

and the tax fully paid, the law honestly administered, and the funds correctly or properly applied?

Dr. TOWNSEND. It would not take any more than we have at the present time. It would not make any difference if there were an increase. Right here in Washington you see an evidence of the benefit of an increase in employees. This is the only spot in the United States that is enjoying ordinary prosperity at the present time. Why? Because of the vast increase in the employed of this community. Now, let us employ without stint. That is what we want. We want the people employed.

The CHAIRMAN. But we have to collect this tax before we can employ them.

Dr. TOWNSEND. Yes, if we have to have additional employees.

The CHAIRMAN. How many officials would it take to administer this law and collect this tax, following up every transaction between any two people? It takes two people or more to complete a transaction. A man cannot trade with himself.

Dr. TOWNSEND. You are not going to have any increase over what we have at the present time. We have plenty of facilities at the present moment for collecting this tax.

The CHAIRMAN. What are those facilities?

Dr. TOWNSEND. You can do it through the banks.

The CHAIRMAN. If John Smith sold a hog out here to Jim Jones and took a dog in exchange for it, the bank would not know of that. Suppose John Jones and Jim Smith swapped hogs, or the transaction involved a hog and a dog or a hog and a sheep, and the transaction involved \$4. Which would pay the tax?

Dr. TOWNSEND. Both, probably.

The CHAIRMAN. Both, probably; though it was one transaction?

Dr. TOWNSEND. Yes.

The CHAIRMAN. Who would follow that up? There are transactions similar to that going on in grocery stores, drug stores, barber shops, on farms and everywhere. They are not all required to pay taxes. There is no system of taxes for every transaction in the United States.

Dr. TOWNSEND. We have a sales tax in the State of California. They have it everywhere. If you register these people and license them, have everybody take out a license, they have to obey the law.

The CHAIRMAN. I am just asking you what in your opinion will be the cost of administering this law if this bill is enacted into law.

Dr. TOWNSEND. I say, we are not interested the least in the cost of it.

The CHAIRMAN. I am sure of that.

Dr. TOWNSEND. The cost will simply be a transfer.

The CHAIRMAN. I am sure that is right.

Dr. TOWNSEND. We will simply increase the flow of money.

The CHAIRMAN. There is no question about waste or extravagance or loss, just so we get the money? You confess you are not interested in the expense. Of course, that is an admission I am glad to have.

Mr. LEWIS. Dr. Townsend, I am reading from the bill, section 2:

That every citizen of the United States, 60 years of age and over, or who shall attain the age of 60 years after the passage of this act, while actually residing in the United States, shall be entitled to receive, upon application and qualification, a pension in the sum of \$200 per month.

Application to whom?

Dr. TOWNSEND. Application to the United States Government, to the pension department of the United States Government.

Mr. LEWIS. Application to whom? If I wanted this pension, to whom would I apply?

Dr. TOWNSEND. To the pension department of the United States Government.

Mr. LEWIS. The bill does not mention that department.

Now, coming down to section 5:

Immediately after the passage of this act, the Secretary of the Treasury shall authorize all National and State banks, members of the Federal Insurance Deposit Corporation, to credit each properly identified pensioner the first day of each calendar month the sum of \$200, and said banks shall be reimbursed by the United States Treasury for the amounts so credited to the pensioner or pensioners.

You expect these applications to be made to the banks?

Dr. TOWNSEND. Yes.

Mr. LEWIS. The section itself, however, provides that the Secretary of the Treasury shall authorize the bank to enter to the credit of the pensioner this \$200 on the 1st of each month. Do you wish us to believe that the banks of the country, merely being authorized to do so, would enter \$200 to the credit of every person who might apply for this pension?

Dr. TOWNSEND. Why, anybody would understand, of course, that the credit would be placed to the banks by the Treasury of the United States, by an act of Congress.

Mr. LEWIS. What your bill says is, "Shall authorize the national and State banks to credit." It does not command them to credit, even if Congress should have the power to command them to credit.

Mr. COOPER. Mr. Chairman, there is a roll call in the House. Of course, members of the committee are supposed to respond to that call. I move that we recess for 1 hour and come back at 4 o'clock.

The CHAIRMAN. Without objection, we will recess until 4 o'clock. Doctor, will you please return at 4 o'clock with your staff?

(Whereupon, at 3:10 p. m., a recess was taken until 4 p. m. of the same day.)

#### AFTER RECESS

The CHAIRMAN. The committee will be in order.

Doctor, if you do not have the data available and convenient, will you please furnish for the record an itemized statement of all the collections your organization has made, the sources, and also a detailed or itemized statement of the disbursements, up to this time, with a list of the officials, the titles of the officials as well as all employees and their salaries?

Dr. TOWNSEND. Mr. Chairman, I can give you the latest audit, and we can compile the names of the employees and their salaries in a very short time. It would not be available at the present moment.

The CHAIRMAN. Have you in mind now approximately the total amount of collections up to date?

Dr. TOWNSEND. Yes; I can quote from the last audit.

The CHAIRMAN. About how much would you say? Of course, this is different and apart from the itemized statement we are asking for.

Dr. TOWNSEND. It is approximately \$40,000, possibly a trifle over. It is under \$50,000.

The CHAIRMAN. Is it a fact, Doctor, or is it not—I have seen it reported somewhere, I think in the press—that there has been some dissension in your organization and some of your directors or employees have resigned, for the reason that they had requested in view of the large amount collected there be an outside audit of the books, that was refused, and as a consequence some of the directors resigned. Is there anything to that charge?

Dr. TOWNSEND. There is nothing to that charge whatsoever. They did not resign because of a lack of confidence in our audit. We had a certified accountant make that audit.

The CHAIRMAN. That is, within your own ranks?

Dr. TOWNSEND. No; from outside.

The CHAIRMAN. An independent outside accountant?

Dr. TOWNSEND. From outside the ranks entirely. We welcome a similar audit from anyone else. We did not deem it incumbent upon us to furnish two audits. We offer anyone the opportunity to make an audit if they wish to bring an auditor in and do it at their own expense.

The CHAIRMAN. Your books are open for legitimate inspection?

Dr. TOWNSEND. At all times. They have been from the start.

May I make a request? I would like to have read into the record of this examination the prepared financial and statistical statement which Mr. Hudson has thus far attempted to present.

The CHAIRMAN. You have the privilege of having it inserted in the record.

(The following data was subsequently submitted by Dr. Townsend:)

*Receipts and disbursements, Old Age Revolving Pensions, Ltd., clubs and extension accounts, Jan. 30 to Oct. 31, 1934*

Balance on hand, Jan. 30, 1934.....	\$7. 89
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Receipts:	
Old-age revolving pensions:	
Petitions, books, literature, etc.....	9, 591. 64
Donations, memberships, collections, etc.....	2, 025. 30
Accounts receivable.....	7, 442. 36
Contributions (extension account).....	1, 119. 00
Subscriptions, refunds, etc.....	1, 347. 12
Total.....	<u>21, 525. 42</u>
Clubs:	
Dues, books, literature, etc.....	7, 701. 30
Refunds, etc.....	455. 33
Total.....	<u>8, 156. 63</u>
Extension:	
Donations, club.....	1, 327. 40
Mass meetings, radio contributions, collections, etc.....	6, 876. 24
Total.....	<u>8, 203. 64</u>
Total receipts.....	<u><u>37, 893. 58</u></u>
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Disbursements:	
Old-age revolving pensions:	
Salaries.....	2, 252. 58
Rent and rentals.....	663. 18
Postage and express.....	1, 714. 91
Utilities.....	159. 15

*Receipts and disbursements, Old Age Revolving Pensions, Ltd., clubs and extension accounts, Jan. 30 to Oct. 31, 1934—Continued.*

Disbursements:—Continued.

Old-age revolving pensions:—Continued.

Printing.....	\$5,466.71
Buttons.....	112.61
Organizers and organization expense.....	7,388.77
Legal.....	84.70
Advertising.....	205.15
Janitor.....	54.75
Office supplies.....	649.06
Taxes.....	167.71
Miscellaneous.....	357.60
Telephone and telegrams.....	140.94
Commissions.....	706.13
Refunds.....	117.34
Accounts payable.....	741.21
<b>Total.....</b>	<b>20,982.50</b>

Clubs:

Organizers and organization expense.....	1,345.36
Modern Crusader.....	997.00
Salaries.....	219.98
Printing.....	392.07
Furniture and fixtures.....	125.00
Portage.....	32.64
Rentals.....	17.04
Refunds.....	19.38
Miscellaneous.....	19.30
<b>Total.....</b>	<b>3,167.77</b>

Extension:

Organizers and organization expense.....	2,369.61
Public meetings.....	851.68
Printing.....	177.05
Radio.....	508.75
Miscellaneous.....	1.23
<b>Total.....</b>	<b>3,908.32</b>

**Total disbursements..... 28,058.59**

**Balance..... 9,834.99**

Accounted for as follows:

Citizens' State Bank, Long Beach.....	9,767.30
Stamps and petty cash.....	67.69
<b>Total.....</b>	<b>9,834.99</b>

I hereby certify that the above statement of receipts and disbursements of the Old Age Revolving Pensions, Ltd., Townsend clubs, and extension accounts for the period January 30, 1934 to October 31, 1934, is true and correct to the best of my knowledge and belief.

RAY S. McALLISTER,  
*Certified Public Accountant.*

Mr. DUNCAN. Doctor, in order that we may have a practical application of the theory of tax collection, I want to ask you this: Suppose I am a farmer. I sell 400 bushels of wheat for \$1 a bushel. Upon that \$400 there would be a 2 percent tax. It is true, is it not?

Dr. TOWNSEND. Yes.

Mr. DUNCAN. A tax of \$8. If the buyer of that sells it to the miller for, say, \$425, there would be an additional tax of \$8.50. The miller

or processor processes it and sells it for \$600. That would be a \$12 tax. He in turn sells it to the consumer for a third more, or \$800. Then there would be \$16 tax, so that between the time it was sold by the producer and the time it reached the ultimate consumer there would be a tax of \$44.50 on that original transaction of \$400. That is true, is it?

DR. TOWNSEND. No; you miss the gist of it entirely. Mr. Hudson, answer that question for him. The gentleman has missed the point entirely.

MR. DUNCAN. I would like to have an explanation of that.

MR. HUDSON. Would you mind stating the number of bushels at a thousand in order that we might have round figures?

MR. DUNCAN. I am just taking the amounts here, Mr. Hudson.

MR. HUDSON. Well, I have the amounts here.

MR. DUNCAN. Let me restate my question: If I as a farmer sold \$400 worth of wheat there would be a tax of 2 percent on that?

MR. HUDSON. Yes, sir.

MR. DUNCAN. That would be \$8. The producer of that wheat sells it to the miller for \$425; there would be an additional 2-percent tax on that transaction; that is true?

MR. HUDSON. That is correct.

MR. DUNCAN. That would be \$8.50. The miller or processor grinds the wheat and sells it to the retailer, we will say, for \$600.

MR. HUDSON. That is \$12.

MR. DUNCAN. Now, the retailer sells it to the consumer for \$800. That would be 2 percent more, or \$16.

MR. HUDSON. I did not quite get that last transaction.

MR. DUNCAN. I say the retailer who paid \$600 for it to the miller sells it to the people who consume it for \$800.

MR. HUDSON. That is \$16.

MR. DUNCAN. That is \$16. So that would be—

MR. HUDSON. \$44.40.

MR. DUNCAN. \$44.50.

MR. HUDSON. \$44.40, I have. We will not quarrel over that dime.

MR. DUNCAN. That is true. So that there would be possibly a 9-percent increase between the purchase price and the ultimate sale price to the consumer, would there not?

MR. HUDSON. There would be a total tax of 2 percent on the total sale price of \$2,225.

MR. DUNCAN. But there would be 9 percent above the original cost.

MR. HUDSON. No; I do not agree there. Granting that you are correct—which I am not admitting that you are at all—the total tax is \$44, is it not? \$400 worth of wheat is 400 bushels, is it not?

MR. DUNCAN. I am not figuring on bushels. I am figuring in amounts.

MR. HUDSON. Suppose we take today's price.

MR. DUNCAN. All right.

MR. HUDSON. When the wheat is ground into flour, then you must spread that tax over a certain number of sacks of flour, must you not? Furthermore, if I buy your wheat for a dollar a bushel, and you are the raiser, I walk to your neighbor there who is a speculator, and I say, "I just bought so-and-so's wheat. I want \$1.10 for it." And he pays me the \$1.10. He goes to his neighbor, who is a larger speculator, and he says, "I will give you \$1.20." He goes to the

elevator here and he says, "I want \$1.25 for the wheat." Each of the four have made a transaction, and they each made a profit, did they not?

Mr. DUNCAN. My theory here of the amount is correct. It is the amount of money.

Mr. HUDSON. The amount of tax.

Mr. DUNCAN. The amount of tax.

Mr. HUDSON. The amount of tax, yes, is \$44 on \$2,225 worth of merchandise, the transaction.

Mr. DUNCAN. Suppose under your theory I buy a 10-cent cigar. That would be 2 percent additional on that transaction?

Mr. HUDSON. On a 10-cent purchase?

Mr. DUNCAN. Yes.

Mr. HUDSON. Why, I do not see how you could possibly pay 2 percent on a 10-cent cigar. That is 2 percent on a dollar. If you bought a dollar's worth of cigars, naturally there would be a 2 percent transaction tax.

Mr. DUNCAN. If I bought a 10-cent cigar and paid 10 cents for it, I would not be charged any tax, would I?

Mr. HUDSON. We are not attempting to charge the individual at all, the consumer, but we charge that cigar store, when he sold 10 of you a 10-cent cigar, 2 cents.

Mr. DUNCAN. Two cents. In the States that have sales taxes, suppose the sales tax is 2 percent. If you go in to a merchant today and buy 25 cents' worth, you still pay that 2 percent, do you not, on the 25 cents?

Mr. HUDSON. You pay 1 cent.

Mr. DUNCAN. That depends somewhat on the merchandise?

Mr. HUDSON. Well; no. The merchandise has no bearing on it. It does not in our State at least.

Mr. DUNCAN. I have paid it in numerous places. The reason I asked that question, I have paid 2 percent on the purchase that I have made.

Mr. HUDSON. If the purchase was only a quarter?

Mr. DUNCAN. Yes; only a quarter.

Mr. HUDSON. Any purchase of 15 cents, and I think it is up to 30 cents, in our State, is a penny, and 30 to 70 is 2 cents, and 70 to \$1 it is 2½.

Mr. DUNCAN. There would be an opportunity here under your theory, would there not, for the merchant to collect several times the amount of this 2 percent in the way of small sales which in the aggregate make up the dollar?

Mr. HUDSON. He does not collect any tax from the purchaser.

Mr. DUNCAN. He has the right to, does he not?

Mr. HUDSON. He has not under a transaction tax. Under a sales tax he has a perfect right, and the law compels him to do so. That is the difference between a transaction tax and a sales tax. The premise upon which a sales tax is built is wrong because it dumps the whole cost of the tax into the lap of the consumer.

The CHAIRMAN. The theory upon which this tax is based, a tax on each transaction, is that this is a procedure through which you can get the money?

Mr. HUDSON. This is a procedure through which you will get the money.

The CHAIRMAN. I understood you to say awhile ago that there were several transactions in each of which a profit had been made?

Mr. HUDSON. Oh, no; you must have misunderstood me.

The CHAIRMAN. I think the record will show you referred to making a profit.

Mr. HUDSON. No; no. I said the tax is not based upon the amount of profit that the individual makes. If he is chump enough to remain in business and not make a profit, that is his fault, not ours. He owes us the tax just the same.

The CHAIRMAN. If he buys the wheat and the market declines and he has to sell it to the miller for less than he paid, he pays the tax just the same?

Mr. HUDSON. Yes. Might I enlighten you on that subject?

The CHAIRMAN. Your theory is that it gets the money.

Mr. HUDSON. It gets the money.

The CHAIRMAN. Regardless of whether or not the man can afford to pay it or whether he can pass it on, or whether he pays it out of his profit or out of his loss?

Mr. HUDSON. Exactly. It is almost impossible for him to pass the transaction tax on. But the door is wide open for him to pass the sales tax on.

The CHAIRMAN. Why do you say it would be impossible for him to pass it on? Is not the cost of anything taken into consideration in making a sale, as far as possible?

Mr. HUDSON. May I illustrate this for you?

I intend under a transaction tax that a great deal of that tax will not be passed on to the consumer, because they are going to have a lot of trouble doing it.

Mr. VINSON. Take the wheat illustration.

Mr. HUDSON. We will take 1,000 bushels of wheat. I do not know why he used the \$400 worth of wheat. It sells for a dollar a bushel. I am a farmer. I sell my 1,000 bushels of wheat for \$1 a bushel and pay the Government \$20. The doctor here has bought my wheat, as a small speculator. He walks over to the gentleman on his left and he says, "I have bought Hudson's wheat for \$1,000. I now want \$1,100 for that wheat." He then pays \$22 as the tax, the doctor does, and he must pay that tax because he has made a hundred-dollar profit. And then it goes from there to the miller, and the miller grinds it into so many sacks of flour. A bushel of wheat the world around will produce a 48-pound bag of flour. The miller sells to the grocery man, Mr. Piggly-Wiggly. He says, "I want so much for the flour." All right; and he pays it. He pays a \$24 tax. But he made \$100 on the transaction. The store now has fallen heir to the flour. It puts the flour out at \$1.50 a bag. He pays on a thousand bags of flour \$30. There are five transactions. When you total the transactions, those five dealers have paid into Uncle Sam's coffers \$122.

Now, let us see whether that could all be passed to the consumer, and if so, would it have any great effect on the matter. The 1,000 bags of flour would carry a tax of 10.22 cents on each bag. That is 1 cent and a quarter a bag. Will you please tell me how Mr. Groceryman is going to extract that tax from the purchaser? True, it will raise the price of the flour somewhat. And do we not want the farmer to get a little raise?

The CHAIRMAN. Let us go back and start with the farmer now. The farmer produces 1,000 bushels of wheat.

Mr. HUDSON. Yes.

The CHAIRMAN. The market is low, below the cost of production. He has to sell that wheat for less than his cost of producing it. Do you think it is a proper system of taxation that requires him to pay \$20 for the purpose of giving a pension of \$200 per month to some man like John D. Rockefeller or some other wealthy man that does not need it?

Mr. HUDSON. Quite the reverse.

The CHAIRMAN. No; no reverse to it. When you take it out of the pocket of the farmer when he has a loss you make him unable to pay his taxes, and his farm may be sold. Is there any equity in a system of that kind, a system that will permit a transaction of that kind?

Mr. HUDSON. Our system does not permit it.

The CHAIRMAN. Why doesn't it?

Mr. HUDSON. Because the farmer is going to have a market for the wheat that he has today and have an increased price. When our people consume all that they can consume he will not have any trouble getting \$1.25 or \$1.50 for his wheat, I hope.

The CHAIRMAN. But suppose this increases the price of labor, the price of machinery, the price of fertilizer, and the price of everything put into the production of that wheat with an inflated system. It costs him twice as much to produce as it did, or 50 percent more. What benefit, then, is 25 cents a bushel?

Mr. HUDSON. You cannot increase the cost of production of wheat.

The CHAIRMAN. You can very easily. His machinery, his fertilizer, and his labor costs are all doubled. Then along may come a bad crop year, a drought, a flood, or something of that kind, and he may not be able to get more than half the cost of production. Yet under your system he is forced to pay a tax to pay a pension to some man who may not need it at all.

Mr. HUDSON. Because under our system we have made it possible for him to sell wheat he sells now for more money.

The CHAIRMAN. You cannot prove that he has not doubled the cost of production.

Mr. HUDSON. You cannot prove that.

Mr. WOODRUFF. You say you would double the consumption of wheat in this country?

Mr. HUDSON. No; but we ought to raise the price of wheat.

Mr. WOODRUFF. You said you would double the consumption of wheat in this country.

Mr. HUDSON. No. We could increase the consumption of wheat.

Mr. WOODRUFF. Would you increase it substantially?

Mr. HUDSON. That is a question that would be pretty hard to answer. What I meant was this: The farmer is not going to sell his wheat for 30 or 40 cents, as he has had to do in the last few years. I contend this—that when you feed the people properly and allow them to use all that they can use, your consumption will be increased very materially.

Mr. WOODRUFF. I agree that it will be increased, because I think there are a great many people in this country that are underfed.

Mr. HUDSON. There is no question about that.



Mr. WOODRUFF. I think it would be interesting to you if you get the figures on the consumption of wheat in this country back in the very prosperous period from 1926 to 1929 and compare them with the consumption of wheat during the past year or two, when the consumption of wheat, as well as other food products, has been down. I think perhaps that will be of help to you. I think that it would be advisable for you to get that information.

Mr. HUDSON. We were not consuming in 1929 all that we could consume by any means.

Mr. WOODRUFF. We never have.

Mr. HUDSON. No.

Mr. WOODRUFF. And we never would, even under the proposition that you are submitting to the committee, because there would always be unfortunate people below the age of 60 who would not, perhaps, be able to get all the food they would care to have.

Mr. HUDSON. If they get all the work at a decent wage they will.

Mr. WOODRUFF. But there are so many people who cannot work; and unfortunately, there are so many people who will not work.

Mr. HUDSON. Oh, that is true. Those people we are always going to have with us.

Mr. LEWIS. We were dealing with the feature of the bill which directs the Secretary of the Treasury to authorize all National and State banks, members of the Federal Insurance Deposit Corporation, to credit each properly identified pensioner the first day of each month with the sum of \$200. I think I know the bankers in my own county and district, and would suggest that merely being authorized to do it, not a single bank in my district would enter the credit. Then the resort of the claimants, you say, would be to the Pension Office?

Dr. TOWNSEND. Why not?

Mr. LEWIS. To the Pension Office?

Dr. TOWNSEND. Yes.

Mr. LEWIS. But the bill carries no authority to the Pension Office to make such payments.

Dr. TOWNSEND. Gentlemen, it seems to me we are splitting hairs, and we are missing the point. Anything that is deemed of benefit to the entire Government of the United States, the people of the United States can put into effect. We could quibble here all day about details of how things are to be done.

Mr. LEWIS. You think this question of mine relating to the mechanics of this bill that may not have enough mechanisms in it to operate is mere quibbling?

Mr. HUDSON. I did not.

Dr. TOWNSEND. All right; we claim that it is there.

Mr. LEWIS. The bill carries no appropriation to the Pension Department, even if it might assume authority to pay the pensions.

Dr. TOWNSEND. Is there anything to hinder us from making that appropriation if the Congress can agree upon it?

Mr. LEWIS. I call attention to a very unusual circumstance in the bill. You provide that this bill shall be cited as the "Townsend Old-Age Revolving Pension Act", the "Townsend Act." Plainly on its face, your own bill does not actually provide for the payment of a single dollar pension to these expectant pensioners, even if the money could be raised in the way you have suggested.

Dr. TOWNSEND. I still do not get your question—if it is a question.

Mr. LEWIS. Is it your idea that you are merely submitting a suggestion to the lawmakers here about how the Committee on Ways and Means, if it took the time, might develop a bill that would be workable?

Dr. TOWNSEND. Yes; I am.

Mr. LEWIS. That is all you are doing?

Dr. TOWNSEND. We expect to have this bill taken as any other bill is taken, and if modifications are necessary, to make them. You do that with every bill that is presented. There are amendments offered on all bills.

Mr. LEWIS. You are expecting the Ways and Means Committee to make this bill a practical measure; is that correct?

Dr. TOWNSEND. You are trying to do that with another bill, and you are going to fail. What are you going to do about that?

Mr. LEWIS. You express your opinion about that.

Dr. TOWNSEND. No; it is not my opinion about that. You are proposing an absolutely unworkable bill. You cannot possibly pass the buck to the States and have the States pass the buck back to you and have this bill work with anything like equity and fairness. It cannot be done. I know the situation of the States. Probably you do.

The CHAIRMAN. Why do you suggest that this committee take your bill and perfect it, when right in the face of that you say the committee has no more judgment than to be proposing an entirely impracticable bill? Why do you leave anything to our discretion, in view of the statement you have just made? Why do you not come here with a bill which you yourself have perfected, if you say we are proposing a bill that is totally impracticable? I do not see the logic in that statement.

Dr. TOWNSEND. I do not suppose you are through. My supposition is that you are not through yet—that you are going to continue to try to work out an equitable and fair bill.

Mr. KNUTSON. Somewhere in your publicity matter you have stated that the passage of this legislation would jump all business up to a trillion two hundred billion dollars annually.

Dr. TOWNSEND. Yes. We think it would not stop at that.

Mr. KNUTSON. On the basis of 120,000,000 people, it would be a per capita turn-over for every man, woman, and child of \$10,000 a year.

Dr. TOWNSEND. All right. What has it been in the past? Tell me that?

Mr. KNUTSON. I do not know.

Dr. TOWNSEND. Well, you ought to know.

Mr. KNUTSON. I have never been able to find out just what it has been.

Dr. TOWNSEND. You ought to know. If these figures are right that are furnished by the Federal Reserve bank, that a dollar turned over 132 times in 1929, then what was the per capita turnover?

Mr. KNUTSON. In your literature the claim is made that the total money value of all transactions in 1933 was a trillion—we used to talk of millions when I came to Congress, then it was billions, now it is trillions—was a trillion, two hundred million.

Dr. TOWNSEND. Yes, sir.

Mr. KNUTSON. The authority for that was given as the Fifty-fifth Statistical Abstract of the United States. I sent over to the Library of Congress Friday and got the Fifty-fifth Statistical Abstract of the United States, and I could not find it. I wish that your statistician would give me the page where this information was obtained, because I am pretty busy and I would not like to go through that book again.

Mr. HUDSON. I have never made such a quotation from the Fifty-fifth.

Mr. KNUTSON. I did not say that you had made it. It has been made in the literature that has been sent out and has been sent to me.

Mr. HUDSON. That is possibly true. It does not appear in the Fifty-fifth Statistical Abstract. I could not find it.

Mr. KNUTSON. I could not, either. I spent three hours trying to.

Mr. HUDSON. I spent a whole night.

Mr. KNUTSON. We have wasted a lot of good time, have we not?

Mr. HUDSON. You bet we have.

Mr. KNUTSON. I want to say this, that this committee wants to report out the best possible pension plan because that is what we are trying to do. We want to report out the best plan that will stand up. But when you get to talking in the trillions—of course I will admit that I am a novice, it took me a long time to adjust myself to billions, but I am gradually getting around to it. Possibly before I get through with Congress, if you folks do not ride me too hard, it may turn to trillions.

Mr. HUDSON. May I make a statement that is in keeping with what you just pointed out, that the average turnover would be \$10,000 per year per capita on 120,000,000 people? That is correct.

Mr. KNUTSON. If that were true, that would mean a turnover of \$50,000 for a family of five.

Mr. HUDSON. Of course, you cannot ratio that on families.

Mr. KNUTSON. You have to go on an average basis, you know, do you not, in a way?

Mr. HUDSON. No, no, no; because of the fact that you have your great big corporations that are making this turnover for thousands of families.

Mr. KNUTSON. But how are you going to jig this up to a trillion two hundred million, and not take into consideration pay rolls?

Mr. HUDSON. We do not want to bother the pay rolls at all, except this:

We want to increase the pay rolls. We want to raise the pay roll. Pay roll has no bearing upon the transactions that are committed. In other words, if I receive my check today—which I do not have coming, but if I did have one coming—and I go into his store or his bank and deposit it, and I then begin writing my checks, now, the transaction is completed. But the pay roll would only show as a debit or a book account through the bank.

Mr. KNUTSON. But a pay roll is a part of a transaction that enters into the cost of production.

Mr. HUDSON. We have eliminated the taxing of a pay roll, or attempted to do so in that bill.

Mr. KNUTSON. I come from an agricultural district. Let us take a bushel of wheat.

Mr. HUDSON. Yes.

Mr. KNUTSON. The price is now about a dollar a bushel.

Mr. HUDSON. Correct. That is why I made this illustration.

Mr. KNUTSON. I was not here when you made it. Would you mind making it again.

Mr. HUDSON. I would be glad to. It shows the tax, too.

Mr. KNUTSON. You take that bushel of wheat.

Mr. HUDSON. One dollar.

Mr. KNUTSON. At a dollar. That is in a primary market.

Mr. HUDSON. Let us make it a thousand bushels. The digits, as Will Rogers says, will not make any difference.

Mr. KNUTSON. Let us make it one. That is easier for me to grasp.

Mr. HUDSON. I suggested that because I have it all figured out as to what the tax would be.

Mr. KNUTSON. All right, make it a thousand.

Mr. HUDSON. The farmer gets \$1,000 for the thousand bushels of wheat. He pays Uncle Sam \$20.

Mr. KNUTSON. Yes.

Mr. HUDSON. He sells it to the smaller buyer.

Mr. KNUTSON. That is the primary market.

Mr. HUDSON. That is the primary market, the fellow that is buying it up and going to ship it. He in turn sells it for \$1,100. He pays Uncle Sam \$22. Now, the miller gets hold of it. He sells it for \$1,200 after grinding it into flour. He pays Uncle Sam \$24. The jobber now buys it of the miller, paying the miller \$1,300. That is a \$26 tax. Now it has reached the store.

Mr. KNUTSON. Well, let us take the baker first.

Mr. HUDSON. No, let us put it into the store.

Mr. KNUTSON. No, we have to make it into bread first.

Mr. HUDSON. All right, we will take it as far as you want it, right to the breakfast table.

Mr. KNUTSON. Let us make bread out of it.

Mr. HUDSON. Now, it has reached the store man. He sells the flour for \$1.50 a bag. He pays a \$30 tax. The five transactions have accumulated a tax to Uncle Sam of \$122.

Mr. KNUTSON. That will be \$122. That is 12.2 cents a bushel.

Mr. HUDSON. On the original thousand bushels that is correct.

A bushel of wheat will always produce a 48-pound bag of flour. If they added that \$122 as a total tax, assuming that you did add it, to each purchase price of the sack of flour, each sack of flour would carry a tax of 12.22 cents. Could any flour consumer object to that?

Mr. KNUTSON. No.

Mr. HUDSON. What, then, have these contributors done for themselves who have contributed this tax? Each has paid in that sum of money to the United States Treasury, which is his part, or the purchase price of his annuity, that he expects to enjoy at age 60.

Mr. KNUTSON. Well, now, wait a minute, you say this tax on that sack of flour is how much?

Mr. HUDSON. 12.22 per sack of flour.

Mr. KNUTSON. It is 12.2 cents on a dollar.

Mr. HUDSON. On the original?

Mr. KNUTSON. Yes.

Mr. HUDSON. Oh, that is true, but you are not dealing with the original.

Mr. KNUTSON. Yes we are, we are taking it right down into flour.

Mr. HUDSON. Then your method would be to take it all away from the farmer.

Mr. KNUTSON. What I am trying to point out is that it is an accumulative tax.

Mr. HUDSON. Yes.

Mr. KNUTSON. Your primary tax, the terminal tax, the miller's tax, the baker's tax, and then there is the retailer's tax.

Mr. DINGELL. We have covered only half the distance. You just took your wheat and reduced it to flour. It is still in the hands of the wholesale handler of flour. It has not got to the baker yet.

Mr. HUDSON. We went down to the store. We went down to the store with the sack of flour.

Mr. KNUTSON. But the fact nevertheless remains that the tax on that bushel of wheat is 12.2 cents.

Mr. HUDSON. On the original purchase price?

Mr. KNUTSON. Yes; where do you get that cent you had? You are a Houdini when it comes to figures.

Mr. HUDSON. You cannot make it out anything else.

Mr. KNUTSON. You say that it takes a bushel of wheat to make 48 pounds of flour?

Mr. HUDSON. That is correct.

Mr. KNUTSON. Then the two terms are synonymous, are they not?

Mr. HUDSON. Yes.

Mr. KNUTSON. Whether you call it a 48-pound sack of flour or a bushel of wheat, I have a charge against that of 12.2 cents.

Mr. HUDSON. You have 10.22, if you charge the whole thing against the flour.

Mr. KNUTSON. Well, would you not?

Mr. HUDSON. That is a question that might be done but I doubt it very much.

Mr. KNUTSON. I guess we are pretty well agreed. We are not going to split hairs. I am in complete sympathy with Dr. Townsend, we should not split hairs or quibble on this thing, whether you call it 10 cents or 12.2.

Mr. HUDSON. Yes; it would not make any difference.

Mr. KNUTSON. What are you doing in this bill? You are increasing the cost of living to those who are paying this pension?

Mr. HUDSON. Yes.

Mr. KNUTSON. Those under 60, what are you doing to increase their buying power so that they can absorb the shock of the increase?

Mr. HUDSON. We are going to increase purchasing power, and we are going to increase jobs to be had by retiring the aged of the Nation, the aged workers.

Mr. KNUTSON. You admit with your plan you are going to have at least a modified form of inflation. Otherwise you could not accomplish what you say you are going to accomplish.

Mr. HUDSON. What do you term as inflation, the increase of prices?

Mr. KNUTSON. I mean that the dollar will buy less. That is inflation.

Mr. HUDSON. That might be true. Technically speaking I think that it is.

Mr. KNUTSON. To what extent would the purchasing power of the dollar be reduced?

Mr. HUDSON. As far as the tax is concerned, very, very little.

Mr. KNUTSON. According to the figures you gave me, it will be at least 10 percent, and according to my figures it will be 12.2 percent. What provision are you making to increase the pay of those who will have to pay this tax by 12.2 percent?

Mr. HUDSON. We are making it possible for them to have jobs and ample wages, by taking out the workers today who reach 60 years of age.

Mr. KNUTSON. In what part of the bill do you make provision for the workers, for those who are going to carry on?

Dr. TOWNSEND. May I speak a word in reply to that?

Gentlemen, think back a little bit. We had a war 20 years ago.

Mr. KNUTSON. Yes.

Dr. TOWNSEND. If an increase in price means a tax, we paid a 100-percent tax at that time and liked it. It was the best period of prosperity this country ever saw.

Mr. KNUTSON. And what followed it?

Dr. TOWNSEND. What followed it? Never mind what followed. We are not going to have any such thing as that follow. We propose a prosperity based on the turn-over of money such as we had in that day, and we are going to keep it up.

Mr. KNUTSON. As I understand it, then, this is a bill to abolish the morning after the night before, speaking in terms of economics.

Dr. TOWNSEND. This is going to abolish the morning after, certainly.

Mr. KNUTSON. If you can do it, I am for it.

Dr. TOWNSEND. It can easily be done.

Mr. VINSON. In approaching consideration of this bill that is on the calendar there has been considerable difference as to what constitutes a financial transaction, and I think that you gentlemen, who have given this very considerable study, should be able to submit to us a definition of "financial transaction" such as would permit a sufficient base, when you consider the 2-percent levy, as would yield the moneys necessary for the operation of this bill.

In bills of this character where you have language of that kind there must be a definition. You can have it by the Congress or you can have it by the administrative body. But I submit that, in all fairness, you gentlemen should submit the definition to us of what a financial transaction is, in your own minds. Can you do that?

Dr. TOWNSEND. Certainly.

Mr. VINSON. In that same connection, I would like to have you submit a definition of what you intend the words "gainful competitive pursuits" to mean. Just put yourself in the place of the administrative body. You are going to levy the tax. What would be gainful competitive pursuits and what would be excluded therefrom? We got a part of the way this morning on "gainful competitive pursuits", when Mr. Hudson was frank enough to say that he would include even Henry Ford or Andrew Mellon or anyone else who was clipping coupons, if they were above the age of 60 years.

Mr. HUDSON. We would be glad to submit that.

(The following definitions were subsequently submitted by Dr. Townsend:)

Definition of terms "Transaction" and "Gainful Pursuit" as used in H. R. No. 3977 known as the "McGroarty bill."

The term "transaction" for the purposes of this act shall be defined as: The sale, barter and/or exchange of either or both real or personal property, including

any trading in or of margins and/or options, and including any right, interest, easement or privilege of commercial value therein; and the rendering of any services for monetary or other commercially valuable consideration, excepting and excluding all compensation paid as a wage, salary, fee or commission to any individual for work or personal services rendered by such individual.

The term "gainful pursuit" for the purposes of this act shall be defined as: Any occupation, profession, calling or vocation, or any combination thereof performed for monetary or other commercially valuable consideration.

Mr. VINSON. Is that correct? Would you not include Mr. Andrew Mellon as a beneficiary under this bill, he being past the 60 years of age?

Mr. HUDSON. Absolutely.

Mr. KNUTSON. I was chairman of the Pensions Committee of the House for 11 years, and it was our experience that even though the pension was only twelve or fifteen dollars a month, if a millionaire was entitled to it he would put in for it, invariably on the ground that it was recognition, not for the monetary value. I used to suggest we would rather pin medals on them; it would be cheaper. But if the rich man will put in for a \$12 pension he will certainly put in for a \$200 pension if he is an American. So I think that that statement that one-third of the people who would be eligible would not apply because they do not need it falls of its own weight, based upon past experience, because the American people are getting to be pension minded, you know. It is considered a badge of honor.

Mr. HUDSON. I think you quite misunderstand that one-third not applying, because you must bear in mind that in the United States we have many, many aliens who are past the 60 years of age. Do you realize that we have nearly 4,000,000 aliens in this United States?

Mr. KNUTSON. They are not all over 60, are they?

Mr. HUDSON. Oh, no; but there is a portion of them that are over 60, because of the fact your immigration laws have been so restricted the last 15 years.

Mr. VINSON. Mr. Hudson, turning to page 3 of your bill, I believe it is marked "subsection (a)" of section 3, anyhow, it is the first paragraph at the top of page 3, I note that you provide for the licensing of all sellers of goods, commodities, and commercial things of value. Why is it that you fail to provide for licensing of those who perform services, because that is a rather substantial part of the bill?

Mr. HUDSON. And they are taxable, too.

Mr. VINSON. Why do you not license them?

Mr. HUDSON. They should be.

Mr. VINSON. They should be? That was just omitted? Is there any reason for omitting that?

Mr. HUDSON. Not a bit. We want even to license the practitioners of law, in order that they may pay their tax.

Mr. VINSON. That was simply dropped out and should not have been?

Mr. HUDSON. Should not have been; no, sir. I agree with you perfectly.

Mr. DINGELL. Does that include medical men?

Mr. HUDSON. Absolutely. They are not salaried men. That also includes all commission earners, such as life-insurance agents.

Mr. DINGELL. And brokers?

Mr. HUDSON. And so forth; exactly. You see, you have to confine this thing. The point that you are missing is this, I believe, that this

is merely the citizen's premium of his annuity to begin at age 60. It is logic. There is no question about that.

Mr. DINGELL. Did you take into consideration in your formulation of this bill, since you are trying to extend the relief to the greatest possible number of those that you consider worthy, the possibility of splitting the \$200 pension to \$100, and thus reaching twice as many people?

Mr. HUDSON. You mean by lowering the age?

Mr. DINGELL. Not necessarily. Well, lowering the age, or following some other method to find a sufficient number so that it would be \$100 per month, and twice as many people taking advantage of the Townsend plan.

Mr. HUDSON. If you reach twice the number——

Mr. DINGELL. Say you reached down to the 50-year limit.

Dr. TOWNSEND. That is too many.

Mr. DINGELL. What I have in mind in that connection is this: You know that under our present system, particularly in the field of manufacture, a man is classed as obsolete, ready for the discard, at 45.

Mr. HUDSON. Correct.

Mr. DINGELL. It seems to me that some of the people at 45 are entitled to some consideration. Why should we jump from 45 to 60, leaving that gap? I presume your supposition is based on the thought that when you take out those that are gainfully occupied above 60, they will in all probability, when they are removed from the field, take care of some of those from 45 to 60.

Mr. HUDSON. It will take care of the major part of them. Now, if I might use an illustration, we will take the railroads with which we are all familiar. We will take one section of the Railway Brotherhoods, the Brotherhood of Locomotive Engineers. In the year 1929, they had 92,000 members, that were working all on extra time. Today that membership has fallen—that is, at the beginning of 1934; I do not say today, you understand. It amounted to what? 59,000. I said to the chief engineer, "What has become of the 33,000, the difference between the 92,000 and the 59,000?" He said, "They are what we call bucking the extra board." I said, "Will you tell me then what is the average age of your 59,000 railway engineers?" "The average age is 54 years." "How many of them are above 60?" "34,400."

If 34,000 railway engineers were eliminated from the field of labor, what would happen to the 33,000 unemployed railway engineers?

Mr. DINGELL. But that is where it appears to me you have not taken them into consideration, because that element that are employed, you say, average about 54 years. They still have 6 more years to go before they will be considered for the \$200 pension under the Townsend plan.

Mr. HUDSON. Yes.

Mr. DINGELL. Now, I say, if you went down to 50 years——

Mr. HUDSON. Too low.

Mr. DINGELL. And split the pension benefit which you propose under your plan, you would take in those 39,000, or the number you mention, and give them each \$100. And I venture to say that since the Nation has become pension-minded, those fellows would prefer to get in and take \$100 pensions than to be out there on a cold winter night driving a locomotive.



Mr. HUDSON. But can you not see that if you do that, when you retire the ones that are above 60 you have already created a shortage of engineers? There are only 33,000 idle engineers, and there are 34,400 above the age of 60 that are now employed.

Mr. DINGELL. Yes; but you say that of those who are employed, there are 34,400 who average 54 years of age.

Mr. HUDSON. No; above 60. The whole of the 59,000 averaged 54, but above 60 years of age there are 34,400.

Mr. KNUTSON. I have gone through this bill quite carefully. It is not as liberal as I thought it was. For instance, I see that you have failed to make provision for dependent mothers with children; you have failed to make any provision for crippled children, for blind people, or feeble-minded people. Certainly you will admit that a mother with five or six or seven small children should be more entitled to a pension than Henry Ford.

Mr. HUDSON. Oh, yes.

Mr. KNUTSON. I understand you do not claim authorship of the bill.

Mr. HUDSON. I do not.

Mr. KNUTSON. I would call that to their attention if I were you.

Mr. HUDSON. I will be glad to.

Mr. KNUTSON. Because that is a very serious oversight.

Mr. HUDSON. I want to call your attention to this fact, though: The mother of five or six little children, through our system of intermarriage in this United States, must have at least a grandma or a grandpa living from one or the other of the parents.

Mr. KNUTSON. I have neither a grandma or a grandpa.

Mr. HUDSON. But you do not have any five or six little babies, either.

Mr. DINGELL. And you are not a mother, either.

Mr. HUDSON. But if I were the pensioner, and if your daughter married my son and was left a widow with two babies, it would certainly be my first desire to take care of her and those little children.

Mr. KNUTSON. The chances are you would want to take them all in, would you not?

Mr. HUDSON. Absolutely. That is what the aged people of this Nation would do.

Mr. KNUTSON. Why make them dependent on the old?

Mr. HUDSON. Of course, you consider that a different field from aged pensions. I think that should be taken into consideration.

Mr. KNUTSON. That would result in a bigger turnover. The more we can get into this scheme the bigger the turnover and the greater the prosperity.

Mr. HUDSON. I agree with you perfectly, because it is the velocity that counts and not the quantity of money.

Mr. HILL. Dr. Townsend, I understood you to say that in 1929 the dollar turned over 132 times.

Dr. TOWNSEND. Yes, sir.

Mr. HILL. What do you estimate would be the turn-over under the provisions of this bill?

Dr. TOWNSEND. It should be vastly increased.

Mr. HILL. About how much?

Dr. TOWNSEND. Over anything we have ever known. I do not know that there is any particular way of making a definite estimate.

I figure that under this system of taxation whereby everybody gets his shoulder under the load, making it so light that no one will feel it, particularly, seeing to it that a sufficient amount of money is in circulation constantly, forced there by the strength of the National Government, we shall be able to create a state of business that will quadruple anything we have ever known.

Mr. HILL. Quadruple? That is multiplied four times?

Dr. TOWNSEND. Yes, sir.

Mr. HILL. Say, 528 times under the plan of this bill; \$1 would turn over 528 times.

Dr. TOWNSEND. Approximately.

Mr. HILL. That is, in a year?

Dr. TOWNSEND. Yes.

Mr. HILL. That would be 528 transactions on the average for a dollar?

Dr. TOWNSEND. Yes, sir.

Mr. HILL. Each transaction would bear a 2-percent tax. The burden of tax that each dollar would carry would be 2 percent of 528, or \$10.56.

Dr. TOWNSEND. Then we will easily reduce the tax, the rate of tax that is provided for in the bill. It can be reduced until no one will know that he is paying a tax. It will be insignificant—a half of 1 percent will carry the entire pension roll, once we get fairly going under this system.

Mr. HILL. \$10.56 burden on each dollar would deflate the purchasing power of the dollar by how much? Have you figured that out?

Dr. TOWNSEND. You cannot figure it out. You cannot possibly tell what the opposing forces of inflation are. There are opposing forces to inflation always. One of them lies in the fact that mass production has always a tremendous influence toward price deflation.

Mr. HILL. If you had a velocity of turn-over of 528 times, and imposed upon that the credit turn-over which ordinarily goes along with the dollar turn-over, you would have an inflation of the circulating currency and circulating credit that would be almost beyond the power of the mind to grasp. Do you think there would be any inflationary effects from that, that would tend to reduce the purchasing power of the dollar to practically nothing?

Dr. TOWNSEND. I do not think there would be any tendency toward undue inflation at all, for the simple reason that the entire tendency of competition would be the reverse. If you are in business and something happens to quadruple your volume of business, certainly you would quadruple your volume of profits.

Mr. COOPER. I wanted to direct attention to the question which was raised in my mind by the answer made by the gentleman a moment ago. I understood you to say that although it was not now provided in this bill, it should be provided that this tax would be levied upon personal services, too?

Mr. HUDSON. Correct.

Mr. COOPER. In other words, everybody who receives any compensation for personal services of any kind or character should be taxed?

Mr. HUDSON. With the exception of the wage earner.

Mr. COOPER. As provided in this bill?

Dr. TOWNSEND. Wages and salaries.

Mr. HUDSON. Correct.

Mr. COOPER. That is, everybody.

Mr. HUDSON. Except the wage earners. You understand you are not including them, are you?

Mr. COOPER. What do you mean by "wage earners"?

Mr. HUDSON. I mean that the man who has to go out on to the street and dig ditches for \$4 a day.

Mr. COOPER. What is ordinarily termed "common labor"?

Mr. HUDSON. Yes; because he is going to pay his tax in the higher cost of his living.

Mr. COOPER. And everybody except the so-called "common laborer" would have to pay the tax?

Mr. HUDSON. Yes, sir.

Mr. COOPER. On the amount of salary or compensation received? That is, a tax to be levied by the Federal Government?

Mr. HUDSON. Yes.

Mr. COOPER. What do you think of the legal question that would be promptly raised insofar as State, county, and municipal employees are concerned?

Mr. HUDSON. I think from the employee's standpoint, there would be no question. There would be no objection on his part.

Mr. COOPER. I understand, but do you think the Federal Government has the right—

Mr. HUDSON. I do not.

Mr. COOPER. Under the Constitution to levy a tax on State, county, and municipal employees?

Mr. HUDSON. I do not.

Mr. COOPER. There would at least be that large group of citizens of the country, including school teachers and all those who receive their compensation from any unit of government, who would be relieved of the tax that all other citizens would have to pay. Do you think that would be fair?

Mr. HUDSON. I do not think you could relieve the school teacher. True, they are a salaried individual.

Mr. COOPER. Yes; they are paid by the city or the county or the State.

Mr. HUDSON. Yes; that is true, too.

Mr. COOPER. There would be all of that large number of salaried people in the country who would be relieved of this tax that you say should be levied uniformly on everybody.

Mr. HUDSON. It should, because everybody benefits.

Mr. COOPER. You admit that there would be an inequality that should not be allowed, do you not?

Mr. HUDSON. In my judgment; yes.

Mr. COOPER. Then what authority in law would we have to reach that situation?

Mr. HUDSON. I should judge that is up to the law-making body.

Mr. COOPER. That is what we propose to be right here. We propose to be just that right here.

Mr. HUDSON. You are.

Mr. COOPER. But we have a Constitution in this country, you know, that fixes the limits beyond which we cannot go. We are not now assembled to form a government or inaugurate a system.

Mr. HUDSON. That is correct.

Mr. COOPER. We do not have unlimited powers and opportunities, but we are circumscribed by the fundamental law of the land and the Constitution.

Mr. HUDSON. Yes.

Mr. COOPER. I believe you will concede that we could not reach that group, and there would be one inequality that would have to exist that would not be right. Is not that true?

Mr. HUDSON. That might be true.

Mr. COOPER. Further along that line, I invite your attention to section 6 of the McGroarty bill.

Mr. HUDSON. Yes, sir.

Mr. COOPER. In which it is stated as I read:

All salaries for individual services are hereby exempted from the tax provisions of this act.

You say they should be taxed. It is the intention and the purpose to tax them. But section 6 of the bill itself in plain language provides that they shall be exempted. What explanation have you to offer on that?

Mr. HUDSON. Again, I state that I am not holding myself responsible for that bill. Of course, I think that you men have the power and should have, and that bill should be changed as you see fit.

Mr. COOPER. I understood you to state awhile ago very frankly—and I think you have been frank in your responses.

Mr. HUDSON. I have tried to be.

Mr. COOPER. I understood you to state awhile ago very frankly you think this bill is very loosely drawn.

Mr. HUDSON. I restate that.

Mr. COOPER. Would it be fair to ask you this question:

Suppose you sat in the seats that we occupy at this table. As the bill now stands in its present form, do you think you would be safe in voting to report it and support it, as a representative of the people?

Mr. HUDSON. No; I do not.

Mr. COOPER. Thank you very much. That is very kind.

Mr. HUDSON. I mean, as to this bill.

Mr. COOPER. Yes; that is what we have under consideration.

Mr. HUDSON. However, that can be readily changed and amended.

Mr. COOPER. You think it would have to be changed in many respects, do you not?

Mr. HUDSON. Possibly.

Mr. COOPER. Just one other point now, along the line of the inquiry of my colleague from Washington on this question of the turn-over. I can appreciate that the question of the velocity of money is a great factor.

Mr. HUDSON. Yes.

Mr. COOPER. I understood you to state in the course of your presentation here that a dollar turned over 132 times a year.

Mr. HUDSON. No, no.

Mr. COOPER. In 1929.

Mr. HUDSON. In 1929. I was quoting from Dow-Jones. But we have not taken that 132 times into consideration. For your information, the average turn-over for the last 5 years, which have been low years you will admit—

Mr. COOPER. Yes.

Mr. HUDSON. Was an average of 34 times.