

Proceedings of
Meeting No. 1
of the

U.S. ^o SPECIAL INDUSTRIAL RECOVERY BOARD

Held at

The Conference Room #5842

The Department of Commerce

June 19, 1933

note
PERSONAL AND CONFIDENTIAL

Copy Number 6

For Hon. Frances Perkins

Distribution of copies:

1. Hon. Franklin D. Roosevelt
2. Hon. Daniel C. Roper, Chairman
3. Hon. Homer S. Cummings
4. Hon. Harold L. Ickes
5. Hon. Henry A. Wallace
6. Hon. Frances Perkins
7. Hon. Charles H. March
8. Hon. Lewis W. Douglas
9. Hon. Hugh S. Johnson, Administrator of Industrial Control Act
10. Hon. John Dickinson, Executive Secretary
11. File

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SPECIAL INDUSTRIAL RECOVERY BOARD

Members:

Hon. Daniel C. Roper, Chairman
The Secretary of Commerce

Hon. Homer S. Cummings
The Attorney General

Hon. Harold L. Ickes
The Secretary of the Interior

Hon. Henry A. Wallace
The Secretary of Agriculture

Hon. Frances Perkins,
The Secretary of Labor

Hon. Charles H. March
Chairman, The Federal Trade Commission

Hon. Lewis Douglas
The Director of the Budget

Hon. Hugh S. Johnson
Administrator of the Industrial
Control Act

Hon. John Dickinson, Executive Secretary

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ATTENDANCE AT FIRST MEETING

June 19, 1933

Hon. Daniel C. Roper, Chairman, Secretary of Commerce

Hon. Homer S. Cummings, Attorney General

Hon. Harold L. Ickes, Secretary of the Interior

Hon. Rex Tugwell, Assistant Secretary of Agriculture
Representing the Secretary of Agriculture

Hon. Turner Battle, Assistant Secretary of Labor
Representing the Secretary of Labor

Hon. Charles H. March, Chairman, Federal Trade Commission

Hon. Harold M. Stephens, Assistant Attorney General
Representing the Attorney General

Hon. Hugh S. Johnson, Administrator of the Industrial Control Act

Hon. John Dickinson, Executive Secretary

Absent:

Hon. Lewis W. Douglas, Director of the Budget

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(First Meeting)

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Proceedings of the First Meeting

of the

SPECIAL INDUSTRIAL RECOVERY BOARD

June 19, 1933

The meeting was called to order at 10:12 A.M. by Honorable Daniel C. Roper, Chairman, who made the following remarks:

"I suggest that we proceed."

"The President's statement follows:"

"Pursuant to the authority of 'An Act to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes', approved June 16, 1933, and in order to effectuate the policy set forth in Title I--Industrial Recovery--of said Act;

1. I hereby appoint Hugh Johnson to be the Administrator for Industrial Recovery under said Title I of said Act.

2. I hereby appoint a Special Industrial Recovery Board to be composed of the following members: The Secretary of Commerce, Chairman; The Attorney General; the Secretary of the Interior; the Secretary of Agriculture; the Secretary of Labor; the Director of the Budget; the Administrator for Industrial Recovery; the Chairman of the Federal Trade Commission.

The Administrator during the ensuing thirty days shall have authority, subject to the general approval of the Special Industrial Recovery Board, to appoint the necessary personnel on a temporary basis to conduct hearings and to do such other and necessary work as authorized under Title I of said Act.' "

At the conclusion of the calling of the roll, Mr. Cummings requested that it be noted that there was also present Assistant Attorney General Stephens, who would represent the Attorney General when he was not able to be present. Without objection this was ordered recorded.

General Johnson, at Chairman Roper's invitation, proceeded to present certain matters for the Board's consideration. He stated that a lot of preliminary conversation had resulted in a great many trade organizations working on and submitting codes. He pointed out that because of the lack

of definite information as to proper procedure he had prepared a Bulletin which he wanted to get out that day (Monday).

General Johnson then read the proposed Bulletin as follows:

"This Bulletin is intended to inform all trade associations, industrial and labor groups how to proceed to secure the benefits of the National Industrial Recovery Act."

At this point General Johnson stated that he was very pleased to put the President's statement in the Bulletin: In his statement upon the signing of the act, the President said with reference to prompt submission of codes of fair competition:

"This organization is now prepared to receive proposed codes and to conduct prompt hearings looking toward their submission to me for approval. While acceptable proposals of no trade group will be delayed it is my hope that the 10 major industries which control the bulk of industrial employment can submit their simple basic codes at once and that the country can look forward to the month of July as the beginning of our great national movement back to work."

When General Johnson completed the reading of the President's statement he paused again to state that all phases of the movement were coming to a head rapidly. He added that the Act provides for two or three things, among them collective bargaining and the hearing of proposed codes. General Johnson stated that as soon as possible the basic code should be formulated and a hearing held on the code so that it could be passed upon by the National Industrial Recovery Board and submitted without delay to the President for his modification or approval.

He pointed out that in his opinion after this was done most of the major industries would follow in line and work out methods to enforce maximum hours of work and minimum wage rates, as well as creating a shorter week and having the work shared, all of which would result in raising the general standard of living. He said that he believed without invoking any general criticism of the law that much could be accomplished within the

next sixty days and that if it was not done we would run into a very grave situation and a long period of unrest and labor disputes, particularly through the collective bargaining industries.

He continued reading the Bulletin-copy, pausing to comment that he felt it would create a better general understanding of what the Administrator was trying to do if the codes were submitted in a preliminary way so that they might be discussed thoroughly.

When General Johnson finished the reading of the Bulletin-copy he assured the Board that he believed this was all the industries were waiting for and stated that much could be done in making things uniform if a lot of conversation could be straightened out. He told the Board that he had a very important basic code before him at that time, which he had worked out with the cotton textile industries in a preliminary way, with the assistance of a representative of Labor, chosen by the Secretary of Labor, and in conference with the representatives of the labor people. He indicated that he was not completely satisfied with the code but that it was at a point for a public hearing and that action on it should be expedited.

In response to a question from Mr. March, General Johnson said that cotton-textile industries would be willing to sign the request.

At this point Secretary Tugwell asked when there would be an opportunity for discussion of the previous matters submitted. It was decided that General Johnson should submit his ideas on the code under consideration in its entirety before discussion would be held.

He pointed out that the application was made at the request of the Cotton Textile Industry Committee which is composed of the Presidents of the Cotton Textile Institute, Incorporated, the American Cotton Manufacturers' Association and the National Association of Cotton Manufacturers.

General Johnson then read a notice of the Hearing on the Cotton Spinning and Weaving Industry, as follows:

"The above industry, as represented by The Cotton Textile Institute, The American Cotton Manufacturers Association and the National Association of Cotton Manufacturers, said to represent substantially all textile mills, has submitted a proposed Basic Code of Fair Competition. A copy is attached. Notice is hereby given that a public hearing on this Code will be conducted by the Administrator. It will begin at 10 o'clock A.M., Tuesday, June 27th at Room _____, United States Chamber of Commerce Building, Washington, D.C. and will continue until completed, but in any event until 12 o'clock noon July 1st.

An opportunity to be heard (either in person or by duly appointed representative and either by appearance or by sending a written or telegraphic statement) will be given to any person or group who can show any reasonable interest in the effect of any provision of the proposed Code, whether it is as a worker in this industry or a consumer of its product, or as an employer in this industry who does not agree with the subscribers to the Code or in any other capacity.

If you want to appear in person, or by representative, you should send by mail or telegram, before noon on June 29th, to the Administrator, Room 3053 Department of Commerce, Washington, D.C., a notice of your intention in order that you may be given a place on the program and know when to appear. If you desire to send a written statement it must be mailed or telegraphed to the same address prior to noon, June 29th."

At this point Commissioner March asked if the hearing was not to be on June 27th. General Johnson replied that we are giving them a little leeway in regard to notices.

He continued reading:

"The first paragraph of any such notice or statement should state in not more than one hundred words what your interest in the proposed Code is. You will be notified whether you have established an interest and when to appear. Written statements should be condensed as much as possible and should be confined to specific facts that you can prove. Unsupported assertions will not be considered.

"All proceedings will be entirely informal. These hearings are solely for the purpose of obtaining all the facts in the simplest way, and no legal argument will be heard or considered at this time. Representation by attorneys or specialists will be freely accorded but it is not necessary since the industry, all affected labor groups and the consuming public will all be represented by special advisors employed by the Government and these specialists will give you advice and assistance if you need it."

When General Johnson completed reading the Notice he pointed out that the Code he had submitted was not altogether satisfactory and that he felt there should be some marked changes. In explaining some of the details of the Code he said that it is based on a minimum week of forty hours and that the average is nearly fifty-five hours a week now. He believed that it should result in \$10 a week for the lowest class of labor in the South instead of \$7.50 as at present, and \$11 a week in the North.

In response to Attorney-General Cummings' request that he repeat the facts, General Johnson stated "a 40-hour week is the minimum wage standard for the lowest class of labor and this makes \$10 in the South and \$11 in the North". The Attorney-General asked if there was anything further and General Johnson replied that this Code would enable the re-employment of 125,000 people.

General Johnson stated in reply to the question raised by Attor-

ney-General Cummings in regard to whether or not the Code dealt with the re-employment of people, that the whole Code be gone through later. He further stated when Commissioner March asked if he had a copy of the Code that the Code would be published and attached to the notice going to the public.

At this point Chairman Roper stated that it was very important that the first contact with the public should be very clear and very thorough in its information as to how we are proceeding.

In view of the discussion on this matter he said it would be advisable to appoint a committee of the Board consisting of the proper representatives to give this matter immediate consideration from the standpoint of the discussion which would be entered into at the meeting.

Chairman Roper stated that every detail should be made very clear since he felt that probably many of the individuals who would receive the information about the Code could not be expected to know what it was about beforehand. He pointed out that in his opinion he believed there were many people who would not know what we were talking about when we mentioned a Code.

General Johnson agreed that the principles in the subject of the Code were clear to him and also to the industries and to the members of the Board, but inasmuch as it would not be clear to the public he thought that expositions of the type under discussion would have to be made very clear so that the people would know how they could conform to the general program. He asked if it would be possible to give this matter consideration by a committee composed of the Executive Secretary, Mr. Tugwell, Mr. Stevens, Mr. Battle, and himself that afternoon immediately after the Board meeting adjourned so that there would be no further delay. He pointed out that he will have to delay holding a conference with every one of the groups until this matter was attended to.



Chairman Roper asked whether or not a great appeal should be made to the public for their cooperation in carrying out the purposes of the Code. General Johnson pointed out that he would rather cover that in a later bulletin inasmuch as the bulletin under consideration was purely a technical one. Secretary Ickes raised the question as to why the bulletin could not be gotten out as a statement appealing to the public in general.

Attorney-General Cummings asked what sort of a distribution would be made. General Johnson replied that the bulletin was merely a statement to show the interested parties how they should prepare their Code, and in response to a further question on the publishing of the notice, raised by Commissioner March, he stated that most of the Cotton Textile Code would be published. Chairman Roper stated that the bulletin was to go to all Departments and the Attorney-General asked whether the two documents would be sent out together, that is the formulated general plan and how to draft the Code. In reply, General Johnson remarked that they would go out separately and would be addressed to all industries. Attorney-General Cummings then raised the question whether they would be sent out on different days, and Mr. Dickinson stated that it was his understanding that General Johnson would only send the textile code to the people who would have an interest.

In response to these questions, General Johnson stated to Chairman Roper that the first hearing was going to set the entire atmosphere of the administration of the act, and emphasized the fact that it should be very carefully conducted. He indicated that industry would be kept in mind at all times. Mr. Dickinson now asked if the President's address could not be printed and distributed separately, and Commissioner March called the Board's attention to the fact that it was the practice of the Federal Trade Commission, after it was in order, to have the industry send in their proposed codes. A hearing was then held and a code was made public after it had been adopted for the industry.

General Johnson remarked that the Administration must be conducted as if it were "in a gold-fish bowl" and everyone should hear everything that is going on, just as if they were in the same room, and stated in order that the public might not feel that the preliminary Code released in the press would appear to the public as an adopted Code, the notices could be attached at that time.

General Johnson then told the Board that he had received numerous proposed Codes from the bituminous coal industries, which have always given trouble. He read the following reply which he had prepared to one such document:

Mr. Charles O'Neill, President

Dear Sir:

I have just received from you a document captioned "Code of Fair Competition," which I understand was prepared at a recent meeting of bituminous coal operators in Chicago, was given to the press on June 16th and is now handed me by you, representing that meeting.

To the extent that the formulation of the document referred to indicates a desire on the part of the coal industry to avail itself of the opportunities afforded by the National Industrial Recovery Act to restore equilibrium, fair practice and social justice in one of the most demoralized segments of American business, I am glad to recognize your initial effort in that direction. But if you intend it as the basis for further proceedings under that Act, I have to advise you that it simply won't do. In this connection I refer you to the Act itself, to the President's statement on June 16th, and to Bulletin No. 1 of this Administration.

The code seems to propose rules of general application as to minimum prices, elimination of destructive and unethical competitive practices and other benefits of the Act, but it does not propose any such general action on the subject of hours and wages and other burdens of the Act. On the latter subject it is not a code for an industry as a whole at all. It is merely a suggestion that each of an unnamed number of separate districts submit separate and varying codes.

While the Act provides that if any employer desires to negotiate separately with employees on the subject of maximum hours and minimum wages, he shall be afforded every opportunity to do so, the President is authorized to give such agreements effect as a code of fair competition only if he finds that the conditions referred to in clauses 1 and 2 of subsection (a) of section 7 prevail.

In other words, I know of no way that an industry can obtain the benefits of this Act without also assuming its burdens. I understand that labor representatives are now ready and agreeable to participate in hearings looking toward agreement on a code on a national basis and that some conditions in the industry are such that, if no progress is forthcoming within a reasonable time, it may be unavoidable, if we are to give effect on a national scale to the declaration of policy stated in Section 1 of the Act, to proceed with investigations under the provisions of Section 7c.

In my opinion any failure or delay on the part of the industry to take advantage of the present opportunity to agree on the subject on a broad national scale raises the prospect of a long period of local bickering and continuing unrest.

Furthermore, in view of the whole tenor and text of the President's statement, it must be apparent that he is looking to the ten greatest industries to take the lead in a nation-wide movement to increase mass purchasing power. Of course, yours is one of the greatest in this group and in view of the progress being made in other fields of business to come within the purview of the Act, it is our hope that the coal industry can be abreast of all others in this great cooperative undertaking.

It was unanimously agreed that the letter was an excellent one and that it should be sent out immediately. The Attorney-General pointed out that it was just the sort of letter that would be understood - not only by the industry, but by the general public.

General Johnson stated that there was nothing about the entire matter which had been done blindly, and the Attorney-General agreed that it was indeed a difficult problem.

At this point Chairman Roper called for discussion of the matters which General Johnson had presented for the Board's consideration.

Secretary Tugwell thought it was the proper time to clear up any basic differences there may be and he was sure that General Johnson would not think that his suggestions were made in the spirit of criticism. General Johnson assured him that he appreciated the cooperation.

Secretary Tugwell discussed at length the fact that in the General's bulletin the consumer was not mentioned at all and the fact that there was no recognition of the possibility of increasing the purchasing power which might cause an increase of wages.

He pointed out that it would be advisable that increases in prices and in purchasing power should be worked out in the proper ratio, and further elaborated on the protection of the consumer. General Johnson replied that he had these matters vitally in mind since the beginning. He stated that the various problems in every industry were different and that in his opinion we are starting out now with the idea of doing something in the next three months and really getting something accomplished which would be of benefit to the country. He called attention to the fact that this matter was not new and that the President had mentioned it in his speech in San Francisco last July. He agreed that wholesale prices must not increase as rapidly as the purchasing power and stressed the fact that there is a different problem in each case with all of the major industries.

Secretary Tugwell replied that he had raised the question because nothing had been said about the matter in the bulletin. General Johnson then told the Board that the bulletin was a technical one which was prepared for the purpose of informing the people how to get out their codes. He suggested that it be called "Bulletin No. 1".

Secretary Tugwell wanted to know why the plans of the Board could not be incorporated in a public statement and pointed out that it was necessary because many industries were planning to raise prices. At this point the Attorney-General suggested that a sentence be placed in the Code which could be pointed out to industries to keep them from increasing their prices too rapidly. Commissioner March agreed that the public would have a much better understanding of the matter if such a sentence was inserted.

Secretary Tugwell pointed out that various people, including newspaper reporters, will ask many questions as to how the consumer is coming on.

He stated that these questions must be answered. Attorney-General Cummings told the Board he thought that the Code should be made just as clear concerning unfair high prices as the President's statement. Chairman Roper requested the Board's consideration on the preparation of a bulletin with a statement of policy which would include a little more definite indication as to purpose.

General Johnson then indicated his desire to get this entire matter into the public mind as soon as possible. He stated that he had intended to issue a bulletin to build up interest at an early date. Chairman Roper said that Bulletin No. 1 was very important, and the Attorney-General emphasized the fact that the bulletin was the most important one which would ever be prepared.

Mr. Dickinson suggested that the President's statement be prepared as Bulletin No. 1, and that General Johnson's be Bulletin No. 2 inasmuch as it was a technical bulletin. The Attorney-General agreed with this suggestion and urged that every possible precaution should be made to see that nothing would be left out.

General Johnson then read from the President's statement the following:

"I am fully aware that wage increases will eventually raise costs, but I ask that managements give first consideration to the improvement of operating figures by greatly increased sales to be expected from the rising purchasing power of the public. That is good economics and good business. The aim of this effort is to restore our rich domestic market by raising its vast consuming capacity. If we now inflate prices as fast as we increase wages, the whole project will be set to naught.***" Finishing reading, General Johnson asked Secretary Tugwell whether or not he thought that this statement was "soft". Secretary Tugwell stated that there was no complaint about the

statement but insisted that its meaning must be made perfectly clear. Chairman Roper said that he could see no objection to this.

In response to Attorney-General Cummings request that a sentence be incorporated to the effect that the Code proposed must be drawn with the interests of the consumers in mind, General Johnson said that this could be done. Secretary Tugwell then pointed out that wages at the present time will buy more goods than they did in 1929. When General Johnson agreed that this might be incorporated, Secretary Battle and Commissioner March indicated that it should be clarified.

Secretary Battle then raised the question that on the codes that were set up, as the cost of living increased should they be revised as to the standards of living. General Johnson replied that the codes would be revised within the next three months. He pointed out that when you spread out a code, "squawks" were immediately heard. He indicated that the people who have a right to make a complaint should have them handled promptly. #

At this point Chairman Roper asked if the Board wished to make any suggestions, and the Attorney-General wanted to know if there was anything else for the Board's consideration. General Johnson then stated he had to have an organization.

After several interruptions Chairman Roper suggested that one thing be taken up at a time and asked the Board's pleasure as to Bulletin No. 1 and the consideration of the Code. The Attorney-General stated that he agreed with the Chairman that a small committee should be appointed to check over the bulletin and get it ready within an hour. Chairman Roper then appointed Secretary Tugwell, Secretary Battle, Mr. Stephens and Mr. Dickinson to meet with General Johnson immediately after the Board

meeting was adjourned so that the bulletin could be released without further delay. At the suggestion of the Attorney-General Cummings, Chairman Roper was to preside.

When Chairman Roper raised the question as to the Board's pleasure on the procedure of handling the Code, it was agreed that the same committee should handle this matter, and since the Code was submitted just as a suggestion for the basis of a hearing, there was no objection to having it worked out immediately. Chairman Roper, however, pointed out that this point should be made clear in the announcement and in the answers to all letters. The Attorney-General raised the question as to how the printed form of the bulletin was to be signed. It was decided that the bulletin should be signed as follows:

General Hugh S. Johnson, Administrator

Approved:

Hon. Daniel C. Roper, Chairman

Hon. Homer S. Cummings

Hon. Harold L. Ickes

Hon. Henry A. Wallace

Hon. Frances Perkins

Hon. Charles H. March

Hon. Lewis W. Douglas

Hon. John Dickinson, Executive Secretary

Chairman Roper pointed out that the signature was essential because of the necessity of impressing the public with the importance of the set-up considering the policies involved. Attorney-General Cummings further stated in this connection that the signatures would be informative to those who receive the bulletin. He said that the following section of the President's executive Order could not be violated:

"Under Title I of this Act I have appointed Hugh S. Johnson as Administrator and a special Industrial Recovery Board under the chairmanship of the Secretary of Commerce. This organization is now prepared to receive proposed codes and to conduct from time to time hearings looking toward their submission to me for approval."

Attorney-General Cummings further stated that neither the bulletin under consideration nor any document should be released without the approval of the Board. He stated "I think we should authorize the Chairman to act for us". At this point Chairman Roper indicated that if there was something important to show the President, it would be a very simple matter to call the Board together. Secretary Ickes indicated that this could be done and Attorney-General Cummings stated that if the Chairman wanted the Board to assemble, the various members would come.

In response to a request for a motion on this matter Attorney-General Cummings stated "I move that for the authorization of any announcements, they be permitted to appear before the Chairman of this Board for the approval called for in the Executive Order of the President, and that we leave this to the discretion of the Chairman whether he should call the Board into session before acting". The motion was seconded by Secretary Ickes and was unanimously passed.

At this point General Johnson brought up the settlement of compensation for the numerous members of his Staff who have been donating their time. Chairman Roper indicated that it was not proper to talk about salaries until the President had approved these people.

In considering these matters, however, General Johnson stated that the salaries were not to exceed \$25. a day, plus expenses while the employees were away from their actual homes. Chairman Roper raised the question whether or not he meant \$25 a day and General Johnson replied that that was his intention. Attorney-General Cummings stated that the salary be made \$500 a month instead of \$25 a day and Secretary Ickes suggested it would be better to use the term \$6,000 per year rather than \$25 a day which, in his opinion, was much too impressive a figure. #

In response to Chairman Roper's inquiry about the various people listed on the chart, General Johnson stated that Douglas Cates, of Chicago, the Assistant for Industry, was a very close friend of his. The Assistant for Labor, Mr. E. F. McGrady was selected after a great deal of discussion and was referred to him by Mr. Howe, of the White House. In continuing to discuss personnel, General Johnson stated that there were numerous complaints over the Legal Division Chief, Mr. Donald Richberg.

At this point Secretary Tugwell interrupted with the comment that there would undoubtedly be numerous difficulties about the weeks and hours and he believed it was necessary to talk about it. In reply to this question General Johnson stated that he would be pleased to discuss this at any time. There was considerable discussion at this time about the individuals indicated on the chart presented by General Johnson.

When General Johnson remarked that something must be done for those people associated with him who had been living away from home at their own expense for weeks, Chairman Roper assured him that the Board would cooperate. When the discussion of personnel reached the matter of the Public Relations Chief, Mr. Dickinson raised the question about Mr. Boaz Long who was, as he understood, connected with an advertising agency. Mr. Battle remarked that Mr. Boaz Long was a "very nice, clever fellow" and General Johnson pointed out that he had nothing to do with that appointment. He told the Board that when Mr. Long came over for his preliminary interview he brought his employer with him. He said that in his opinion it would not be advisable to employ any man connected with an advertising agency. He called attention to the fact that it was impossible for him to deal with every rumor in regard to personnel.

Secretary Ickes stated that a newspaper man was what was needed and Chairman Roper suggested a man on the type of Fred Essary who would be able to cooperate with the Washington Press Unit in order to avoid any difficulties with this organization.

Attorney-General Cummings remarked that Mr. Hoover undertook to get out-of-town men for the publicity of his Public Works Program and encountered much difficulty. He stated that a man was needed not only of high type of ability but one who is persona grata with the newspapers. Mr. Spellacy and Mr. Willis were suggested.

General Johnson pointed out that they were facing an avalanche of work in the next thirty days and in view of this fact it would not be advisable to remove Mr. Long. If it were possible to place some acceptable person to whom Mr. Long could report, he believed the situation would adjust itself.

Secretary Ickes and Attorney-General Cummings stressed the point that discretion in the choice of a publicity representative was necessary. Chairman Roper advised that before any action was taken the matter be talked over with Mr. Fred Essary so that the Washington newspaper men would have a chance to feel that they were receiving cooperation.

The topic was closed by Chairman Roper referring the various suggestions offered to General Johnson for his consideration.

General Johnson now indicated that two men were sent over from the White House by Mr. Howe, Mr. Early and Mr. McIntyre. Attorney-General Cummings raised the point that these men might have been sent just to get rid of them and indicated that General Johnson could pick out the men he wanted. General Johnson answered he was not prepared to pass on this.

Chairman Roper asked if it would be agreeable to General Johnson if he talked to the people at the White House on this matter. He stated he thought it was one of the most important situations for the Board to handle and

indicated his willingness to take it up with those of the White House organization, who had made known their pleasure about these people, so that they could reconsider it. General Johnson remarked that he thought he would be able to answer it better.

Secretary Ickes emphasized the fact that no one but the Secretary of Commerce should be authorized to discuss matters of this kind with the Secretaries of the White House. When Chairman Roper told General Johnson that he did not want him to be embarrassed in any way, General Johnson indicated that he did not care to be drawn in but that he was not satisfied with this particular situation. Chairman Roper agreed that there was no reason why he should be satisfied.

Secretary Ickes pointed out that General Johnson was to be charged with the success or the failure of the Industrial Administration Program.

When Donald Richberg was being considered for the Legal Division Chief, Attorney-General Cummings said he did not know him personally but that he was known as a man of ability. He thought that Secretary Ickes should know something of his qualifications inasmuch as he came from Chicago. Secretary Ickes replied that Mr. Richberg used to be his partner and he thought Mr. Richberg was able to the point of brilliancy. General Johnson stated that Mr. Richberg was the most able man with whom he had come in contact but he did not know if he would serve. Attorney-General Cummings stated that he was drafted. When Chairman Roper requested any objections none were offered.

General Johnson then remarked that Mr. Richberg had an assistant and that he (General Johnson) did not want to select Mr. Richberg's organization. At this point, Chairman Roper stated that some thought had to be given as to the question whether the Attorney-General should have a man representing him.

Attorney-General Cummings assured the Board that Mr. Russell Hardy of the Anti-Trust Division would give every possible assistance on the codes and that Assistant Attorney-General Stephens would also cooperate in every way. He thought that a policy should be adopted to have someone on the legal staff working out the immediate proposals. Before closing his remarks on this subject he stated that he wanted to reserve the right at that time to say that if the legal staff of the Administrator went too far they would get in trouble with the Anti-Trust Division. Chairman Roper said that the Committee had been charged with this task and that they would take it up more in detail.

Attorney-General Cummings now raised the point that it was his understanding the President would pass on all of the Codes after they had been passed on by the Board. General Johnson indicated that there might be some 7,000 codes prepared.

Chairman Roper ordered that Attorney-General Cummings' next remark be recorded in the minutes. It is as follows: "I want to be heard on all codes before they go to the President."

General Johnson then remarked that the Chairman of the Labor Advisory Board would be selected by the Secretary of Labor. Secretary Ickes raised the question whether General Johnson would need as large a Board as he had indicated when he had actual assistance. When the discussion on this matter was completed, General Johnson stated that in all cases the people who were chosen to advise him, must be selected with a view to handling special problems, particularly the organized and unorganized labor. He indicated that there were a host of questions that make the matter of selection of this particular Advisor very important so that it can be said everybody had a voice in the selection. He stated that the Secretary of Labor should assume the responsibility for selecting a good person for this position and the Board should be advised through her on matters affecting labor. In response to a question by Chairman Roper whether or not this was

satisfactory, Secretary Battle remarked that one person should represent organized and unorganized labor.

Chairman Roper then raised the question about the Chairman of the Industrial Advisory Board. General Johnson replied that although he had not as yet considered the personnel, it was of the utmost importance and he wanted to get it handled immediately. Chairman Roper ordered the Secretary to make a note of this matter for his attention.

Chairman Roper then called the Board's attention to the Consumers Advisory Board and General Johnson requested suggestions. General Johnson wanted to know if Mrs. Roosevelt could take the Chairmanship. Secretary Ickes indicated that would be a great mistake and Secretary Battle agreed with him. Secretary Tugwell pointed out that she would be physically unable to assume this position in addition to all her other duties. #

When Mr. Dickinson suggested the Consumers League, Chairman Roper stated that the personnel of the Consumers Advisory Board should be left to the Committee for settlement.

General Johnson then pointed out that Alexander Sachs was the best man in the world for the position of Chief of Research and Planning. Mr. Dickinson thought that if Mr. Wolman could be worked in as Chairman of the Labor Advisory Board it would be satisfactory. General Johnson replied they could work together and Chairman Roper stated that Mr. Wolman's assistants were those already selected.

General Johnson remarked that he was selecting the people he wanted now and would add more at a later date. When Chairman Roper asked whether there were any objections to the number of individuals, Attorney General Cummings stated it appeared to be satisfactory.

Secretary Ickes inquired about the position of Office Manager and Chairman Roper asked if the set-up included more than 12 Deputy Administrators.

In reply General Johnson remarked that they would find all of his requests indicated on the chart which he presented to the Board.

Chairman Roper then read the names of the following Deputy Administrators:

K. M. Simpson

Nelson Slator

A. D. Whiteside

C. C. Williamson

W. L. Allen

E. D. Howard

General Johnson pointed out that these were the men who were going to conduct the hearings and consider the set-up of the industries preliminary codes. He stated that the kind of man needed was one who had lived in the industry and who would ably conduct himself in the eyes of the people in the big industries. He also remarked that all of the big industries would come to the hearings with the highest paid lawyers in the country and would try to "put something over." In interviewing men for these positions he had run into quite some difficulty and found it was necessary to be constantly on the alert not to consider any one who was directly connected with any particular industry. He remarked that men who believed in the Act were needed. Men who would be willing to look for proof of the integrity of those individuals who present matters to the office of the Administrator. General Johnson stated that although they were "up against it" for proper personnel he wanted no man to sit on the hearings who was pledged to any industry.

Chairman Roper pointed out that men with political background should not be considered at all in this connection. He indicated that this is a test period and that care should be utilized in the choice of these representatives.

General Johnson stated that he was going to sit in with the big industries himself and as soon as he found a good man he would train him to conduct the meetings. He pointed out that at the beginning he had two men but they were unable to conduct a meeting and suggested that if anyone knew a person who could handle this job, that they send him in. Secretary Tugwell suggested the President of Amherst College for the Chairmanship of the Consumers Advisory Board, and there was general discussion about his age and availability for the position.

At this point Chairman Roper suggested that approval be given to all those appointees the Board was thoroughly satisfied with in order to meet General Johnson's urgent need of assistance. General Johnson stated it would be necessary to call in technical advice from time to time in order to investigate certain of the codes. Chairman Roper suggested that the labor, consumer, and industrial advisors could be taken up at a later date, and immediate consideration be given to the personal assistants to the Administrator.

Mr. Robert Strauss and Miss Robinson were approved and two assistants for Public Relations were tabled for consideration at the Committee meeting.

Chairman Roper pointed out that General Johnson's present approved set-up

involved sixty persons. He indicated that additional clerical assistance would be necessary.

Mr. Dickinson made the suggestion that General Johnson give consideration to those persons who are being released from other Departments and Chairman Roper called General Johnson's attention to the principal ^(sic) worked out for the Civil Service Commission in which the Departments gave the Civil Service Commission a list of the individuals they expected to release by the 1st of July so that they might be taken into the various Departments needing additional help.

Attorney-General Cummings pointed out that under the law it was not necessary to use Civil Service people, and General Johnson stated that there was no reason to use them as long as it was possible to secure people outside of the Civil Service who were just as well qualified.

Mr. Dickinson remarked that many of the people will want to bring their own personal secretaries and it was agreed that that would be satisfactory.

Chairman Roper stressed the point that he was concerned with having various units of the Department of Commerce coordinated in such a fashion with General Johnson's staff that they will carry out his principles and render a service to the American people. Mr. Dickinson suggested that Mr. Sachs be instructed to work out with somebody in the Department a coordinated scheme on this matter. He also mentioned the added load and the necessity of working things out economically. It was called to the Board's attention that Mr. Sachs and his labor statistic's group were already studying this problem.

Secretary Battle asked that a sufficient fund be allotted to enable the Bureau to carry the added load and Chairman Roper pointed out that the budget of the Department of Commerce had been cut so he would be unable to help with this - even though he did have the facilities, they would not be available. This topic was closed when Chairman Roper suggested that

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Secretary Battle, Secretary Tugwell and Mr. Dickinson take up the matter with General Johnson when the Director of the Budget gets back.

Judge Stephens suggested to Secretary Roper that when he acts for the Board in approving measures taken he would, for his own protection, have his action ratified by the Board at the next meeting.

It was decided that regular meetings should be held at 2:30 every Monday afternoon and that if there were not enough important matters for the Board's consideration, the meeting could be cancelled.

Memorandums were to be sent about the proposals for the Board's consideration. In this regard Chairman Roper remarked that as Chairman he would act at the notification of General Johnson and would notify the Board members when the meetings were to be held.

Before this subject was closed, Attorney-General Cummings remarked that the Chairman will have authority to call special meetings at any time.

Secretary Battle then stated that the members of the Board should be furnished a list of the personnel of the Administrator's Staff.

Chairman Roper said that the Board should be furnished a rough draft of each and every meeting before the next meeting so that they can read the minutes and be ready to approve them without any delay, and Mr. Dickinson indicated that this would be done.

In response to Chairman Roper's invitation, Secretary Battle read a telegram which was typical of many received by the Secretary of Labor. The telegram read as follows:

"Secretary of Labor--Drastic action should be taken to prevent profiteering by manufacturers and merchants who have warehouse products with low-wage costs in anticipation of Federal Industry control forcing public to pay abnormal profit on stock produce ahead of control of wages and prices. Government must prevent this outrage by requiring

inventories of all stock made, sold and warehoused since May 1st and fix prices to the public."

Secretary Battle stated that they received quite a few telegrams from employers who, anticipating the enforcement of the Act, were trying to "beat the game" at the present time.

Before adjournment, a motion on publicity matters was made by Attorney-General Cummings, as follows:

"The rules would be very simple - any statement concerning the Board should emanate from the Chairman".

Commenting on this motion, Attorney-General Cummings stated that all newspaper people and all members of the Press should be referred to Secretary Roper as Chairman of the Board. Chairman Roper remarked that he was not seeking any such responsibility unless so ordered by Board action. The motion was unanimously approved.

Attorney-General Cummings then interpreted his motion as not applying to General Johnson in his contacts with the Press concerning his duties as Administrator of the Act.

The business of the first meeting of the Special Industrial Recovery Board having been completed, the meeting was adjourned at 12:07 P. M.

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Proceedings of the Committee
of the
SPECIAL INDUSTRIAL RECOVERY BOARD
June 19, 1933

Membership:

- Hon. Daniel C. Roper, Chairman
Secretary of Commerce.
- Hon. Harold M. Stephens
Representing The Attorney General.
- Hon. Rex Tugwell
Representing the Secretary of Agriculture.
- Hon. Turner Battle
Representing the Secretary of Labor.
- Hon. Hugh S. Johnson
Administrator of Industrial Control Act.
- Hon. John Dickinson, Executive Secretary.

Appointed to consider the:

- (1) Special Recovery Administration Bulletins Nos. 1 and 2,
- (2) Construction of Consumers Advisory Board,
- (3) Allocation of departmental funds and question of salaries.

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(Committee Meeting)

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Proceedings of the Committee
of the
NATIONAL INDUSTRIAL RECOVERY BOARD

The entire membership of the Committee being present, Chairman Roper called the meeting to order at 12:10 p.m. Chairman Roper requested that Mr. Dickinson, the Executive Secretary, proceed with the business before the Committee.

In his opening remarks Mr. Dickinson suggested that the President's address be printed and sent out as Bulletin No. 1, and that the bulletin under consideration on the code should be called Bulletin No. 2. This was approved by the Committee.

General Johnson stressed the fact that speed was necessary. As it was learned that the bulletin could be printed immediately upon its approval, Mr. Straus was delegated by Mr. Dickinson to see that the bulletins were printed immediately.

Mr. Battle stated that he did not want Labor groups to get the idea that they were not having a voice and that we are first consulting trade associations and letting Labor come in at the last moment. Mr. Dickinson assured him that as soon as the proper account was put in form a copy could be sent to all interested parties, particularly Labor. #

Mr. Dickinson brought up the matter of the alleged use of the personal pronoun in the bulletin copy, and General Johnson stated that if he had used the personal pronoun he did not want it to appear in the published bulletin.

At the request of Chairman Roper, the Secretary read the document through.

Mr. Tugwell called attention to the fact that the personal pronoun

"I" which the Attorney General had referred to at the board meeting appeared as part of the President's statement which was being incorporated in the bulletin.

When Mr. Dickinson read from the bulletin copy the sentence "Codes may be submitted by mail and will be promptly examined and associations or groups submitting them will be given such suggestions as are appropriate for further action", General Johnson broke in and called attention to the fact that there are no partitions in the offices where they are located, consequently, they are unable to handle the various conferences satisfactorily. Mr. Dickinson stated that he would see to it that some steel fronts were placed on the alcoves, and Chairman Roper suggested that it be worked out satisfactorily as soon as possible.

In response to the question from Mr. Battle as to whether or not the offices of the Administrator would be in the Department of Commerce Building, General Johnson said, "I will be in the Department of Commerce Building, Washington, D. C."

Chairman Roper emphasized the fact that the Major industries would be the first to receive the attention of the Administrator. General Johnson remarked "if this comes, it will bring an improvement in all labor."

At this point Chairman Roper suggested a change in the bulletin, that we should say - - - -" and at such a hearing a reasonable opportunity to be heard will be given to all interested parties including all affected Labor groups, trade associations or groups submitting codes and any essential minority (of the industries checked) rather than (any essential minority thereof.)

In response to a question of Mr. Stephens as to where publicity about the notice was to be made available to all concerned, General Johnson suggested that it be placed in the newspapers. Chairman Roper agreed with him on this. Mr. Stephens stressed the point that every one should be given an opportunity to be heard.

Mr. Battle suggested that General Johnson notify the Labor Department as well as the Department of Commerce. He pointed out that when the Labor group writes in his department will keep a file on each industry and when they are notified of the time of the hearing they can answer the various letters from the Labor groups which they have on file. #

General Johnson stated that they were trying to organize the Chamber of Commerce and interest the National Consumers Association of Trade. He assured Mr. Battle that he did not mean to offend the Labor group.

Mr. Battle then stated that there would be a "kick-back" if all labor groups whether organized or unorganized were not properly notified of the hearing. General Johnson agreed that they should be notified. #

Mr. Stephens stressed the point that the Board must have proof of public notices. He suggested that the notices could be hung in every post office throughout the country so that they could be sure that everyone saw one who wanted to know about it.

In response to Mr. Dickinson's request for a chart of details to acquaint the Board with things that ought to be spread out, General Johnson stated that at the present time it was not possible to do this. General Johnson stated that it was absolutely necessary to get these bulletins out right away and Chairman Roper agreed that this should be done.

General Johnson assured the Board that they would accomplish their purpose if they got out this public notice.

Mr. Tugwell offered the suggestion that representatives of consumers organizations should also receive notices of the hearing dates.

At this time Chairman Roper pointed out that we are not just appealing to those labor groups who are affected but we must appeal to the American people and give them the idea of cooperation.

Chairman Roper suggested that it might be advisable to say, instead of a person engaged in other steps of the economic process (whose services and welfare

might be affected by the approval of the proposed code)- ("whose cooperation is desirable in connection therewith").

Mr. Dickinson said that the idea might be expressed as follows:

"Sometimes all other persons or groups whose cooperation might be desirable in connection with such a code would be free to attend".

General Johnson told Chairman Roper that the Board was being very helpful to him in the large number of matters which he had to attend to. Chairman Roper assured him that the Board wanted to help him work out all problems. He did, however, call the Board's attention to the fact that it was advisable to proceed cautiously since once a wrong impression was given it would be very difficult to eradicate it.

At this point Dr. Dickinson read the following article from the Washington Post, June 19, 1933, which in his opinion might be a straw showing which way the wind was blowing:

"The most important thing to do in getting Uncle Sam on his feet is to keep him from reading the details of the new industrial recovery bill. If he discovers all the things the doctors are planning to try on him, he will go back to bed in self-defense.

He is to be given so much help that in the long run it may make him enemy.

Uncle Sam has always been accustomed to fighting his own way back to health without flowers. How he will react to being lifted, atomized, fanned, massaged and petted back to health remains to be seen."

When Mr. Dickinson completed reading the article, Chairman Roper remarked that "We can only help business to help itself".

In response to a question by Mr. Battle as to whether or not Labor

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was to be included in the submission of the codes, General Johnson stated that Labor would come in on the hearing. When Mr. Battle indicated his desire to take the files on the codes and check with the Labor people, General Johnson stated that there was going to be collective bargaining. When Mr. Dickinson read from the bulletin copy the following sentence, "It is not the function of the National Recovery Administration to prescribe what shall be in the codes to be submitted by associations or groups, or to compel the organization of either industry or labor", Mr. Stephens suggested that industry voice an opinion in this matter. Chairman Roper suggested the following sentence: "The initiative in such matters is expected to come from within the industry itself". This was to be italicized at the suggestion of Mr. Dickinson.

When Mr. Dickinson reached the sentence in the bulletin copy "An average work week should be designated so far as possible to provide for such a spread of employment as will provide work for employees normally attached to the particular industry", Mr. Stephens brought up the question of seasonal industries, some of which do 75 per cent more business at one time than at another. General Johnson stated that this was an informative sentence and that seasonal industries would be dealt with in the provision of the code when it comes up for discussion.

Chairman Roper suggested this change "Giving due consideration to seasonal industries and all circumstances which it affects".

Mr. Dickinson suggested "to provide for such a spread of employment as will provide work for employees normally attached to particular industries."

At this point Mr. Battle raised the question as to whether this would put more people to work. He stated that in his opinion it was not the purpose to cut them. General Johnson replied that it would mean additional capacity and additional machinery, which would be covered in a later bulletin. He further/

"It is almost asking to declare an armistice". Mr. Battle assured him that this was just a thought on his part.

At this point Mr. Tugwell suggested the insertion of the following:

"The principle emphasized in the President's statement should be recognized and adhered to;

"I am fully aware that wage increases will eventually raise costs, but I ask that managements give first consideration to the improvement of operating figures by greatly increased sales to be expected from the rising purchasing power of the public. That is good economics and good business. The aim of this whole effort is to restore our rich domestic market by raising its vast consuming capacity. If we now inflate prices as fast and as far as we increase wages, the whole project will be set at naught. We cannot hope for the full effect of this plan unless, in these first critical months, and, even at the expense of full initial profits, we defer price increases as long as possible.

"In the drafting of codes, attention is especially directed to this suggestion by the President that the recovery administration cannot be effective unless the consumer's buying power is protected. There will be full protection for the consumer. The right will be reserved at all times to make necessary economic or statistical investigations to establish the fairness of margins of expense and the justification for changes in prices. The codes should, in a preliminary way, recognize the interest of the public in the fairness of prices".

Mr. Tugwell assured the Board that it was the only thing he felt strong about. Mr. Dickinson stated that he thought it was too specific. General Johnson told Mr. Tugwell that for his protection there was nothing the matter with it. The suggestion was tabled for the time being.

Mr. Stephens emphasized the fact that the plan cannot succeed unless the consumers buying power is protected and Mr. Tugwell pointed out that this point was included in the President's statement. General Johnson asked the Board

not to forget that the situation would be critical if the prices increased much longer. General Johnson then called attention to the fact that there was a very grave danger in the cotton textile industry and stated that the bulletin must be worked out immediately.

After general discussion it was decided to delete paragraph (d) of Section 7, which dealt with increase in production.

Mr. Tugwell advised that it might be advisable to have a sentence incorporated at this point which would state the general purpose of the act. General Johnson stated that he did not want to get into policy matters. Mr. Dickinson agreed. In his opinion it was not necessary. General Johnson pointed out that it would be well not to be too specific and that he would rather treat the various matters more completely when they arose.

It was decided also to eliminate 3 (a) clause 1 and 2 of the act which provides "that such associations or groups impose no inequitable restrictions on admission to membership therein and are truly representative to such trades or industries or subdivisions thereof" and "that such code or codes are not designed to promote monopolies or to eliminate or oppress small enterprises and will not operate to discriminate against them, and will tend to effectuate the policy of this title".

Mr. Dickinson brought up the point that perhaps interest should be shown in the code of the cotton industry and General Johnson stated that the code as it now stood was merely a preliminary one.

Inasmuch as the balance of the bulletin was composed of notations from the act to which there were no objections, it was decided to forego further reading of the copy.

The bulletin as corrected was to be given to Mr. Straus who was to

submit a proof to Mr. Dickinson for approval before the bulletin was printed.

Chairman Roper now called the attention of the Committee to the hearing notices.

Mr. Dickinson proceeded to read the article regarding the cotton spinning and weaving industry.

The copy for the notices was acceptable until the point was raised by Mr. Dickinson whether it would be desirable from a psychological standpoint to have the hearings held at the Chamber of Commerce Building. Chairman Roper called the attention of the Board to the fact that the auditorium in the Department of Commerce was available. Mr. Dickinson, in response to a question from Mr. Stephens, stated that the auditorium held from 600 to 700 people. After considerable discussion it was decided that the hearings should be held in the First Floor Auditorium of the Department of Commerce Building.

Chairman Roper assured General Johnson that he believed that his action in starting with the cotton textile industry first was the correct thing to do.

At this point Mr. Dickinson pointed out that the cotton textile matter was the first instance of the two divisions of the act dovetailing,

Mr. Tugwell stated that he wanted an understanding as to where his section of the public work act should start and where the Industrial Recovery Board should start.

There were no other objections to the copy of the notice of the hearings, and it was unanimously agreed that the notice was an excellent one.

In response to a question from Mr. Stephens as to whether it was dangerous to offer the services of special advisors to give assistance to the people granted the hearing, General Johnson stated that he thought not, and that all proceedings were to be entirely informal with the sole purpose of proving all of the facts in the simplest way.

In response to a question from Mr. Dickinson as to how the notices were

to be distributed, the use of trade papers was suggested. Mr. Battle pointed out, however, that while these would reach organized labor it would not call the matter to the attention of the unorganized labor in the South. Mr. Dickinson pointed out that from a legal standpoint the Board was responsible to provide for proper publicity, and he believed that notices in the trade papers would not be sufficient from a legal standpoint. Chairman Roper stated that it was necessary that these notices be given plenty of publicity. Mr. Stephens suggested that the notices be posted in public places such as the post offices and Mr. Dickinson agreed that that suggestion was an excellent one. #

Mr. Stephens stated that there was not much difference legally between a notice through a radio hour, suggested by General Johnson, and the use of the public press. General Johnson pointed out that there was no legal requirement in the act that public notice be given. Mr. Stephens stated that although that was true, he expected someone in the minority, at a later date, to say something about their failure to learn of the notices. From previous experience in matters of this kind, he knew that (it was necessary to anticipate this).

Chairman Roper stated that in the clause about public notices, the following should be inserted: "The notices will be properly posted in Post Offices."

General Johnson agreed that as a matter of general practice the notices should be placed in the Post Offices, and Chairman Roper suggested that the matter be taken up immediately with the proper official at the Post Office Department. Mr. Stephens and Mr. Dickinson both stated that they would follow this matter up promptly.

When General Johnson requested the Board not to make any cast-iron regulations for him, Mr. Stephens assured him that the Board wanted to help him in every way possible. Mr. Dickinson in a closing comment on this subject stated that "we may have a kick-back later if proof of public notices is not included in the bulletins".

Mr. Dickinson then read Mr. Tugwell's suggested additions to the bulletin copy which had previously been tabled.

At Mr. Dickinson's suggestion the phrase "in the matter of prices" was substituted in the place of "in the fairness of prices".

General Johnson objected to the use of the word "right" and stated that we do not want to indicate that we are going to start out as the Federal Trade Commission did.

When Mr. Dickinson suggested that the phrase "in a preliminary way" be cut out, Mr. Tugwell stated that in his opinion it would be a mistake not to leave it in the copy. General Johnson stated that the wording indicated that he was going to do it anyway and raised the question why he should slap them in the face with it.

After a considerable general discussion on this statement it was decided to include the suggested copy as corrected by the Executive Secretary, with the understanding that the proof would be submitted for Chairman Roper's or Mr. Dickinson's approval before it was printed.

Mr. Dickinson then called the attention of the Board to the fact that there were two further matters for discussion. First, the construction of the Consumers Advisory Committee; and second, the question of salaries and the allocation of departmental funds.

General Johnson suggested that the allocation of departmental funds be left to those concerned with the particular departments, namely, Mr. Tugwell, Mr. Battle, and himself.

Mr. Tugwell indicated that it would be advisable to table this matter until Mr. Douglas was present. This was done.

General Johnson then mentioned the fact that it would help a lot if the matter of the Consumer's Advisory Board was settled. He stated that it was necessary that he have some Board of this nature functioning at the time of the

first hearing on June 27th. Mr. Dickinson raised the question as to whether the Advisory Board would be in Washington most of the time. General Johnson stated that the Board members would not be in Washington for any extended periods. Mr. Dickinson then stated that he believed it advisable that somebody be here constantly representing the Consumer's Advisory Board, in view of the fact that members would not be available, except at infrequent intervals. General Johnson agreed that there should be somebody representing the Board *persona grata*.

Mr. Dickinson then raised the question as to what is to be done in cases like the pottery industry, and Chairman Roper called attention to the canning industry. General Johnson replied that there should be an advisory committee representing any of these industries. Mr. Battle called attention to the fact that small manufacturers should also be represented. After general discussion of possible appointees to the Consumer's Advisory Board, General Johnson stated that he was trying to place Mr. Green and Mr. Fitts on the Consumer's Advisory Board. In response to a question by Chairman Roper as to whether or not he had notified Mr. Teagle, General Johnson stated that he had asked Mr. Teagle to serve.

General Johnson asked Chairman Roper: "Don't you think we should select our own Chairman?" Chairman Roper replied "certainly", and the members of the committee all agreed that this should be done.

Chairman Roper explained that the only thing that he would like to do was to look over the list with the view of adding two more names. He pointed out that as he had previously explained to General Johnson he had started the movement for a committee in the Department of Commerce of his own recommendation.

Chairman Roper then said "The only question is may we do this --- approve these names with the reservation that we would probably like to suggest a few others." Chairman Roper's suggestion met with the approval of all of the committee membership.

The business before the committee meeting having been completed, the meeting was adjourned at 1:15 p.m.

General Johnson's organization submitted for the Board's approval.

The following should be on a basis of not to exceed \$25.00 per day for each day of actual service plus expenses when away from their actual homes. Those marked with a star would go on a salary basis later.

*1.	The Administrator	Hugh Johnson
*1.	Assistant for Industry	Dudley Cates
*1.	" " Labor	E. F. McGrady
*1.	Public Relations Chief and	Boaz Long
*2.	Assistants	
*1.	Legal Division Chief and	Donald Richberg
*1.	Assistant	
*1.	Chairman, Labor Advisory Board	Leo Wolman
6.	Members " " "	(Named by Secretary of Labor)
1.	Chairman, Industrial " "	(" " " of Commerce)
6.	Members " " "	
*1.	Chairman, Consumers Advisory Board	(Named by President)
4.	Members " " "	" " "
*1.	Chief, Research & Planning and	Alexander Sachs
*4.	Assistants	

(Notice of the Hearing read by General
Johnson to the Board)

NATIONAL RECOVERY ADMINISTRATION

Notice of Hearing: No. 1-

Cotton Spinning & Weaving Industry:

The above Industry, as represented by The Cotton Textile Institute, The American Cotton Manufacturers' Association and The National Association of Cotton Manufacturers, said to represent substantially all textile mills, has submitted a proposed Basic Code of Fair Competition. A copy is attached. Notice is hereby given that a public hearing on this Code will be conducted by the Administrator. It will begin at 10:00 A. M., Tuesday, June 27th, at the Auditorium, first floor, Department of Commerce Building, Washington, D.C., and will continue until completed, but in any event until 12:00 noon, July 1st.

An opportunity to be heard (either in person or by duly appointed representative and either by appearance or by sending a written or telegraphic statement) will be given to any person or group who can show any reasonable interest in the effect of any provision of the proposed Code, whether it is as a worker in this industry or a consumer of its product, or as an employer in this industry who does not agree with the subscribers to the Code or in any other capacity.

If you want to appear in person, or by representative you should send by mail or telegram, before noon June 29th, to the Administrator, Room 3053 Department of Commerce, Washington, D.C. a notice of your intention in order that you may be given a place on the program and know when to appear. If you desire to send a written statement it must be mailed or telegraphed to the same address prior to noon, June 29th. The first paragraph of any such notice or statement should state in not more than one hundred words what your interest in the proposed Code is. You will be notified whether you have established an

interest and when to appear. Written statements should be condensed as much as possible and should be confined to specific facts that you can prove. Unsupported assertions will not be considered.

All proceedings will be entirely informal. These hearings are solely for the purpose of obtaining all the facts in the simplest way, and no legal argument will be heard or considered at this time. Representation by attorneys or specialists will be freely accorded but is not necessary since the industry, all affected labor groups and the consuming public will all be represented by special advisors employed by the Government and these specialists will give you advice and assistance if you need it.

General Johnson's organization submitted for the Board's approval.

The following should be on a basis of not to exceed \$25.00 per day for each day of actual service plus expenses when away from their actual homes. Those marked with a star would go on a salary basis later.

*1.	The Administrator	Hugh Johnson
*1.	Assistant for Industry	Dudley Cates
*1.	" " Labor	E. F. Mc Grady
*1.	Public Relations Chief and	Boaz Long
*2.	Assistants	
*1.	Legal Division Chief and	Donald Richbert
*1.	Assistant	
*1.	Chairman, Labor Advisory Board	Leo Wolman
6.	Members " " "	(Named by Secretary of Labor)
1.	Chairman, Industrial " "	(" " " of Commerce)
6.	Members " " "	
*1.	Chairman, Consumers Advisory Board	(Named by President)
4.	Members " " "	" " "
*1.	Chief, Research & Planning and	Alexander Sachs
*4.	Assistants	

Not to exceed 12 Deputy Administrators -

6 needed now :

- 1 - K. M. Simpson
- 2 - Nelson Slater
- 3 - A. D. Whiteside
- 4 - C. C. Williams
- 5 - W. L. Allen
- 6 - E. D. Howard

Labor, Consumer and Industrial Advisors selected by their respective Boards.

The following should be on a basis of not to exceed \$20. per day for each day of actual service plus expenses when away from their actual homes *

*2 Personal Assistants to Administrator

* Robert Straus

* F. M. Robinson

*2 Assistants - Public Relations

*4 Assistants - Research & Planning

* 1 Chief and 4 Assistants - Administrative Division

The following should be on a basis of not to exceed \$12. per day for each day of actual service plus expenses when away from their actual homes *

*4 Assistants - Public Relations

[PUBLIC—No. 67—73D CONGRESS]

[H.R. 5755]

AN ACT

To encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—INDUSTRIAL RECOVERY

DECLARATION OF POLICY

SECTION 1. A national emergency productive of widespread unemployment and disorganization of industry, which burdens interstate and foreign commerce, affects the public welfare, and undermines the standards of living of the American people, is hereby declared to exist. It is hereby declared to be the policy of Congress to remove obstructions to the free flow of interstate and foreign commerce which tend to diminish the amount thereof; and to provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among trade groups, to induce and maintain united action of labor and management under adequate governmental sanctions and supervision, to eliminate unfair competitive practices, to promote the fullest possible utilization of the present productive capacity of industries, to avoid undue restriction of production (except as may be temporarily required), to increase the consumption of industrial and agricultural products by increasing purchasing power, to reduce and relieve unemployment, to improve standards of labor, and otherwise to rehabilitate industry and to conserve natural resources.

ADMINISTRATIVE AGENCIES

SEC. 2. (a) To effectuate the policy of this title, the President is hereby authorized to establish such agencies, to accept and utilize such voluntary and uncompensated services, to appoint, without regard to the provisions of the civil service laws, such officers and employees, and to utilize such Federal officers and employees, and, with the consent of the State, such State and local officers and employees, as he may find necessary, to prescribe their authorities, duties, responsibilities, and tenure, and, without regard to the Classification Act of 1923, as amended, to fix the compensation of any officers and employees so appointed.

(b) The President may delegate any of his functions and powers under this title to such officers, agents, and employees as he may designate or appoint, and may establish an industrial planning and research agency to aid in carrying out his functions under this title.

authorized to make grants to the highway departments of the several States in an amount not less than \$400,000,000, to be expended by such departments in accordance with the provisions of the Federal Highway Act, approved November 9, 1921, as amended and supplemented, except as provided in this title, as follows:

(1) For expenditure in emergency construction on the Federal aid highway system and extensions thereof into and through municipalities. The amount apportioned to any State under this paragraph may be used to pay all or any part of the cost of surveys, plans, and of highway and bridge construction including the elimination of hazards to highway traffic, such as the separation of grades at crossing, the reconstruction of existing railroad grade crossing structures, the relocation of highways to eliminate railroad crossings, the widening of narrow bridges and roadways, the building of footpaths, the replacement of unsafe bridges, the construction of routes to avoid congested areas, the construction of facilities to improve accessibility and the free flow of traffic, and the cost of any other construction that will provide safer traffic facilities or definitely eliminate existing hazards to pedestrian or vehicular traffic. No funds made available by this title shall be used for the acquisition of any land, right of way, or easement in connection with any railroad grade elimination project.

(2) For expenditure in emergency construction on secondary or feeder roads to be agreed upon by the State highway departments and the Secretary of Agriculture: *Provided*, That the State or responsible political subdivision shall provide for the proper maintenance of said roads. Such grants shall be available for payment of the full cost of surveys, plans, improvement, and construction of secondary or feeder roads, on which projects shall be submitted by the State highway department and approved by the Secretary of Agriculture.

(b) Any amounts allocated by the President for grants under subsection (a) of this section shall be apportioned among the several States seven-eighths in accordance with the provisions of section 21 of the Federal Highway Act, approved November 9, 1921, as amended and supplemented (which Act is hereby further amended for the purposes of this title to include the District of Columbia), and one-eighth in the ratio which the population of each State bears to the total population of the United States, according to the latest decennial census and shall be available on July 1, 1933, and shall remain available until expended; but no part of the funds apportioned to any State need be matched by the State, and such funds may also be used in lieu of State funds to match unobligated balances of previous apportionments of regular Federal-aid appropriations.

(c) All contracts involving the expenditure of such grants shall contain provisions establishing minimum rates of wages, to be predetermined by the State highway department, which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals for bids for the work.

(d) In the expenditure of such amounts, the limitations in the Federal Highway Act, approved November 9, 1921, as amended and

supplemented, upon highway construction, reconstruction, and bridges within municipalities and upon payments per mile which may be made from Federal funds, shall not apply.

(e) As used in this section the term "State" includes the Territory of Hawaii and the District of Columbia. The term "highway" as defined in the Federal Highway Act approved November 9, 1921, as amended and supplemented, for the purposes of this section, shall be deemed to include such main parkways as may be designated by the State and approved by the Secretary of Agriculture as part of the Federal-aid highway system.

(f) Whenever, in connection with the construction of any highway project under this section or section 202 of this Act, it is necessary to acquire rights of way over or through any property or tracts of land owned and controlled by the Government of the United States, it shall be the duty of the proper official of the Government of the United States having control of such property or tracts of land with the approval of the President and the Attorney General of the United States, and without any expense whatsoever to the United States, to perform any acts and to execute any agreements necessary to grant the rights of way so required, but if at any time the land or the property the subject of the agreement shall cease to be used for the purposes of the highway, the title in and the jurisdiction over the land or property shall automatically revert to the Government of the United States and the agreement shall so provide.

(g) Hereafter in the administration of the Federal Highway Act, and Acts amendatory thereof or supplementary thereto, the first paragraph of section 9 of said Act shall not apply to publicly owned toll bridges or approaches thereto, operated by the highway department of any State, subject, however, to the condition that all tolls received from the operation of any such bridge, less the actual cost of operation and maintenance, shall be applied to the repayment of the cost of its construction or acquisition, and when the cost of its construction or acquisition shall have been repaid in full, such bridge thereafter shall be maintained and operated as a free bridge.

SEC. 205. (a) Not less than \$50,000,000 of the amount made available by this Act shall be allotted for (A) national forest highways, (B) national forest roads, trails, bridges, and related projects, (C) national park roads and trails in national parks owned or authorized, (D) roads on Indian reservations, and (E) roads through public lands, to be expended in the same manner as provided in paragraph (2) of section 301 of the Emergency Relief and Construction Act of 1932, in the case of appropriations allocated for such purposes, respectively, in such section 301, to remain available until expended.

(b) The President may also allot funds made available by this Act for the construction, repair, and improvement of public highways in Alaska, the Canal Zone, Puerto Rico, and the Virgin Islands.

SEC. 206. All contracts let for construction projects and all loans and grants pursuant to this title shall contain such provisions as are necessary to insure (1) that no convict labor shall be employed on any such project; (2) that (except in executive, administrative, and supervisory positions), so far as practicable and feasible, no individual directly employed on any such project shall be permitted to work more than thirty hours in any one week; (3) that all em-

ployees shall be paid just and reasonable wages which shall be compensation sufficient to provide, for the hours of labor as limited, a standard of living in decency and comfort; (4) that in the employment of labor in connection with any such project, preference shall be given, where they are qualified, to ex-service men with dependents, and then in the following order: (A) To citizens of the United States and aliens who have declared their intention of becoming citizens, who are bona fide residents of the political subdivision and/or county in which the work is to be performed, and (B) to citizens of the United States and aliens who have declared their intention of becoming citizens, who are bona fide residents of the State, Territory, or district in which the work is to be performed: *Provided*, That these preferences shall apply only where such labor is available and qualified to perform the work to which the employment relates; and (5) that the maximum of human labor shall be used in lieu of machinery wherever practicable and consistent with sound economy and public advantage.

Sec. 207. (a) For the purpose of expediting the actual construction of public works contemplated by this title and to provide a means of financial assistance to persons under contract with the United States to perform such construction, the President is authorized and empowered, through the Administrator or through such other agencies as he may designate or create, to approve any assignment executed by any such contractor, with the written consent of the surety or sureties upon the penal bond executed in connection with his contract, to any national or State bank, or his claim against the United States, or any part of such claim, under such contract; and any assignment so approved shall be valid for all purposes, notwithstanding the provisions of sections 3737 and 3477 of the Revised Statutes, as amended.

(b) The funds received by a contractor under any advances made in consideration of any such assignment are hereby declared to be trust funds in the hands of such contractor to be first applied to the payment of claims of subcontractors, architects, engineers, surveyors, laborers, and material men in connection with the project, to the payment of premiums on the penal bond or bonds, and premiums accruing during the construction of such project on insurance policies taken in connection therewith. Any contractor and any officer, director, or agent of any such contractor, who applies, or consents to the application of, such funds for any other purpose and fails to pay any claim or premium hereinbefore mentioned, shall be deemed guilty of a misdemeanor and shall be punished by a fine of not more than \$1,000 or by imprisonment for not more than one year, or by both such fine and imprisonment.

(c) Nothing in this section shall be considered as imposing upon the assignee any obligation to see to the proper application of the funds advanced by the assignee in consideration of such assignment.

SUBSISTENCE HOMESTEADS

SEC. 208. To provide for aiding the redistribution of the overbalance of population in industrial centers \$25,000,000 is hereby made available to the President, to be used by him through such agencies as he may establish and under such regulations as he may make, for

making loans for and otherwise aiding in the purchase of subsistence homesteads. The moneys collected as repayment of said loans shall constitute a revolving fund to be administered as directed by the President for the purposes of this section.

RULES AND REGULATIONS

SEC. 209. The President is authorized to prescribe such rules and regulations as may be necessary to carry out the purposes of this title, and any violation of any such rule or regulation shall be punishable by fine of not to exceed \$500 or imprisonment not to exceed six months, or both.

ISSUE OF SECURITIES AND SINKING FUND

SEC. 210. (a) The Secretary of the Treasury is authorized to borrow, from time to time, under the Second Liberty Bond Act, as amended, such amounts as may be necessary to meet the expenditures authorized by this Act, or to refund any obligations previously issued under this section, and to issue therefor bonds, notes, certificates of indebtedness, or Treasury bills of the United States.

(b) For each fiscal year beginning with the fiscal year 1934 there is hereby appropriated, in addition to and as part of, the cumulative sinking fund provided by section 6 of the Victory Liberty Loan Act, as amended, out of any money in the Treasury not otherwise appropriated, for the purpose of such fund, an amount equal to $2\frac{1}{2}$ per centum of the aggregate amount of the expenditures made out of appropriations made or authorized under this Act as determined by the Secretary of the Treasury.

REEMPLOYMENT AND RELIEF TAXES

SEC. 211. (a) Effective as of the day following the date of the enactment of this Act, section 617 (a) of the Revenue Act of 1932 is amended by striking out "1 cent" and inserting in lieu thereof " $1\frac{1}{2}$ cents".

(b) Effective as of the day following the date of the enactment of this Act, section 617 (c) (2) of such Act is amended by adding at the end thereof a new sentence to read as follows: "As used in this paragraph the term 'benzol' does not include benzol sold for use otherwise than as a fuel for the propulsion of motor vehicles, motor boats, or airplanes, and otherwise than in the manufacture or production of such fuel."

SEC. 212. Titles IV and V of the Revenue Act of 1932 are amended by striking out "1934" wherever appearing therein and by inserting in lieu thereof "1935". Section 761 of the Revenue Act of 1932 is further amended by striking out "and on July 1, 1933" and inserting in lieu thereof "and on July 1, 1933, and on July 1, 1934."

SEC. 213. (a) There is hereby imposed upon the receipt of dividends (required to be included in the gross income of the recipient under the provisions of the Revenue Act of 1932) by any person other than a domestic corporation, an excise tax equal to 5 per centum of the amount thereof, such tax to be deducted and withheld from such dividends by the payor corporation. The tax imposed by this section shall not apply to dividends declared before the date of the enactment of this Act.

[Page 67.]

(b) Every corporation required to deduct and withhold any tax under this section shall, on or before the last day of the month following the payment of the dividend, make return thereof and pay the tax to the collector of the district in which its principal place of business is located, or, if it has no principal place of business in the United States, to the collector at Baltimore, Maryland.

(c) Every such corporation is hereby made liable for such tax and is hereby indemnified against the claims and demands of any person for the amount of any payment made in accordance with the provisions of this section.

(d) The provisions of sections 115, 771 to 774, inclusive, and 1111 of the Revenue Act of 1932 shall be applicable with respect to the tax imposed by this section.

(e) The taxes imposed by this section shall not apply to the dividends of any corporation enumerated in section 103 of the Revenue Act of 1932.

SEC. 214. Section 104 of the Revenue Act of 1932 is amended by striking out the words "the surtax" wherever occurring in such section and inserting in lieu thereof "any internal-revenue tax." The heading of such section is amended by striking out "surtaxes" and inserting in lieu thereof "internal-revenue taxes." Section 13(c) of such Act is amended by striking out "surtax" and inserting in lieu thereof "internal-revenue tax."

SEC. 215. (a) For each year ending June 30 there is hereby imposed upon every domestic corporation with respect to carrying on or doing business for any part of such year an excise tax of \$1 for each \$1,000 of the adjusted declared value of its capital stock.

(b) For each year ending June 30 there is hereby imposed upon every foreign corporation with respect to carrying on or doing business in the United States for any part of such year an excise tax equivalent to \$1 for each \$1,000 of the adjusted declared value of capital employed in the transaction of its business in the United States.

(c) The taxes imposed by this section shall not apply—

(1) to any corporation enumerated in section 103 of the Revenue Act of 1932;

(2) to any insurance company subject to the tax imposed by section 201 or 204 of such Act;

(3) to any domestic corporation in respect of the year ending June 30, 1933, if it did not carry on or do business during a part of the period from the date of the enactment of this Act to June 30, 1933, both dates inclusive; or

(4) to any foreign corporation in respect of the year ending June 30, 1933, if it did not carry on or do business in the United States during a part of the period from the date of the enactment of this Act to June 30, 1933, both dates inclusive.

(d) Every corporation liable for tax under this section shall make a return under oath within one month after the close of the year with respect to which such tax is imposed to the collector for the district in which is located its principal place of business or, if it has no principal place of business in the United States, then to the collector at Baltimore, Maryland. Such return shall contain such information and be made in such manner as the Commissioner with

the approval of the Secretary may by regulations prescribe. The tax shall, without assessment by the Commissioner or notice from the collector, be due and payable to the collector before the expiration of the period for filing the return. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 1 per centum a month from the time when the tax became due until paid. All provisions of law (including penalties) applicable in respect of the taxes imposed by section 600 of the Revenue Act of 1926 shall, in so far as not inconsistent with this section, be applicable in respect of the taxes imposed by this section. The Commissioner may extend the time for making the returns and paying the taxes imposed by this section, under such rules and regulations as he may prescribe with the approval of the Secretary, but no such extension shall be for more than sixty days.

(e) Returns required to be filed for the purpose of the tax imposed by this section shall be open to inspection in the same manner, to the same extent, and subject to the same provisions of law, including penalties, as returns made under title II of the Revenue Act of 1926.

(f) For the first year ending June 30 in respect of which a tax is imposed by this section upon any corporation, the adjusted declared value shall be the value, as declared by the corporation in its first return under this section (which declaration of value cannot be amended), as of the close of its last income-tax taxable year ending at or prior to the close of the year for which the tax is imposed by this section (or as of the date of organization in the case of a corporation having no income-tax taxable year ending at or prior to the close of the year for which the tax is imposed by this section). For any subsequent year ending June 30, the adjusted declared value in the case of a domestic corporation shall be the original declared value plus (1) the cash and fair market value of property paid in for stock or shares, (2) paid-in surplus and contributions to capital, and (3) earnings and profits, and minus (A) the value of property distributed in liquidation to shareholders, (B) distributions of earnings and profits, and (C) deficits, whether operating or nonoperating; each adjustment being made for the period from the date as of which the original declared value was declared to the close of its last income-tax taxable year ending at or prior to the close of the year for which the tax is imposed by this section. For any subsequent year ending June 30, the adjusted declared value in the case of a foreign corporation shall be the original declared value adjusted, in accordance with regulations prescribed by the Commissioner with the approval of the Secretary, to reflect increases or decreases (for the period specified in the preceding sentence) in the capital employed in the transaction of its business in the United States.

(g) The terms used in this section shall have the same meaning as when used in the Revenue Act of 1932.

SEC. 216. (a) There is hereby imposed upon the net income of every corporation, for each income-tax taxable year ending after the close of the first year in respect of which it is taxable under section 215, an excess-profits tax equivalent to 5 per centum of such portion of its net income for such income-tax taxable year as is in excess of $12\frac{1}{2}$ per centum of the adjusted declared value of its capital stock (or in the case of a foreign corporation the adjusted

declared value of capital employed in the transaction of its business in the United States) as of the close of the preceding income-tax taxable year (or as of the date of organization if it had no preceding income-tax taxable year) determined as provided in section 215. The terms used in this section shall have the same meaning as when used in the Revenue Act of 1932.

(b) The tax imposed by this section shall be assessed, collected, and paid in the same manner, and shall be subject to the same provisions of law (including penalties), as the taxes imposed by title I of the Revenue Act of 1932.

SEC. 217. (a) The President shall proclaim the date of—

(1) the close of the first fiscal year ending June 30 of any year after the year 1933, during which the total receipts of the United States (excluding public-debt receipts) exceed its total expenditures (excluding public-debt expenditures other than those chargeable against such receipts), or

(2) the repeal of the eighteenth amendment to the Constitution,

whichever is the earlier.

(b) Effective as of the 1st day of the calendar year following the date so proclaimed section 617(a) of the Revenue Act of 1932, as amended, is amended by striking out "1½ cents" and inserting in lieu thereof "1 cent".

(c) The tax on dividends imposed by section 213 shall not apply to any dividends declared on or after the 1st day of the calendar year following the date so proclaimed.

(d) The capital-stock tax imposed by section 215 shall not apply to any taxpayer in respect of any year beginning on or after the 1st day of July following the date so proclaimed.

(e) The excess-profits tax imposed by section 216 shall not apply to any taxpayer in respect of any taxable year after its taxable year during which the date so proclaimed occurs.

SEC. 218. (a) Effective as of January 1, 1933, sections 117, 23(i), 169, 187, and 205 of the Revenue Act of 1932 are repealed.

(b) Effective as of January 1, 1933, section 23(r)(2) of the Revenue Act of 1932 is repealed.

(c) Effective as of January 1, 1933, section 23(r)(3) of the Revenue Act of 1932 is amended by striking out all after the word "Territory" and inserting a period.

(d) Effective as of January 1, 1933, section 182(a) of the Revenue Act of 1932 is amended by inserting at the end thereof a new sentence as follows: "No part of any loss disallowed to a partnership as a deduction by section 23(r) shall be allowed as a deduction to a member of such partnership in computing net income."

(e) Effective as of January 1, 1933, section 141(c) of the Revenue Act of 1932 is amended by striking out "except that for the taxable years 1932 and 1933 there shall be added to the rate of tax prescribed by sections 13(a), 201(b), and 204(a), a rate of three fourths of 1 per centum" and inserting in lieu thereof the following: "except that for the taxable years 1932 and 1933 there shall be added to the rate of tax prescribed by sections 13(a), 201(b), and 204(a), a rate of three fourths of 1 per centum and except that for the taxable years 1934 and 1935 there shall be added to the rate of tax prescribed by sections 13(a), 201(b), and 204(a), a rate of 1 per centum".

(f) No interest shall be assessed or collected for any period prior to September 15, 1933, upon such portion of any amount determined as a deficiency in income taxes as is attributable solely to the amendments made to the Revenue Act of 1932 by this section.

(g) In cases where the effect of this section is to require for a taxable year ending prior to June 30, 1933, the making of an income-tax return not otherwise required by law, the time for making the return and paying the tax shall be the same as if the return was for a fiscal year ending June 30, 1933.

(h) Section 55 of the Revenue Act of 1932 is amended by inserting before the period at the end thereof a semicolon and the following: "and all returns made under this Act after the date of enactment of the National Industrial Recovery Act shall constitute public records and shall be open to public examination and inspection to such extent as shall be authorized in rules and regulations promulgated by the President".

SEC. 219. Section 500 (a) (1) of the Revenue Act of 1926, as amended, is amended by striking out the period at the end of the second sentence thereof and inserting in lieu thereof a comma and the following: "except that no tax shall be imposed in the case of persons admitted free to any spoken play (not a mechanical reproduction), whether or not set to music or with musical parts or accompaniments, which is a consecutive narrative interpreted by a single set of characters, all necessary to the development of the plot, in two or more acts, the performance consuming more than 1 hour and 45 minutes of time."

APPROPRIATION

SEC. 220. For the purposes of this Act, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$3,300,000,000. The President is authorized to allocate so much of said sum, not in excess of \$100,000,000, as he may determine to be necessary for expenditures in carrying out the Agricultural Adjustment Act and the purposes, powers, and functions heretofore and hereafter conferred upon the Farm Credit Administration.

SEC. 221. Section 7 of the Agricultural Adjustment Act, approved May 12, 1933, is amended by striking out all of its present terms and provisions and substituting therefor the following:

"SEC. 7. The Secretary shall sell the cotton held by him at his discretion, but subject to the foregoing provisions: *Provided*, That he shall dispose of all cotton held by him by March 1, 1936: *Provided further*, That, notwithstanding the provisions of section 6, the Secretary shall have authority to enter into option contracts with producers of cotton to sell to the producers such cotton held by him, in such amounts and at such prices and upon such terms and conditions as the Secretary may deem advisable, in combination with rental or benefit payments provided for in part 2 of this title.

"Notwithstanding any provisions of existing law, the Secretary of Agriculture may in the administration of the Agricultural Adjustment Act make public such information as he deems necessary in order to effectuate the purposes of such Act."

TITLE III—AMENDMENTS TO EMERGENCY RELIEF AND CONSTRUCTION ACT AND MISCELLANEOUS PROVISIONS

SECTION 301. After the expiration of ten days after the date upon which the Administrator has qualified and taken office, (1) no application shall be approved by the Reconstruction Finance Corporation under the provisions of subsection (a) of section 201 of the Emergency Relief and Construction Act of 1932, as amended, and (2) the Administrator shall have access to all applications, files, and records of the Reconstruction Finance Corporation relating to loans and contracts and the administration of funds under such subsection: *Provided*, That the Reconstruction Finance Corporation may issue funds to a borrower under such subsection (a) prior to January 23, 1939, under the terms of any agreement or any commitment to bid upon or purchase bonds entered into with such borrower pursuant to an application approved prior to the date of termination, under this section, of the power of the Reconstruction Finance Corporation to approve applications.

DECREASE OF BORROWING POWER OF RECONSTRUCTION FINANCE CORPORATION

SEC. 302. The amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered under section 9 of the Reconstruction Finance Corporation Act, as amended, to have outstanding at any one time is decreased by \$400,000,000.

SEPARABILITY CLAUSE

SEC. 303. If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

SHORT TITLE

SEC. 304. This Act may be cited as the "National Industrial Recovery Act."

Approved, June 16, 1933, 11:55 a.m.

(c) This title shall cease to be in effect and any agencies established hereunder shall cease to exist at the expiration of two years after the date of enactment of this Act, or sooner if the President shall by proclamation or the Congress shall by joint resolution declare that the emergency recognized by section 1 has ended.

CODES OF FAIR COMPETITION

SEC. 3. (a) Upon the application to the President by one or more trade or industrial associations or groups, the President may approve a code or codes of fair competition for the trade or industry or subdivision thereof, represented by the applicant or applicants, if the President finds (1) that such associations or groups impose no inequitable restrictions on admission to membership therein and are truly representative of such trades or industries or subdivisions thereof, and (2) that such code or codes are not designed to promote monopolies or to eliminate or oppress small enterprises and will not operate to discriminate against them, and will tend to effectuate the policy of this title: *Provided*, That such code or codes shall not permit monopolies or monopolistic practices: *Provided further*, That where such code or codes affect the services and welfare of persons engaged in other steps of the economic process, nothing in this section shall deprive such persons of the right to be heard prior to approval by the President of such code or codes. The President may, as a condition of his approval of any such code, impose such conditions (including requirements for the making of reports and the keeping of accounts) for the protection of consumers, competitors, employees, and others, and in furtherance of the public interest, and may provide such exceptions to and exemptions from the provisions of such code, as the President in his discretion deems necessary to effectuate the policy herein declared.

(b) After the President shall have approved any such code, the provisions of such code shall be the standards of fair competition for such trade or industry or subdivision thereof. Any violation of such standards in any transaction in or affecting interstate or foreign commerce shall be deemed an unfair method of competition in commerce within the meaning of the Federal Trade Commission Act, as amended; but nothing in this title shall be construed to impair the powers of the Federal Trade Commission under such Act, as amended.

(c) The several district courts of the United States are hereby invested with jurisdiction to prevent and restrain violations of any code of fair competition approved under this title; and it shall be the duty of the several district attorneys of the United States, in their respective districts, under the direction of the Attorney General, to institute proceedings in equity to prevent and restrain such violations.

(d) Upon his own motion, or if complaint is made to the President that abuses inimical to the public interest and contrary to the policy herein declared are prevalent in any trade or industry or subdivision thereof, and if no code of fair competition therefor has theretofore been approved by the President, the President, after such public notice and hearing as he shall specify, may prescribe and approve a code of fair competition for such trade or industry or subdivision

thereof, which shall have the same effect as a code of fair competition approved by the President under subsection (a) of this section.

(e) On his own motion, or if any labor organization, or any trade or industrial organization, association, or group, which has complied with the provisions of this title, shall make complaint to the President that any article or articles are being imported into the United States in substantial quantities or increasing ratio to domestic production of any competitive article or articles and on such terms or under such conditions as to render ineffective or seriously to endanger the maintenance of any code or agreement under this title, the President may cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigations under this subsection, and if, after such investigation and such public notice and hearing as he shall specify, the President shall find the existence of such facts, he shall, in order to effectuate the policy of this title, direct that the article or articles concerned shall be permitted entry into the United States only upon such terms and conditions and subject to the payment of such fees and to such limitations in the total quantity which may be imported (in the course of any specified period or periods) as he shall find it necessary to prescribe in order that the entry thereof shall not render or tend to render ineffective any code or agreement made under this title. In order to enforce any limitations imposed on the total quantity of imports, in any specified period or periods, of any article or articles under this subsection, the President may forbid the importation of such article or articles unless the importer shall have first obtained from the Secretary of the Treasury a license pursuant to such regulations as the President may prescribe. Upon information of any action by the President under this subsection the Secretary of the Treasury shall, through the proper officers, permit entry of the article or articles specified only upon such terms and conditions and subject to such fees, to such limitations in the quantity which may be imported, and to such requirements of license, as the President shall have directed. The decision of the President as to facts shall be conclusive. Any condition or limitation of entry under this subsection shall continue in effect until the President shall find and inform the Secretary of the Treasury that the conditions which led to the imposition of such condition or limitation upon entry no longer exists.

(f) When a code of fair competition has been approved or prescribed by the President under this title, any violation of any provision thereof in any transaction in or affecting interstate or foreign commerce shall be a misdemeanor and upon conviction thereof an offender shall be fined not more than \$500 for each offense, and each day such violation continues shall be deemed a separate offense.

AGREEMENTS AND LICENSES

SEC. 4. (a) The President is authorized to enter into agreements with, and to approve voluntary agreements between and among, persons engaged in a trade or industry, labor organizations, and trade or industrial organizations, associations, or groups, relating to any trade or industry, if in his judgment such agreements will aid in effectuating the policy of this title with respect to transactions in or

affecting interstate or foreign commerce, and will be consistent with the requirements of clause (2) of subsection (a) of section 3 for a code of fair competition.

(b) Whenever the President shall find that destructive wage or price cutting or other activities contrary to the policy of this title are being practiced in any trade or industry or any subdivision thereof, and, after such public notice and hearing as he shall specify, shall find it essential to license business enterprises in order to make effective a code of fair competition or an agreement under this title or otherwise to effectuate the policy of this title, and shall publicly so announce, no person shall, after a date fixed in such announcement, engage in or carry on any business, in or affecting interstate or foreign commerce, specified in such announcement, unless he shall have first obtained a license issued pursuant to such regulations as the President shall prescribe. The President may suspend or revoke any such license, after due notice and opportunity for hearing, for violations of the terms or conditions thereof. Any order of the President suspending or revoking any such license shall be final if in accordance with law. Any person who, without such a license or in violation of any condition thereof, carries on any such business for which a license is so required, shall, upon conviction thereof, be fined not more than \$500, or imprisoned not more than six months, or both, and each day such violation continues shall be deemed a separate offense. Notwithstanding the provisions of section 2 (c), this subsection shall cease to be in effect at the expiration of one year after the date of enactment of this Act or sooner if the President shall by proclamation or the Congress shall by joint resolution declare that the emergency recognized by section 1 has ended.

SEC. 5. While this title is in effect (or in the case of a license, while section 4 (a) is in effect) and for sixty days thereafter, any code, agreement, or license approved, prescribed, or issued and in effect under this title, and any action complying with the provisions thereof taken during such period, shall be exempt from the provisions of the antitrust laws of the United States.

Nothing in this Act, and no regulation thereunder, shall prevent an individual from pursuing the vocation of manual labor and selling or trading the products thereof; nor shall anything in this Act, or regulation thereunder, prevent anyone from marketing or trading the produce of his farm.

LIMITATIONS UPON APPLICATION OF TITLE

SEC. 6. (a) No trade or industrial association or group shall be eligible to receive the benefit of the provisions of this title until it files with the President a statement containing such information relating to the activities of the association or group as the President shall by regulation prescribe.

(b) The President is authorized to prescribe rules and regulations designed to insure that any organization availing itself of the benefits of this title shall be truly representative of the trade or industry or subdivision thereof represented by such organization. Any organization violating any such rule or regulation shall cease to be entitled to the benefits of this title.

(c) Upon the request of the President, the Federal Trade Commission shall make such investigations as may be necessary to enable the President to carry out the provisions of this title, and for such purposes the Commission shall have all the powers vested in it with respect of investigations under the Federal Trade Commission Act, as amended.

SEC. 7. (a) Every code of fair competition, agreement, and license approved, prescribed, or issued under this title shall contain the following conditions: (1) That employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection; (2) that no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing; and (3) that employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment, approved or prescribed by the President.

(b) The President shall, so far as practicable, afford every opportunity to employers and employees in any trade or industry or subdivision thereof with respect to which the conditions referred to in clauses (1) and (2) of subsection (a) prevail, to establish by mutual agreement, the standards as to the maximum hours of labor, minimum rates of pay, and such other conditions of employment as may be necessary in such trade or industry or subdivision thereof to effectuate the policy of this title; and the standards established in such agreements, when approved by the President, shall have the same effect as a code of fair competition, approved by the President under subsection (a) of section 3.

(c) Where no such mutual agreement has been approved by the President he may investigate the labor practices, policies, wages, hours of labor, and conditions of employment in such trade or industry or subdivision thereof; and upon the basis of such investigations, and after such hearings as the President finds advisable, he is authorized to prescribe a limited code of fair competition fixing such maximum hours of labor, minimum rates of pay, and other conditions of employment in the trade or industry or subdivision thereof investigated as he finds to be necessary to effectuate the policy of this title, which shall have the same effect as a code of fair competition approved by the President under subsection (a) of section 3. The President may differentiate according to experience and skill of the employees affected and according to the locality of employment; but no attempt shall be made to introduce any classification according to the nature of the work involved which might tend to set a maximum as well as a minimum wage.

(d) As used in this title, the term "person" includes any individual, partnership, association, trust, or corporation; and the terms "interstate and foreign commerce" and "interstate or foreign commerce" include, except where otherwise indicated, trade or commerce among the several States and with foreign nations, or between the

District of Columbia or any Territory of the United States and any State, Territory, or foreign nation, or between any insular possessions or other places under the jurisdiction of the United States, or between any such possession or place and any State or Territory of the United States or the District of Columbia or any foreign nation, or within the District of Columbia or any Territory or any insular possession or other place under the jurisdiction of the United States.

APPLICATION OF AGRICULTURAL ADJUSTMENT ACT

SEC. 8. (a) This title shall not be construed to repeal or modify any of the provisions of title I of the Act entitled "An Act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes", approved May 12, 1933; and such title I of said Act approved May 12, 1933, may for all purposes be hereafter referred to as the "Agricultural Adjustment Act."

(b) The President may, in his discretion, in order to avoid conflicts in the administration of the Agricultural Adjustment Act and this title, delegate any of his functions and powers under this title with respect to trades, industries, or subdivisions thereof which are engaged in the handling of any agricultural commodity or product thereof, or of any competing commodity or product thereof, to the Secretary of Agriculture.

OIL REGULATION

SEC. 9. (a) The President is further authorized to initiate before the Interstate Commerce Commission proceedings necessary to prescribe regulations to control the operations of oil pipe lines and to fix reasonable, compensatory rates for the transportation of petroleum and its products by pipe lines, and the Interstate Commerce Commission shall grant preference to the hearings and determination of such cases.

(b) The President is authorized to institute proceedings to divorce from any holding company any pipe-line company controlled by such holding company which pipe-line company by unfair practices or by exorbitant rates in the transportation of petroleum or its products tends to create a monopoly.

(c) The President is authorized to prohibit the transportation in interstate and foreign commerce of petroleum and the products thereof produced or withdrawn from storage in excess of the amount permitted to be produced or withdrawn from storage by any State law or valid regulation or order prescribed thereunder, by any board, commission, officer, or other duly authorized agency of a State. Any violation of any order of the President issued under the provisions of this subsection shall be punishable by fine of not to exceed \$1,000, or imprisonment for not to exceed six months, or both.

RULES AND REGULATIONS

SEC. 10. (a) The President is authorized to prescribe such rules and regulations as may be necessary to carry out the purposes of

this title, and fees for licenses and for filing codes of fair competition and agreements, and any violation of any such rule or regulation shall be punishable by fine of not to exceed \$500, or imprisonment for not to exceed six months, or both.

(b) The President may from time to time cancel or modify any order, approval, license, rule, or regulation issued under this title; and each agreement, code of fair competition, or license approved, prescribed, or issued under this title shall contain an express provision to that effect.

TITLE II—PUBLIC WORKS AND CONSTRUCTION PROJECTS

FEDERAL EMERGENCY ADMINISTRATION OF PUBLIC WORKS

SECTION 201. (a) To effectuate the purposes of this title, the President is hereby authorized to create a Federal Emergency Administration of Public Works, all the powers of which shall be exercised by a Federal Emergency Administrator of Public Works (hereafter referred to as the "Administrator"), and to establish such agencies, to accept and utilize such voluntary and uncompensated services, to appoint, without regard to the civil service laws, such officers and employees, and to utilize such Federal officers and employees, and, with the consent of the State, such State and local officers and employees as he may find necessary, to prescribe their authorities, duties, responsibilities, and tenure, and, without regard to the Classification Act of 1923, as amended, to fix the compensation of any officers and employees so appointed. The President may delegate any of his functions and powers under this title to such officers, agents, and employees as he may designate or appoint.

(b) The Administrator may, without regard to the civil service laws or the Classification Act of 1923, as amended, appoint and fix the compensation of such experts and such other officers and employees as are necessary to carry out the provisions of this title; and may make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere, for law books and books of reference, and for paper, printing and binding) as are necessary to carry out the provisions of this title.

(c) All such compensation, expenses, and allowances shall be paid out of funds made available by this Act.

(d) After the expiration of two years after the date of the enactment of this Act, or sooner if the President shall by proclamation or the Congress shall by joint resolution declare that the emergency recognized by section 1 has ended, the President shall not make any further loans or grants or enter upon any new construction under this title, and any agencies established hereunder shall cease to exist and any of their remaining functions shall be transferred to such departments of the Government as the President shall designate: *Provided*, That he may issue funds to a borrower under this title prior to January 23, 1939, under the terms of any agreement, or any commitment to bid upon or purchase bonds, entered into with such borrower prior to the date of termination, under this section, of the power of the President to make loans.

SEC. 202. The Administrator, under the direction of the President, shall prepare a comprehensive program of public works, which shall include among other things the following: (a) Construction, repair, and improvement of public highways and park ways, public buildings, and any publicly owned instrumentalities and facilities; (b) conservation and development of natural resources, including control, utilization, and purification of waters, prevention of soil or coastal erosion, development of water power, transmission of electrical energy, and construction of river and harbor improvements and flood control and also the construction of any river or drainage improvement required to perform or satisfy any obligation incurred by the United States through a treaty with a foreign Government heretofore ratified and to restore or develop for the use of any State or its citizens water taken from or denied to them by performance on the part of the United States of treaty obligations heretofore assumed: *Provided*, That no river or harbor improvements shall be carried out unless they shall have heretofore or hereafter been adopted by the Congress or are recommended by the Chief of Engineers of the United States Army; (c) any projects of the character heretofore constructed or carried on either directly by public authority or with public aid to serve the interests of the general public; (d) construction, reconstruction, alteration, or repair under public regulation or control of low-cost housing and slum-clearance projects; (e) any project (other than those included in the foregoing classes) of any character heretofore eligible for loans under subsection (a) of section 201 of the Emergency Relief and Construction Act of 1932, as amended, and paragraph (3) of such subsection (a) shall for such purposes be held to include loans for the construction or completion of hospitals the operation of which is partly financed from public funds, and of reservoirs and pumping plants and for the construction of dry docks; and if in the opinion of the President it seems desirable, the construction of naval vessels within the terms and/or limits established by the London Naval Treaty of 1930 and of aircraft required therefor and construction of heavier-than-air aircraft and technical construction for the Army Air Corps and such Army housing projects as the President may approve, and provision of original equipment for the mechanization or motorization of such Army tactical units as he may designate: *Provided, however*, That in the event of an international agreement for the further limitation of armament, to which the United States is signatory, the President is hereby authorized and empowered to suspend, in whole or in part, any such naval or military construction or mechanization and motorization of Army units: *Provided further*, That this title shall not be applicable to public works under the jurisdiction or control of the Architect of the Capitol or of any commission or committee for which such Architect is the contracting and/or executive officer.

SEC. 203. (a) With a view to increasing employment quickly (while reasonably securing any loans made by the United States) the President is authorized and empowered, through the Administrator or through such other agencies as he may designate or create, (1) to construct, finance, or aid in the construction or financing of any public-works project included in the program prepared pursuant to section

202; (2) upon such terms as the President shall prescribe, to make grants to States, municipalities, or other public bodies for the construction, repair, or improvement of any such project, but no such grant shall be in excess of 30 per centum of the cost of the labor and materials employed upon such project; (3) to acquire by purchase, or by exercise of the power of eminent domain, any real or personal property in connection with the construction of any such project, and to sell any security acquired or any property so constructed or acquired or to lease any such property with or without the privilege of purchase: *Provided*, That all moneys received from any such sale or lease or the repayment of any loan shall be used to retire obligations issued pursuant to section 209 of this Act, in addition to any other moneys required to be used for such purpose; (4) to aid in the financing of such railroad maintenance and equipment as may be approved by the Interstate Commerce Commission as desirable for the improvement of transportation facilities; and (5) to advance, upon request of the Commission having jurisdiction of the project, the unappropriated balance of the sum authorized for carrying out the provisions of the Act entitled "An Act to provide for the construction and equipment of an annex to the Library of Congress", approved June 13, 1930 (46 Stat. 583); such advance to be expended under the direction of such Commission and in accordance with such Act: *Provided*, That in deciding to extend any aid or grant hereunder to any State, county, or municipality the President may consider whether action is in process or in good faith assured therein reasonably designed to bring the ordinary current expenditures thereof within the prudently estimated revenues thereof. The provisions of this section and section 202 shall extend to public works in the several States, Hawaii, Alaska, the District of Columbia, Puerto Rico, the Canal Zone, and the Virgin Islands.

(b) All expenditures for authorized travel by officers and employees, including subsistence, required on account of any Federal public-works projects, shall be charged to the amounts allocated to such projects, notwithstanding any other provisions of law; and there is authorized to be employed such personal services in the District of Columbia and elsewhere as may be required to be engaged upon such work and to be in addition to employees otherwise provided for, the compensation of such additional personal services to be a charge against the funds made available for such construction work.

(c) In the acquisition of any land or site for the purposes of Federal public buildings and in the construction of such buildings provided for in this title, the provisions contained in sections 305 and 306 of the Emergency Relief and Construction Act of 1932, as amended, shall apply.

(d) The President, in his discretion, and under such terms as he may prescribe, may extend any of the benefits of this title to any State, county, or municipality notwithstanding any constitutional or legal restriction or limitation on the right or power of such State, county, or municipality to borrow money or incur indebtedness.

SEC. 204. (a) For the purpose of providing for emergency construction of public highways and related projects, the President is

NATIONAL RECOVERY ADMINISTRATION

BULLETIN No. 1

STATEMENT BY THE
PRESIDENT OF THE UNITED STATES
OF AMERICA OUTLINING POLICIES
OF THE NATIONAL RECOVERY
ADMINISTRATION



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1933

NATIONAL RECOVERY ADMINISTRATION

Bulletin No. 1

June 16, 1933

The law I have just signed was passed *to put people back to work*—to let them buy more of the products of farms and factories and start our business at a living rate again. This task is in two stages—first, to get many hundreds of thousands of the unemployed back on the pay roll by snowfall and second, to plan for a better future for the longer pull. While we shall not neglect the second, the first stage is an emergency job. It has the right of way.

The second part of the act gives employment by a vast program of public works. Our studies show that we should be able to hire many men at once and to step up to about a million new jobs by October 1, and a much greater number later. We must put at the head of our list those works which are fully ready to start now. Our first purpose is to create employment as fast as we can but we should not pour money into unproved projects.

We have worked out our plans for action. Some of it will start tomorrow. I am making available \$400,000,000 for State roads under regulations which I have just signed and I am told that the States will get this work under way at once. I have also just released over \$200,000,000 for the Navy to start building ships under the London treaty.

In my inaugural I laid down the simple proposition that nobody is going to starve in this country. It seems to me to be equally plain that no business which depends for existence on paying less than living wages to its workers has any right to continue in this country. By "business" I mean the whole of commerce as well as the whole of industry; by workers I mean all workers—the white-collar class as well as the men in overalls; and by *living wages* I mean more than a bare subsistence level—I mean the wages of *decent* living.

Throughout industry, the change from starvation wages and starvation employment to living wages and sustained employment can, in large part, be made by an industrial covenant to which all employers shall subscribe. It is greatly to their interest to do this because decent living, widely spread among our 125,000,000 people eventually means the opening up to industry of the richest market which the

world has known. It is the only way to utilize the so-called excess capacity of our industrial plants. This is the principle that makes this one of the most important laws that ever came from Congress because, before the passage of this act, no such industrial covenant was possible.

On this idea, the first part of the act proposes to our industry a great spontaneous cooperation to put millions of men back in their regular jobs this summer. The idea is simply for employers to hire more men to do the existing work by reducing the work-hours of each man's week and at the same time paying a living wage for the shorter week.

No employer and no group of less than all employers in a single trade could do this alone and continue to live in business competition. But if *all* employers in each trade now band themselves faithfully in these modern guilds—without exception—and agree to act together and at once, none will be hurt and millions of workers, so long deprived of the right to earn their bread in the sweat of their labor, can raise their heads again. The challenge of this law is whether we can sink selfish interest and present a solid front against a common peril.

It is a challenge to industry which has long insisted that, given the right to act in unison, it could do much for the general good which has hitherto been unlawful. From today it has that right.

Many good men voted this new charter with misgivings. I do not share these doubts. I had part in the great cooperation of 1917 and 1918 and it is my faith that we can count on our industry once more to join in our general purpose to lift this new threat and to do it without taking any advantage of the public trust which has this day been reposed without stint in the good faith and high purpose of American business.

But industry is challenged in another way. It is not only the slackers within trade groups who may stand in the path of our common purpose. In a sense these groups compete with each other, and no single industry, and no separate cluster of industries, can do this job alone, for exactly the same reason that no single employer can do it alone. In other words, we can imagine such a thing as a *slacker industry*.

This law is also a challenge to labor. Workers, too, are here given a new charter of rights long sought and hitherto denied. But they know that the first move expected by the Nation is a great cooperation of all employers, by one single mass action, to improve the case of workers on a scale never attempted in any nation. Industries can do this only if they have the support of the whole public and especially of their own workers. This is not a law to foment discord and it will not be executed as such. This is a time for mutual confidence and help

and we can safely rely on the sense of fair play among all Americans to assure every industry which now moves forward promptly in this united drive against depression that its workers will be with it to a man.

It is, further, a challenge to administration. We are relaxing some of the safeguards of the antitrust laws. The public must be protected against the abuses that led to their enactment, and to this end we are putting in place of old principles of unchecked competition some new Government controls. They must above all be impartial and just. Their purpose is to free business—not to shackle it—and no man who stands on the constructive forward-looking side of his industry has anything to fear from them. To such men the opportunities for individual initiative will open more amply than ever. Let me make it clear, however, that the antitrust laws still stand firmly against monopolies that restrain trade and price fixing which allows inordinate profits or unfairly high prices.

If we ask our trade groups to do that which exposes their business, as never before, to undermining by members who are unwilling to do their parts, we must guard those who play the game for the general good against those who may seek selfish gains from the unselfishness of others. We must protect them from the racketeers who invade organizations of both employers and workers. We are spending billions of dollars and if that spending is really to serve our ends it must be done quickly. We must see that our haste does not permit favoritism and graft. All this is a heavy load for any Government and one that can be borne only if we have the patience, cooperation, and support of people everywhere.

Finally, this law is a challenge to our whole people. There is no power in America that can force against the public will such action as we require. But there is no group in America that can withstand the force of an aroused public opinion. This great cooperation can succeed only if those who bravely go forward to restore jobs have aggressive public support and those who lag are made to feel the full weight of public disapproval.

As to the machinery—the practical way of accomplishing what we are setting out to do, when a trade association has a code ready to submit and the association has qualified as truly representative, and after reasonable notice has been issued to all concerned, a public hearing will be held by the Administrator or a deputy. A Labor Advisory Board appointed by the Secretary of Labor will be responsible that every affected labor group, whether organized or unorganized, is fully and adequately represented in an advisory capacity and any interested labor group will be entitled to be heard through representatives of its own choosing. An Industrial Advisory Board appointed by the Secretary of Commerce will be responsible that every affected industrial

group is fully and adequately represented in an advisory capacity and any interested industrial group will be entitled to be heard through representatives of its own choosing. A Consumers' Advisory Board will be responsible that the interests of the consuming public will be represented and every reasonable opportunity will be given to any group or class who may be affected directly or indirectly to present their views.

At the conclusion of these hearings and after the most careful scrutiny by a competent economic staff the Administrator will present the subject to me for my action under the law.

I am fully aware that wage increases will eventually raise costs, but I ask that managements give first consideration to the improvement of operating figures by greatly increased sales to be expected from the rising purchasing power of the public. That is good economics and good business. The aim of this whole effort is to restore our rich domestic market by raising its vast consuming capacity. If we now inflate prices as fast and as far as we increase wages, the whole project will be set at naught. We cannot hope for the full effect of this plan unless, in these first critical months, and, even at the expense of full initial profits, we defer price increases as long as possible. If we can thus start a strong sound upward spiral of business activity our industries will have little doubt of black-ink operations in the last quarter of this year. The pent-up demand of this people is very great and if we can release it on so broad a front, we need not fear a lagging recovery. There is greater danger of too much feverish speed.

In a few industries, there has been some forward buying at unduly depressed prices in recent weeks. Increased costs resulting from this Government-inspired movement may make it very hard for some manufacturers and jobbers, to fulfill some of their present contracts without loss. It will be a part of this wide industrial cooperation for those having the benefit of these forward bargains (contracted before the law was passed) to take the initiative in revising them to absorb some share of the increase in their suppliers' costs, thus raised in the public interest. It is only in such a willing and considerate spirit, throughout the whole of industry, that we can hope to succeed.

Under title I of this act, I have appointed Hugh Johnson as Administrator and a special Industrial Recovery Board under the chairmanship of the Secretary of Commerce. This organization is now prepared to receive proposed codes and to conduct prompt hearings looking toward their submission to me for approval. While acceptable proposals of no trade group will be delayed, it is my hope that the 10 major industries which control the bulk of industrial employment can submit their simple basic codes at once and that the country can look forward to the month of July as the beginning of our great national movement back to work.

During the coming 3 weeks title II relating to public works and construction projects will be temporarily conducted by Col. Donald H. Sawyer as Administrator and a special temporary board consisting of the Secretary of the Interior as chairman, the Secretary of Commerce, the Secretary of Agriculture, the Secretary of War, the Attorney General, the Secretary of Labor, and the Director of the Budget.

During the next 2 weeks the Administrator and this board will make a study of all projects already submitted or to be submitted and, as previously stated, certain allotments under the new law will be made immediately.

Between these twin efforts—public works and industrial reemployment, it is not too much to expect that a great many men and women can be taken from the ranks of the unemployed before winter comes. It is the most important attempt of this kind in history. As in the great crisis of the World War, it puts a whole people to the simple but vital test: "*Must we go on in many groping, disorganized, separate units to defeat or shall we move as one great team to victory?*"



NATIONAL RECOVERY ADMINISTRATION

BULLETIN No. 2

BASIC CODES
OF FAIR COMPETITION



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1933

NATIONAL RECOVERY ADMINISTRATION

Bulletin No. 2

June 19, 1933

BASIC CODES OF FAIR COMPETITION

(1) This bulletin is intended to inform all trade associations, industrial and labor groups how to proceed to secure the benefits of the National Industrial Recovery Act. In his statement upon the signing of the act, the President said with reference to prompt submission of codes of fair competition:

This organization is now prepared to receive proposed codes and to conduct prompt hearings looking toward their submission to me for approval. While acceptable proposals of no trade group will be delayed it is my hope that the 10 major industries which control the bulk of industrial employment can submit their simple basic codes at once and that the country can look forward to the month of July as the beginning of our great national movement back to work.

This bulletin covers the procedure necessary to comply with the President's suggestion.

(2) The National Recovery Administration will receive proposed codes at any time after this date at its office in the Department of Commerce Building, Washington, D.C. Codes may be submitted by mail and will be promptly examined and associations or groups submitting them will be given such suggestions as are appropriate for further action. Consistent with the President's statement, the major industries will so far as practical have the first attention of the Administrator.

As soon as the proposed code is put in proper form, after consultation with those submitting it, due public notice will be given of a date for a hearing on the code, and at such hearing a reasonable opportunity to be heard will be given to all interested parties, including all affected labor groups, and representatives of consumer organizations, the trade associations or groups submitting codes and any essential minority thereof, other concerns not members thereof, and persons engaged in other steps of the economic process whose service and welfare might be affected by the approval of the proposed code. This hearing will be held by a person designated by the Administrator and there will be present, to advise that person, experts in the industry under consideration and the labor pertaining thereto, who will be

chosen under the supervision of the Secretaries of Commerce and Labor, respectively. All other persons or concerns whose cooperation is desirable in connection with the proposed code shall be entitled to attend such hearings.

(3) After such a hearing the proposed code may be modified at the suggestion of the Administration or otherwise and as so modified, if it is agreed to by representatives of the association or group presenting it and ratified by such association or group under such conditions as the Administration may prescribe, it will be presented to the President for his approval or disapproval or suggested modification, and when finally approved by the President, it shall have the effect prescribed by the National Industrial Recovery Act.

(4) In order to carry out the President's suggestion as quoted in paragraph (1) and to effect an immediate reduction of unemployment and increase of mass purchasing power, trade associations or groups are invited to submit without delay a basic code covering only such agreements as are consistent with the policy of the act, respecting maximum hours of labor, minimum rates of wages, and such means as each industry may find necessary to protect its constructive and cooperating majority from the wasteful and unfair competition of minorities or recalcitrants. Additions, modifications, and refinements of such basic codes will be considered later upon application by such associations or groups.

(5) The act requires that certain provisions found in subsection (a) of section 7 shall be included in every code and therefore no application for the approval of any basic code will be received which omits or modifies these mandatory provisions, which are as follows:

Every code of fair competition, agreement, and license approved, prescribed, or issued under this title shall contain the following conditions: (1) That employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection; (2) that no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing; and (3) that employers shall comply with the maximum hours of labor, minimum rates of pay, maximum machine-load of employees, and other conditions of employment, approved or prescribed by the President.

(6) *It is not the function of the National Recovery Administration to prescribe what shall be in the codes to be submitted by associations or groups. The initiative in all such matters is expected to come from within the industry itself.* Neither is it the purpose of the Administration to compel the organization of either industry or labor. Basic codes containing provisions respecting maximum hours of labor, minimum rates of pay, and other conditions of employment, which

are in themselves satisfactory, will be subject to approval, although such conditions may not have been arrived at by collective bargaining.

(7) In preparing basic codes, the following principles should be given consideration:

(a) Basic code provisions relating to maximum hours may involve appropriate consideration of the varying conditions and requirements of the several industries and the state of employment therein. An average work week should be designed so far as possible to provide for such a spread of employment as will provide work so far as practical for employees normally attached to the particular industry.

(b) Minimum wage scales should be sufficient to furnish compensation for the hours of work as limited, sufficient *in fact* to provide a decent standard of living in the locality where the workers reside.

(c) Conditions of employment should contain necessary safeguards for the health and safety of the workers and for stabilization of their employment.

(d) The following principle emphasized in the President's statement should be recognized and adhered to:

I am fully aware that wage increases will eventually raise costs, but I ask that managements give first consideration to the improvement of operating figures by greatly increased sales to be expected from the rising purchasing power of the public. That is good economics and good business. The aim of this whole effort is to restore our rich domestic market by raising its vast consuming capacity. If we now inflate prices as fast and as far as we increase wages, the whole project will be set at naught. *We cannot hope for the full effect of this plan unless, in these first critical months, and, even at the expense of full initial profits, we defer price increases as long as possible.*

In the drafting of codes, attention is especially directed to this suggestion by the President that the Recovery Administration cannot be effective unless the consumer's buying power is protected. There will be full protection for the consumer. The codes should recognize the interest of the public in the matter of prices.

(8) At the hearings described in paragraph (2) every trade association or group proposing a code should be prepared to establish by evidence the requirements of section 3 (a), clause 1, of the act which provides:

that such associations or groups impose no inequitable restrictions on admission to membership therein and are truly representative to such trades or industries or subdivisions thereof.

and of section 3 (a), clause 2, of the act which provides:

that such code or codes are not designed to promote monopolies or to eliminate or oppress small enterprises and will not operate to discriminate against them, and will tend to effectuate the policy of this title.

(9) It is the purpose of the act to encourage a voluntary submission of codes of fair competition and the procedure offered by these provisions for basic codes is intended to simplify and expedite this process.

But in the event that codes of fair competition are not voluntarily submitted, attention is invited to other pertinent provisions of the act. It is provided in section 3 (d) of the act that the President upon his own motion or if complaint is made, may after public notice and hearing prescribe a code of fair competition for a trade or industry or subdivision thereof. Section 3 (d) reads as follows:

Upon his own motion, or if complaint is made to the President that abuses inimical to the public interest and contrary to the policy herein declared are prevalent in any trade or industry or subdivision thereof, and if no code of fair competition therefor has theretofore been approved by the President, the President, after such public notice and hearing as he shall specify, may prescribe and approve a code of fair competition for such trade or industry or subdivision thereof, which shall have the same effect as a code of fair competition approved by the President under subsection (a) of this section.

In this same connection, attention should be directed to the requirements of sections 7 (b) and (c), which read as follows:

The President shall, so far as practicable, afford every opportunity to employers and employees in any trade or industry or subdivision thereof with respect to which the conditions referred to in clauses (1) and (2) of subsection (a) prevail, to establish by mutual agreement, the standards as to the maximum hours of labor, minimum rates of pay, ~~maximum machine-load of employees~~, and such other conditions of employment as may be necessary in such trade or industry or subdivision thereof to effectuate the policy of this title; and the standards established in such agreements, when approved by the President, shall have the same effect as a code of fair competition, approved by the President under subsection (a) of section 3.

(c) Where no such mutual agreement has been approved by the President he may investigate the labor practices, policies, wages, hours of labor, and conditions of employment in such trade or industry or subdivision thereof; and upon the basis of such investigations, and after such hearings as the President finds advisable, he is authorized to prescribe a limited code of fair competition fixing such maximum hours of labor, minimum rates of pay, and other conditions of employment in the trade or industry or subdivision thereof investigated as he finds to be necessary to effectuate the policy of this title, which shall have the same effect as a code of fair competition approved by the President under subsection (a) of section 3. The President may differentiate according to experience and skill of the employees affected and according to the locality of employment; but no attempt shall be made to introduce any classification according to the nature of the work involved which might tend to set a maximum as well as a minimum wage.

Under the foregoing provisions of the act if no code or agreement establishing standards as to maximum hours of labor, minimum rates of pay, and conditions of employment has been approved by the President, the President is authorized under the foregoing section 7 (c) to prescribe a limited code upon the basis of such investigations and after such hearings as he finds advisable.

HUGH S. JOHNSON,
Administrator.

Approved by:

National Industrial Recovery Board.

HON. DANIEL C. ROPER, *Chairman.*
HON. HOMER S. CUMMINGS.
HON. HAROLD L. ICKES.
HON. HENRY A. WALLACE.
HON. FRANCES PERKINS.
HON. CHARLES H. MARCH.
HON. LEWIS W. DOUGLAS.
HON. JOHN DICKINSON, *Executive Secretary.*



DEPARTMENT OF COMMERCE
OFFICE OF THE SECRETARY
WASHINGTON

June 19, 1933

Miss Marie Robertson
Secy. to the Hon. Turner Battle
Room 701, Dept. of Labor
Washington, D. C.

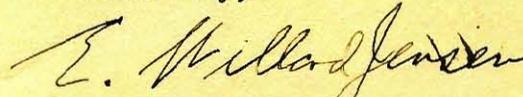
Dear Miss Robertson -

This will confirm telephone conversation today in which it was stated there were several typographical errors in the abstract of the minutes of meeting No. 1 of the Special Industrial Recovery Board.

In order that this abstract of the minutes be accurate, I am enclosing corrected pages which are to be substituted for pages of the corresponding number in the book.

Thank you for taking care of this matter.

Sincerely,



E. Willard Jensen
Assistant Secretary
Special Industrial Recovery Board.

EWJ:EC
encls.

DEPARTMENT OF COMMERCE

OFFICE OF THE ASSISTANT SECRETARY

WASHINGTON

July 7, 1933

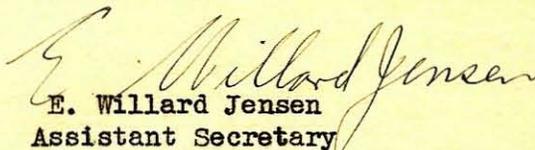
Miss Marie Robertson
Secretary to Mr. Battle
The Department of Labor

Dear Miss Robertson:

I am enclosing indexes to the minutes of Board Meetings Nos. 1 and 2 and the committee meeting that followed the first meeting. I believe these will be found of value in case Mr. Battle desires to refer to some particular subject.

May I suggest that you have these pages incorporated in the copies of the minutes which were sent to you last week. You will note that each index is paged to follow the minutes to which it refers.

Sincerely,


E. Willard Jensen

Assistant Secretary
Special Industrial Recovery Board