bonds are bought by banks and made the basis of national-bank notes, or Federal Reserve notes, or Federal Reserve credit, the result will be a rise in the general price level. To the extent that this modification of their original theory may actually have an inflationary influence upon the price level, it is not due to the artificial-spending programs which they recommend, but to the fact. that our Government is giving banks the right to issue an approximation of fiat money (differin g only in that a redemption out of taxes at a future time is contemplated) . The result would be the same if our Government made no extraordinary expenditures whatevei but used this method to pay for ordinary expenditures. Hence the artificial spending-to-raise the price-level theory is wholly an economic delusion.

This brings us to a consideration of the merits of permitting banks to issue currency backed by Government bonds as a device for raising the general price level (which is really an entirely different theory from the wholly fallacious spending-to-raise-the-price-level theory). This theory has been given a practical trial, beginning with enabling legislation in 1932 in the form of the Glass-Steagall Act and the Glass-Borah Amendment to the home-loan bank bill. It has failed to efficiently restore the general price level as anticipated. The reason is that banks hare no use for the additional currency and credit thus made available to them unless they can find borrowers for this money. And people in general do not borrow money unless the condition of business in general is such as to promise a worthwhile profit over and above interest charges. On the other hand, when the general level of prices has been restored by other methods, if this enabling legislation isn't promptly repealed, it may have a positively injurious influence, carrying us into another and worse boom than the last, followed by another and worse depression.

Closely allied with the theory of raising prices by permitting banks to issue currency backed by interest-bearing Government obligations is the theory of raising prices by paying Government expenditures with ordinary fiat money printed for this purpose. This particular scheme hasn't yet been tried, but it has threatened us for some years and may ultimately be tried also. If issued in limited amount, such as proposed under the pending Patman bill, the effect would probably not be very different from the permission to banks to issue currency backed by Government bonds. The new currency would either pile up in banks as reserves or would displace a corresponding amount of Federal Reserve notes, increasing idle excess reserve credit. The immediate effect would not be to efficiently raise the price level as anticipated, and the ultimate effect might be to help create another and worse boom than the last one.

If this fiat money theory were to take a more radical form, such as for example a proposal to pay old-age pensions of $200 per month by printing money instead of by taxation, the general price level would unquestionably rise. But it would not be a healthy rise. It would be a sudden and uncontrollable rise that would go far beyond the point of restoring a proper balance with existing costs. Once started, even if further pensions were suddenly and cruelly cut off entirely, it would probably cost more to stop the rise in prices than it had cost to start it. Having already squandered our national credit, we would be unable to stop it if we wanted to, and the result would be a wild inflation, followed by another depression, and perhaps by a political upheaval as in Germany, leading no one knows where.

In an effort to avoid this kind of extreme inflation of prices, while at the same time trying to raise prices a moderate amount, the so-called Warren plan of dollar devaluation in terms of gold was given a trial. But, like so many other well-intentioned plans, this did not work out efficiently in practice, for the reason that it was not a sound theory to begin with. Its principal accomplishment was to aggravate the very thing that had caused the desire to reduce the gold content of the dollar in the first place, namely an artificially inflated value of golcl due to withdrawal of large quantities of the metal from the open markets of the world into idle and unused public and private hoards. The Warren plan aggravated this situation by causing the United States to buy and withdraw into our idle hoard more and more gold at higher and higher prices. The result was to make free gold in the open markets of the world more and more valuable without materially influencing our domestic price level. Even the theory that lowering the gold content of the dollar would stimulate foreign buying in the United States by gold-standard countries proved to be largely fallacious. Between October 1933 and December 1934, we decreased the golcl content of the dollar about 40 percent. Our domestic price level rose about 10 percent (including both consumer goods and investment goods). This left a net theoretical advantage of 30 percent to gold-standard countries as an inducement to buy in the United States. At the same time, by making gold artificially sca rcer, we decreased prices in gold-standard countries, thus largely nullifying this theoretical advantage.

In France, between October 1933 and December 1934, the general price level dropped about 15 percent (including both consumer goods and investment goods). In addition, business in golcl standard countries was so stagnated in consequence of the further decline in prices caused by our action as to largely nullify an-j- inducement to bug goods from Us. Furthermore, gold standard countries could and did restrict importations from the United States. All in all, the only influence of the Warren plan on our foreign trade was to temporarily subsidize exports over imports to the extent of the cost of the gold we actually imported. It remains to be seen whether we will ever be able to sell this imported gold at the price we paid for it. The chances are, overwhelmingly, that we won't. We boast about a paper profit of around $3,000,000,000 in gold devaluation. Actually our Government is in the position of a market operator who has created a corner in gold, artificially skyrocketing the price. Any market operator, in wheat for example, knows that the paper profit he may show at the peak of a corner is not a real profit, because sooner or later he must liquidate his corner, in the process of which the price will inevitably be seriously depressed. Our Government is in a particularly vulnerable position in that some other countries also have substantial corners in gold, and if either we or they start liquidating a scramble to dump gold at any price may result that may demoralize the price entirely. To have our dollar anchored to gold at $35 an ounce under such conditions would be to throw LIP into a wild inflationary boom followed by another severe depression. Perhaps the most fortunate thing that could happen to our Government in this situation would be if our Supreme Court should decide that, while our Government has the right to set aside gold contracts, between parties within the United States on reasonably equitable grounds, it has no right to set aside gold contracts in which it is one of the contracting parties. This would enable the United States to liquidate its corner in gold by paying off holders of gold-clause bonds in actual gold, letting these holders take their chances on whether in the long run these contracts will be worth more or less than contracts in dollars. Except for this outlet for our gold hoard, world conditions may so shape themselves in the next few years that this hoard may not. be worth 25 percent of its present value.

Substantially the same economic fallacy that exists in this gold-buying theory also exists in the silver-buying theory. The value of silver is artificially inflated. Falling prices and depression is being created in silver-standard countries, which incidentaly isn't helping good will toward the United states And we are building ourselves a corner in silver, showing a fictitious paper *profit, that may ultimately prove to be a real loss.

Professor Warren and Professor Fisher, and others who have envisioned the ideal of a more stable unit of measure of value than gold or silver are absolutely right in their contention that a fixed weight of any precious metal will never provide a stable clollar or a stable general price level. The speculative hoarding and dumping possible in anything as limited in quantity as precious metal is bound to radically fluctuate its value. But they are wasting their time and jeopardizing their ideal in trying to devise ingenious schemes to build a sound and stable currency upon a base of precious metal. 'An entirely different method of attacking this problem is necessary if the ideal of a restored and then stabilized domestic general price level is to be converted into a practical realization. How this can be done will now be described.

AN IMMEDIATE PRACTICAL SOLUTION UNDER PRESENT COSDITIOXS, THAT PERMITS LIVING UP TO GOLD CONTRACTS 100 PERCENT, THAT MEETS THE OBJECTIONS OF MONETARY CONSERVATIVES AND AT THE SAME TIME ACHIEVES THE IDEAL OF MONETARY LIBERALS, THAT INVOLVES SO CURTAILMENT OF LIBERTY IN INDIVIDUAL ENTERPRISE EITHER IN INDUSTRY OR BANKING, AND THAT INVOLVES NO FURTHER ELABORATE SPENDING OF BORROWED MONEY

As has been shown, the cause of unemployment is a rapid fall in the general level of prices, combined with a less rapid fall in wage and overhead costs. Such rapid falls in the general level of prices are inevitable under a gold standard (or any other precious metal standard), because individuals and governments cannot be prevented from periodically taking the notion to speculatively hoard gold, thereby inflating its value and causing prices based on gold to rapidly fall.

The first essential for efficiently restoring and then stabilizing the domestic price level is to once again cut the dollar loose entirely from any fixed weight of gold, in other words, to place it in the same condition as the British pound happens to be at the present time (not that the British pound is in any other respect a proper model for a restored and stabilized dollar). If the dollar is not permanently cut loose from gold, it cannot be stabilized in value, because it will continually be disturbed by the vasillations in gold speculation that sweep the world.

The next step in such a program is to properly take care of outstanding gold contracts. Whether or not the Supreme Court should decide that the Government has the right to change the terms of its own obligations payable in gold, it is submitted that it would be of advantage to the Government to pay interest and principal on these obligations, as due, in actual gold, thus providing an outlet for the otherwise speculatively dangerous corner in gold now held.

If the Supreme Court should hold that our Government has no right to abrogate gold contracts even when it is not one of the contracting parties, it is recommended that the Government immediately reverse the process by which it forced gold from $20 per ounce to $35 per ounce, selling gold at lower and lower prices until the price is once more clown to $20 per ounce or lower. The dollar being completely cut loose from gold, this procedure would have no influence whatever on the domestic price level. Thereafter the remaining gold in the Treasury could be applied to paying off Federal obligations payable in gold. In the meanwhile, it could serve as a gold reserve, to satisfy those people who like to feel that this idle gold reserve is there, just in case something goes wrong with the new monetary plans.

The next step reconnnenclecl is to set up a new Government owned corporation, whose sole business shall be to efficiently restore and then stabilize the purchasing power of the dollar. This corporation would be empowered to issue currency. But it would not be permitted to issue fiat currency. Every clollar it issues must be backed 100 percent by basic wealth in liquid form that can be immediately sold if necessary to support the value of that currency. This corporation would issue such currency by buying such basic wealth whenever the domestic general price level was below normal, and vice versa. The basic wealth invested in must at all times comprise a reasonable cross-section of all wealth ; otherwise the corporation would not be a sound institution. For example, a central bank of issue such as has been proposed, intended to supply a currency of stable general purchasing power and to be operated along traditional central banking lines with investments in precious metal, governments, private paper and foreign exchange, would not be a sound institution. Sooner or later it would be forced to choose between tremendous losses or abandoning its dollar-stabilizing program. The ideal cross-section of basic wealth for a sound dollar-stabilization corporation would be the same items as used to determine the general level of prices ; for example, 50 most heavily traded consumer goods of a certain kind, and 50 most heavily traded investment goods of a certain kind, both classes of goods being equally important in influencing business activity.

This dollar-stabilization corporation would really be of the nature of a Government-owned investment trust. It would differ from every other kind of an investment trust in that its outstanding obligations (currency instead of the usual common stock) would be kept stable in value by being issued or retired whenever this value departed from a specifically defined normal.

This corporation, at a time like the present, could be set up with a negligible initial working capital, and thereafter it would be profit making. It could be liquidated 100 percent at any time in the future that its utility might cease to csist, without loss.

This corporation need not interfere with existing outstanding currency, at least not at present. Ultimately all currency should be simplified and unified. By making the new currency interchangeable with all other forms of United States currency, its efficient stabilization would result in the stabilization of all other currency, provided no radical changes in other forms of currency were permitted. This new corporation would not interfere at all with the strictly banking functions of the Federal Reserve banks or other banks. Neither would it interfere in any way with the borrowing, refinancing, or other functions of the Treasury Department.

In the present situation this corporation would immediately start an efficient restoration of the domestic general price level by buying and withdrawing basic wealth from the markets. At the same time it would induce a healthy demand for bank loans to expand business enterprises in view of the improved prospects for business profits. This in turn would induce a healthy speculation in the direction of a restored price level, bringing this objective to a quick realization.

After the domestic general price level had thus been restored, and involuntary unemployment had been substantially eliminated, the problem would be likely to turn into one of preventing another boom, with its exorbitant business profits. The proposed dollar stabilization corporation would just as efficiently correct that kind of a condition by selling as much of its assets and retiring as much of its outstanding currency as necessary. Incidentally, this would involve a profit, because these assets would have been purchased at lower prices.

It is, of course, impossible in a brief description of this kind to cover every detail of organization and operation of this proposed dollar stabilization corporation. Such details, however, hare largely been worked out, and it is believed that any questionin g as to how this corporation might work out in practice under any particular set of conditions can be satisfactorily answered.

The CHAIRMAN. Mr. Frank L. Peckham, vice president Sentinels of the Republic.

STATEMENT OF FRANK L. PECKHAM, WASHINGTON, D. C., VICE PRESIDENT SENTINELS OF THE REPUBLIC

The CHAIRMAN. You represent the Sentinels of the Republic?

Mr. PECKHAM. Yes, Mr. Chairman.

The CHAIRMAN. What is that organization?

Mr. PECKHAM. That is an organization that, was formed in 1922 and has been active ever since, in opposition to all measures that tend further and further to centralize power and responsibility in the Federal Government at Washington over various sorts of matters that primarily should not only be under the control of the States and local governments but for which those local governments are primarily responsible as well.