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Congressional battles with Franklin D. Roosevelt over vetoes of veterans' compensation, 1933-36

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**Congressional Battles With Franklin D. Roosevelt
Over Vetoes of Veterans' Compensation, 1933-36**

Valiant J. Heyer

**M.A. in History
University of Richmond, Virginia
1995**

Dr. R. Barry Westin, Thesis Advisor

This thesis offers the first historical study specifically focusing on Franklin Roosevelt's battles with Congress over veterans' care and compensation from 1933 to 1936. The historical problem addressed in this thesis is, why did the New Deal congresses, with overwhelming Democratic majorities, rise in opposition to Roosevelt's policies and push for passage of veteran benefit programs that were known to be unacceptable to their President? Although most historians explain away the veterans' issue by attributing congressional efforts to pay the "bonus" to simple election-year pressure, this thesis provides a markedly different conclusion. Based on the Congressional Record, manuscript collections of several congressmen, autobiographies and public papers, and contemporary newspaper accounts, this thesis demonstrates that Roosevelt's problem-solving brilliance during the banking crisis and the Depression was to some extent offset by his inept handling of veterans' compensation issues and his overbearing manner of dealing with Congress. In fact, the first attacks on New Deal agencies by Democrats in Congress arose precisely because of Roosevelt's stubborn refusal to allow for the compensation of veterans despite the votes of an overwhelming majority of his own party.

I certify that I have read this thesis and find that, in scope and quality, it satisfies the requirements for the degree of Master of Arts/Science.

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CONGRESSIONAL BATTLES WITH FRANKLIN D. ROOSEVELT
OVER VETOES OF VETERANS' COMPENSATION, 1933-36

By

VALIANT J. HEYER

B.A., Brigham Young University, 1993

A Thesis

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of the University of Richmond

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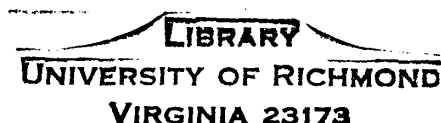
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INTRODUCTION

An historian of vetoes has noted that "of great importance to Franklin Roosevelt, perhaps greater than the veto itself, was his threat to use it unless Congress sent him bills he could approve." Although the New Deal congresses, the Seventy-Third through the Seventy-Fifth, certainly sent the President many of the bills he requested, they also presented him, despite his firm opposition, with numerous bills he had promised to veto. In his twelve years as President, Roosevelt vetoed 635 bills, the majority of which, ironically, dealt with individual relief during the height of the Depression. Despite the large number of vetoes, Congress responded by overriding the President only nine times in that twelve year period. Of those nine override decisions, four concerned benefits, pensions, and the so-called "bonus" for America's war veterans, and a fifth override attempt failed by eight votes. The question that merits detailed examination is: why did the New Deal congresses, with overwhelming Democratic majorities, rise in opposition to Roosevelt's policies and push for passage of veteran benefit programs that were unacceptable to their President?¹

This thesis offers the first historical study focusing specifically on Franklin

¹Carlton Jackson, Presidential Vetoes, 1792-1945, (Athens: University of Georgia Press, 1967), 205; "Adjusted service certificates" is the term used in the Congressional Record instead of "bonus," and thus will be used hereafter. The term "bonus" was coined by opponents of veterans' legislation to highlight the perceived extravagance of the government expenditure on veteran relief. See Congressional Record, 74th Cong., 1st Sess., 3997; the fifth effort refers to the 1935 Patman Bill vetoed by Roosevelt. The House overrode the veto, but the Senate sustained the President.

Roosevelt's battles with Congress over veterans' care and compensation from 1933 to 1936. Some historians, such as Arthur Schlesinger, Jr., Frank Freidel, and William Leuchtenburg, have included only brief mentions of the "bonus" issue in biographical works and monographs on Roosevelt and the New Deal. Although these scholars praise Roosevelt for the remarkable first "hundred days" of his presidency, they have ignored evidence that Roosevelt's problem-solving brilliance at this time was to some extent offset by his inept handling of veterans' compensation issues and his overbearing manner of dealing with Congress. In fact, the first attacks on New Deal agencies by Democrats in Congress arose precisely because of Roosevelt's stubborn refusal to allow for the compensation of veterans.²

While the "hundred days" were filled with important accomplishments, they also contained political errors that the President himself attempted to conceal. On 14 May 1933 Roosevelt delivered a radio speech in which he reviewed the achievements of his first two months as President. Significantly, Roosevelt conspicuously avoided any mention of the second major emergency measure he sped through Congress, the Economy

² William Leuchtenburg, Franklin D. Roosevelt and the New Deal, (New York: Harper & Row, 1963), 45, 147, 171; Arthur Schlesinger, Jr., The Politics of Upheaval: The Age of Roosevelt, (Boston: Houghton Mifflin, 1960), 10-11, 504; Frank Freidel, Franklin D. Roosevelt: A Rendezvous With Destiny, (Boston: Little, Brown and Co., 1990), 96-97, 169, 192. These few pages are the only references to veterans' issues in these works. Leuchtenburg devotes more attention to the amended Volstead Act (Beer Bill) and its effect on pretzel-makers than he does to the serious financial effects of the Economy Act passed three days earlier (45-47). He described the 1936 passage of the "baby bonus" with a noticeable lack of detail: "Together with the \$2 billion bonus which Congress enacted over Roosevelt's veto, it created an immediate need for new revenue" (171).

Act, because he recognized that it had been an ill-advised action that needed correction.³ It was during this same period that the seeds of a conservative coalition against Roosevelt were planted and began to germinate in Congress. By examining only Roosevelt's successes and portraying him as a master politician, historians have minimized the political importance of veterans' benefits in the New Deal congresses, and have failed to explain accurately the willingness of Democratic Congressmen to abandon their President on this issue. By examining both matters, this thesis fills a gap in historical accounts of the New Deal years in Congress.

SUMMARY OF VETERANS' ISSUES

Franklin Roosevelt was, of course, not the first president to face the thorny problem of veteran compensation, as many programs and laws were already on the books when he took office. In 1917, Congress had passed the War Risk Insurance Act, which guaranteed soldiers up to \$10,000 in life insurance for a premium of \$8 per every \$1,000 earned in military wages, and promised "reasonable" medical care in the event of disability by providing subsidized Veterans' Bureau hospitals. The brief duration of American involvement in the war resulted in as yet unconstructed hospital facilities for hundreds of thousands of injured veterans upon their return. Because procedures for determining the extent of disabilities were not yet established, "men died while officials disputed the question of the rate of compensation to which they were entitled." The

³Maude Fowler (Milford, Nebraska) to Senator George Norris, 25 May 1933, Folder 2 "Economy Bill," Box 177, George Norris Papers, Manuscript Division, Library of Congress, Washington, D.C.

American Legion rapidly became the most prominent and potent veterans' organization, leading the drive for improved medical facilities and disability payments for veterans. In 1919 the Legion convinced Congress to approve a \$50 per month disability increase, and two years later President Warren G. Harding established the Veterans' Bureau with an annual budget of \$500 million. The American Legion accomplished its stated goals, and the issue of veterans' benefits seemed to be resolved.⁴

The problem quickly returned to national attention in the following two years, as investigations uncovered scandals within the Veterans' Bureau amounting to \$200 million wasted in building contracts and resale of hospital supplies, largely perpetrated by Charles Forbes, a onetime deserter from the army who was appointed Director of the Veterans' Bureau by Harding. Although the Bureau was repairable, the cause of veterans' benefits suffered serious damage. Later opponents of military compensation frequently pointed to the Veterans' Bureau corruption as the inevitable result of increased expenditures on veteran benefits.⁵

Such criticism surrounded the drive in 1924 for adjusted service compensation, or, in other words, restoring to World War I veterans the civilian pay they lost while engaged in military service. Similar demands for adjusted compensation were made by railroads, war contractors, government employees, and corporations, all of whom contributed capital

⁴William Pencak, For God and Country: The American Legion, 1919-1941, (Boston: Northeastern University Press, 1989), 177-179.

⁵Ibid., 182-185; Thomas Bailey and David Kennedy, The American Pageant, 7th Edition (Lexington, Massachusetts: D.C. Heath and Company, 1983), 729-730.

or income to the war effort. Each of these groups received, through the Dent Act, adjusted compensation in cash for war losses, amounting to a combined \$5.5 billion. The only sizeable class of citizens left unrewarded by the Dent Act were the ex-soldiers who fought in the World War. Veterans, represented by the American Legion, lobbied for a similar settlement with the government, requesting adjusted compensation for four million soldiers who served during the war, and Congress, overriding President Calvin Coolidge's veto, passed the World War Adjusted Compensation Act, promising \$4 billion in pay restoration to veterans. Because of the economic prosperity of the early 1920s, Congress determined that, unlike the railroads and war contractors, veterans would benefit more from some form of long-term investment than from cash. As a result, The Adjusted Compensation Act provided for the issue of adjusted-service certificates "granting an additional \$1 per day for service in this country and an additional \$1.25 per day for service overseas . . . with interest added to those who served more than 110 days. . . . These certificates were dated January 1, 1945, or on the death of the veteran."⁶

Although the adjusted-service certificates represented a potential payment of \$4 billion, the amount appeared a mere pittance when compared with the war-time pay of federal employees. Government workers engaging in manual labor during the War earned between \$5 and \$25 per day, while Federal clerks and employees whose earnings did not exceed \$2,500 were given annual bonuses of \$240. After the War, the Dent Act provided

⁶Congress, House. Representative John Robsion of Kentucky speaking in favor of the proposed Vinson and Patman bills to provide adjusted compensation, H.R. 3896 and H.R. 1, 74th Cong., 1st Sess., Congressional Record (20 March 1935), 4098-4099.

adjusted compensation to Federal employees, whose wages, despite being as much as twenty-five times more than that of the soldiers who risked their lives, had been reduced by fifteen percent during the War. Every effort was made to compensate these workers for the reduced salaries. The government's generosity was not extended to the soldiers, however. Congress fixed soldier and sailor pay at \$1 per day for service in America and \$1.25 daily for overseas duty. Out of this \$30 monthly wage, servicemen were required to pay \$7 for War Risk Insurance, and \$15 as an allotment to support dependents. They were then encouraged to use the remaining \$8 to purchase Liberty Bonds as a further contribution to the war effort, and many of them did so. As a result of meager wages and required expenditures, soldiers, who were taken "from their opportunities to make money and for educational advancement," were woefully unprepared to survive the coming Depression without savings or employment. Instead of cash veterans received, as one Senator called the certificates, the promise of "a generous Shylock," to be kept for a rainy day twenty five years in the future.⁷

Veterans' organizations were pleased that Congress had addressed their grievances and taken action on their behalf, even though their plea for full cash payment was ignored in favor of the adjusted-service certificate plan. The certificates were also considered an important political victory by the most zealous advocates of cash compensation, including Congressman and future Supreme Court Justice Fred Vinson of Kentucky. By passing the Act, Congress had established that the certificates represented a debt owed to veterans,

⁷Ibid., 4098; Remarks by Senator William King of Utah in support of H.R. 1., *Ibid.*, 4109.

not a "bonus" as it was derisively labeled. Vinson voted for the certificates with the belief that "if we would pass the Adjusted Certificates Act, in a subsequent Congress we could amend that act and secure cash payment . . . for the veteran in his lifetime."⁸

Efforts to amend the Adjusted Certificates Act were given an important boost in 1929 with the arrival in Washington of the newly-elected Democratic Congressman from Texas, Wright Patman. Patman was a World War I veteran, a member of the American Legion and a concerned champion of unemployed and impoverished ex-servicemen. He considered the certificate plan for compensation a fraud, and vowed to introduce legislation to force the government to repay the debt owed to World War veterans immediately instead of in 1945. On May 28, 1929, Patman presented Congress with H.R. 3493, the first bill demanding immediate payment of the adjusted-service certificates, opening a seven-year battle with Republican and Democratic leaders of Congress, and two Presidents, Herbert Hoover, and Franklin Roosevelt.⁹

In 1930 Patman was assigned to the World War Veterans Legislation Committee, where he worked to pressure the House Ways and Means Committee to consider his bill. For eleven months the Chairman of the Ways and Means Committee, Republican Willis Hawley of Oregon, refused to bring the bill under consideration. Patman organized a

⁸Congress, House. Representative Vinson of Kentucky speaking in favor of the cash compensation bill he introduced, H.R. 3896, 74th Cong., 1st Sess., Congressional Record (15 March 1935), 3772.

⁹Janet Louise Schmelzer, "The Early Life and Congressional Career of Wright Patman, 1894-1941," Ph.D Diss., Texas Christian University, 1978, 74. Because Patman devoted much of his Congressional career to securing cash payment of the certificates, Schmelzer provides detailed descriptions of the Adjusted-Service Compensation Act and all subsequent bills regarding payment of the veterans' certificates. Her dissertation makes extensive use of the Wright Patman Papers.

Steering Committee including twenty Congressmen who favored immediate payment to veterans. Hawley, despite pleas from Democratic leader John Nance Garner and petitions containing four million signatures of veterans, continued to refuse debate on the bill. Patman's bill was finally brought out of the Committee on January 29, 1931, nearly two years after its introduction. During the following year, the Ways and Means Committee considered over forty bills advocating compensation and various suggestions for revenue sources to finance the payments. President Hoover opposed any method of premature payment of the certificates, forcing veterans' supporters to work for a compromise bill that would avoid a veto. The compromise bill, however, did not include immediate payment of the adjusted-service certificates. Instead, it offered veterans the means of securing needed liquid capital by a method that bankers would support wholeheartedly: loans.¹⁰

The new bill, H.R. 17054, entitled veterans to borrow up to fifty percent of the face-value of their adjusted service certificates, paying 4.5 percent interest on the loan. In essence, as later Congressmen would argue, this plan allowed veterans to borrow money owed to them by the government, yet they paid interest to banks for the privilege of using their own money. Despite the questionable fairness of such a plan, veteran leaders supported the bill for reasons similar to those justifying the Adjusted Certificates Act. The bill passed into law on February 27, 1931, despite Hoover's veto message denouncing it as "special class" legislation. Another important political victory had been won by immediate payment advocates, but Patman and others were determined to achieve

¹⁰Schmelzer, 84-88.

passage of full cash compensation, and later that year Patman submitted H.R. 1, the bill that would carry the title "Patman Bonus Bill" during the following five years of intense debate and repeated vetoes.¹¹

Patman's bill was derailed in 1932, ironically, by needy veterans. Calling themselves the Bonus Expeditionary Force, or by the popular media label "bonus army," the veterans set up a shanty town at Anacostia Flats in Washington, promising to remain encamped there until Congress acted to pay the certificates. Congressmen resented such a blatant method of political pressure, and Hoover considered the veterans a potential source of riots. Although Patman and American Legion leaders had urged veterans not to march to Washington, they were held responsible for the unsightly camp, and conservative businessmen, who opposed payment of the certificates, pointed to the Bonus Expeditionary Force as a shameful result of Patman's efforts to force payment.¹²

The Seventy-Second Congress closed without taking action on the Patman bill, but the fight for payment was far from ended. At the opening of the new Congress in January, 1933, Patman again introduced H.R. 1, and in time the bill would receive an

¹¹Ibid.

¹²Louis Liebovich, "Press Reaction to the Bonus March of 1932: A Re-evaluation of the Impact of an American Tragedy," *Journalism Monographs*, 122 (1990), 4. Most veterans referred to the payment of adjusted-service certificates as the "bonus" because the term was more simple to use than "immediate cash payment of the adjusted-service certificates." Wright Patman and Fred Vinson frequently encouraged Congressmen and the media to not refer to the certificates as a bonus. The Dent Act, which gave adjusted compensation to businesses and industries used the term "restoration of wartime economic losses," and newspapers at the time never labeled this a "bonus." Yet when veterans requested similar treatment the greedy term "bonus" began circulating almost immediately in 1923. Veterans should not be faulted for using the word "bonus" when the President, most Congressmen, and every newspaper used it as well. Wright Patman, *Banketeering, Bonuseering, Melloneering*, (Paris, Texas: Peerless Printing Co., 1934), 83-86.

enormous amount of debate in Congress and in the national media. Once again, however, H.R. 1 languished in the Ways and Means Committee for more than a year. Yet the introduction of the Patman bill went relatively unnoticed because of another pressing matter facing Congress, the Depression. The President-elect, Franklin Roosevelt, had been chosen to provide innovative leadership in fighting the Depression and reducing budget deficits. Ironically, the keystone of Roosevelt's recovery program, the Economy Act, brought him into immediate conflict with a group that supported him in his 1932 campaign against Hoover: America's veterans.¹³

¹³Congress, House. H.R. 1 introduced by Representative Patman of Texas, 73rd Cong., 1st Sess., Congressional Record, 85, 5662; Congress, House. Representative Patman moves to discharge H.R. 1 from consideration by the Ways and Means Committee, 73rd Cong., 2nd Sess., Congressional Record (12 March 1934), 4287. For evidence of veterans' support of the Roosevelt campaign, see the opening three pages of Chapter One in this thesis.

CHAPTER ONE

THE ECONOMY ACT, 1932-33

During the busy 1932 presidential campaign, Franklin Roosevelt had few uninterrupted moments for quiet reflection and speech preparation. One night, while trying to prepare a speech for the Democratic National Convention in Chicago, Roosevelt anxiously awaited news from the floor of the nominating convention, as the delegates debated the merits of each candidate. His concentration was broken by numerous phone calls from well-wishers and amateur political consultants offering advice on securing the Democratic nomination. One caller, however, immediately captured the Governor's full attention. Huey Long, the outspoken Senator from Louisiana was calling from the convention. He began with a statement that intrigued Roosevelt. "I have a suggestion for you which will clinch the nomination. I think that you should issue a statement immediately, saying that you are in favor of a soldier's bonus to be paid as soon as you become President." Roosevelt paused for a moment and cautiously replied, "Well, I'm afraid I cannot do that because I am not in favor of a soldier's bonus." "Well," said the Kingfish, "whether you believe in it or not, you'd better come out for it with a strong statement, otherwise you haven't got a chance for the nomination." The Governor thanked him for his interest, but repeated that he did not feel that it was possible for him to make

any such statement. 'Well,' said the Kingfish as he hung up, 'you are a gone goose.'¹⁴

Roosevelt was not, of course, a "gone goose," particularly in a campaign against Hoover, whose rough treatment of the Bonus Expeditionary Force made him appear compassionless. Roosevelt's promises to provide relief from the Depression impressed veterans, and after Hoover's firm opposition to veterans' legislation, Governor Roosevelt seemed to offer hope for increased aid to needy ex-servicemen. Veterans and their leaders contributed to the landslide vote that elected Roosevelt in 1932, believing that Roosevelt would be an important friend to them. This perception was largely based on the Democratic platform adopted at Chicago, which stated:

We pledge the veterans that **none** of the benefits heretofore accorded by the Wilson administration and the votes of Democrat members of Congress shall be withdrawn; that these will be **added to** more in accordance with the veterans' and their dependents' actual needs. **Generous appropriations**, honest management, the **removal of vexatious administration delays**, and sympathetic assistance for the veterans of all wars is what the Democratic Party demands and promises.¹⁵

In addition, Roosevelt's reaction to Hoover's violent removal of the Bonus Expeditionary Force convinced veterans that he was sympathetic to their cause. He had been "shocked" by Hoover's orders, and the spectacle of burning encampments deeply affected him. Frances Perkins, Roosevelt's Secretary of Labor, remembered,

He had been shocked that the President should fear his fellow citizens. His instinct had cried out that veterans in an illegal encampment in

¹⁴Samuel I. Rosenman, Working With Roosevelt, (New York: Harper & Brothers, 1952), 69-70.

¹⁵Congress, Senate. Senator Borah of Idaho quoted from the Democratic platform while speaking against the proposed Economy Act, H.R. 2820. 73rd Cong., 1st Sess. Congressional Record (15 March 1933), 419, bold added.

Washington, even if difficult and undesirable, must all be faced in a humane and decent way. He had said little, had just shaken his head and shuddered when the incident took place.¹⁶

Roosevelt demonstrated profound reluctance to express his views on the veterans' demand for payment of the adjusted-service certificates. Three months before the 1932 election, Roosevelt had clearly formulated his stand on payment to veterans, but he shrewdly waited until the Chicago Convention, where he explained his opposition to immediate compensation in terms of financial necessity, claiming that the Depression was the first priority, and that no additional economic burdens could be placed on the nation until the danger subsided. During the campaign, however, Roosevelt did not make it clear to veterans that he vehemently opposed any payment of the certificates before their date of maturity in 1945, and this omission led many veterans and their leaders to believe that once the worst period of the Depression passed, Roosevelt would not attempt to block veterans' legislation.¹⁷

One important figure who implicitly trusted Roosevelt to deal fairly with veterans was Bronson Cutting, Progressive Republican Senator from New Mexico. Cutting was a prominent American Legion leader and a frequent contributor to veterans' legislation. Roosevelt and Cutting had been classmates at Harvard, and the two shared remarkably

¹⁶Frances Perkins, The Roosevelt I Knew, (New York: Viking Press, 1946), 111.

¹⁷Frankfurter to Lippmann, 13 October 1932 and Frankfurter to Lippmann, 26 October 1932 in Max Freedman ed., Roosevelt and Frankfurter: Their Correspondence, 1928-1945, (Boston: Little, Brown and Co., 1967); Congress, House. Remarks by Representatives Fish (NY) and Taylor (TN) regarding Congressional expectations for the new President, 73rd Cong., 2nd Sess., Congressional Record (12 January 1934), 564-565.

similar backgrounds, including battles against crippling diseases.¹⁸ As a World War I veteran, Cutting knew that Roosevelt's economic view of veterans' issues would mean a delay in passing compensation bills, but like veterans nationwide, he believed that Roosevelt offered the compassion and fair-mindedness that ex-servicemen had been seeking in a President since Armistice Day. Cutting campaigned whole-heartedly for his Harvard mate, delivering speeches heard throughout America. On October 26, 1932, Cutting filled in for a suddenly ill Senator George Norris, speaking on Radio KOA in Denver:

Those with thought single for the welfare of the country, who believe that the common people of America have a right to share in the benefits of our civilization should vote for Franklin Roosevelt for President of the United States. I have known Franklin Roosevelt most of my life . . . as a hard-working, open minded and honest citizen . . . as an idealist able to put many of his ideals into practice. I know that he is his own master and makes his own decisions. The way in which he has worked his way back to his vigorous career of public service as Governor of New York is in itself a guarantee of the spirit with which he will maintain the public interests in the Presidential chair.¹⁹

With such staunch support even from Republicans in Congress, and backed by national unity of conviction that the Depression must receive top priority, Roosevelt easily defeated Hoover, and, on March 4, 1933, initiated programs designed to restore economic stability to the nation.

As an effective politician with a plan already in hand, Roosevelt began by sowing

¹⁸Cutting had suffered a near-fatal case of tuberculosis. See Kenneth S. Davis, FDR: The New Deal Years, 1933-37: A History, (New York: Random House, 1986), 148.

¹⁹Washington File, Box 41 "U.S. Presidential Campaign 193.." Bronson M. Cutting Papers, Manuscript Division, Library of Congress, Washington, D.C.

the seeds of sacrifice among various elements of the population, especially federal employees and war veterans. On March 5, the President delivered a radio appeal to the patriotism of veterans, pleading for their continued support in fighting the Depression:

The men of the ranks of the Legion in the trying days of fifteen years ago offered for the welfare and preservation of our country the ultimate contribution that a human can give. The deep necessities of peace are no less serious. . . . I invite the support of the men of the Legion . . . who know the meaning of sacrifice.²⁰

Five days later, on March 10, Roosevelt made public the sacrifices he expected veterans and federal employees to make. Known as the Economy Act, or the Act to Maintain the Credit of the United States, the bill was presented to the House through Representative John McDuffie of Alabama, a member of the Committee on Economy. The Act gave the President unprecedented power to reduce salaries of Federal employees as much as fifteen percent and, to the shock of ex-servicemen, to cut sharply or even eliminate existing veterans' pensions, creating a new system "with himself at its head." For veterans the Economy Act provided for:

1. Repeal of all compensation, pension, and hospital laws affecting Spanish-American War, Boxer Rebellion, and Philippine Insurrection veterans.
2. Designation of four groups eligible for pensions: first, veterans with a service-connected disability; second, veterans of all wars since the Civil War where disabilities are permanent; third, widows and dependents of veterans who died from service-connected injuries; and fourth, widows and dependents of veterans of any war since the Civil War, except World War I.
3. Enactment of maximum and minimum rates for disability or death compensation. In case of disability, \$6 per month minimum, \$275 per month maximum. In case of death, \$12 monthly minimum, \$75 monthly maximum.
4. Granting the President authority to determine the number of service days necessary to merit a pension.
5. Granting the President authority to determine the varying degrees of disability.
6. A ten percent cut in pensions for veterans of all wars prior to Spanish-American War.

²⁰Samuel Rosenman, The Public Papers and Addresses of Franklin D. Roosevelt, Vol. 2, The Year of Crisis, 1933, (New York: Random House, 1938), 17-18.

7. Removal of all presumptive clauses relating to retired Emergency Officers.²¹

Congressmen and veterans familiar with the propaganda of the National Economy League recognized each of these provisions from previous publications. The League issued a statement in December 1932 which warned Roosevelt that continued government expenditures would bring catastrophe and that "universal bankruptcy and anarchy will prevail" if veterans' pension funds were permitted to continue. On the same day, President-elect Roosevelt stated, "every word of that warning is true." The Economy League's statement provided for Roosevelt a list of recommended sources for cuts in veterans' compensation, all of which were presented three months later in the President's Economy Act.²²

Roosevelt's purpose in introducing the Economy Act was to save an estimated \$400 million in government appropriations in the fiscal year ending June 30, 1934. Members of his party in Congress, the majority party, did not dispute the need for a balanced budget and reduced expenditures, but the President's proposed target for budget cuts created a storm of opposition in both houses of Congress. In the Senate, Democrats Carter Glass of Virginia and Huey Long of Louisiana voiced two widely differing views. Senator Glass stated the opinion of the President's supporters by declaring, "I am not

²¹Congress, House. Introduction of H.R. 2820, 73rd Cong., 1st Sess., Congressional Record (10 March 1933), 172; "Congress Set to Back Roosevelt on Veteran and Federal Pay Cuts," New York Times, 11 March 1933, 1:8.

²²"National Economy League Statement to the Joint Congressional Committee on Veterans' Affairs, December 1932," Folder 2.380 "Veterans' Legislation 1933," Box 177, George Norris Papers. The League's recommendations and Roosevelt's provisions in the Economy Act are identical.

paying one dollar to anyone who never heard a percussion cap or saw the Atlantic Ocean." The outspoken Long retorted, "I didn't go to war and urged against it. But they haven't compensated the people who did go. Talk of balancing the budget! Let them balance the budget by scraping a little off the profiteers' profits from the war."²³

Democrats and Republicans found the manner in which the Economy Act had been presented to Congress particularly distasteful. The Economy Committee was selected on March 10, only hours before the Economy Act was submitted. Further, the Committee consisted entirely of members "known to be in favor of the bill. Not one opponent of the measure was allowed to serve on that committee." Without opposition, the Economy Committee considered the bill for only five minutes before reporting it favorably to the House. Wright Patman voiced the concerns of many fellow Democrats regarding such legislative haste:

Imagine a bill that repeals hundreds of laws affecting and involving the health and general welfare of millions of American citizens being considered for such a short length of time by a committee and then submitted to the House under gag rule which precludes the offering of amendments or adequate discussion.²⁴

Democratic members of the House held a caucus on the bill when copies were made available to Congress at 10 a.m. March 11. Despite the efforts of "an overwhelming majority" of Democrats to defeat the bill in the form presented, the original Economy Act, unamended, was introduced to the House at noon, debated for a mere two

²³"Many in Congress Hail Plan for Slash," New York Times, 11 March 1933, 2.

²⁴Congress, House. Representative Patman (D-TX) speaking against H.R. 2820, 73rd Cong., 1st Sess., Congressional Record (11 March 1933), 223.

hours, most of which time was controlled by Representatives McDuffie and John Taber of New York, "both of these gentlemen being for the bill."²⁵

The President's supporters in the Senate, such as Glass and James Byrnes of South Carolina warned fellow Democrats to back Roosevelt or be considered traitors to their own party. Senator Byrnes, in assuring colleagues concerned that pension cuts would not affect deserving disabled veterans, promised, "under the terms of the bill . . . a veteran will lose it [pension] only if the Chief Executive shall do something which the Senator from Michigan [Arthur Vandenberg] and the Senator from Maryland [Millard Tydings] and I am sure he will not do." One of Roosevelt's closest allies, Senator Tom Connally of Texas, objected to the pressure "brought to bear upon the Senate" to speed the bill through to passage. Connally was particularly wary of enacting, without adequate review, a bill "voted on in the House of Representatives without the bill ever having been printed." Members of the House were equally pressured into supporting a bill that the majority felt "should be carefully considered."²⁶ Democrats were bombarded by partisan pleas for urgent action, the tone and content of which were expressed in the words of Martin Dies, Representative from Texas:

²⁵Congress, House. Representative Patman's comments in opposition to H.R. 2820, 73rd Cong., 1st Sess., Congressional Record (11 March 1933), 223.

²⁶Congress, Senate. Senator James Byrnes speaking in support of H.R. 2820, 73rd Cong., 1st Sess., Congressional Record (13 March 1933), 273; "Veterans' Legislation-Independent Offices Appropriation Bill. Speech of Hon. Tom Connally of Texas in the Senate of the United States, 27 February 1934," 73rd Cong., 2nd Sess., Speech File 1934, Box 553, Tom Connally Papers, Manuscript Division, Library of Congress, Washington, D.C.

This is no time to hesitate, no time to procrastinate. It is time to act. . . . Shall we at this time of great emergency, when the perpetuation of the very Government itself is at stake, follow the President of the United States, who was elected by an overwhelming majority, or shall the Democratic Party by its vote register the fact that it does not have confidence in his sincerity, his intelligence, and his love of the ex-servicemen of this country?²⁷

Thus opposition to the Economy Act was considered a personal insult to the President, even though his personality had little to do with the reasons for congressional concern. Many Democrats supported Roosevelt in every measure he recommended, with the exception of the Economy Act, yet those who spoke against the Act were branded as leaders of a revolt against the President and his New Deal measures. Representative Martin Sweeney of Ohio, candidly explaining the position of his fellow Democrats, lamented, "I am pledged to support him [Roosevelt] in every conservative and radical proposition he advances," but in reference to the cuts to veteran benefits added,

the action of the Democratic caucus and the fact that so many personal and political friends of the President, many of whom have enjoyed the Executive's confidence for years, refused to endorse this measure in its present form does not mean a revolt in the Democratic Party. It signifies an honest difference in opinion as to the *modus operandi* in passing the measure.²⁸

Despite such differences of opinion, Roosevelt's congressional allies sped the bill to a successful vote, largely due to the professed "emergency nature" of the proposal. The Economy Act was, as the American Legion complained, "passed in the House

²⁷Congress, House. Comments of Representative Dies of Texas favoring passage of H.R. 2820, 73rd Cong., 1st Sess., Congressional Record (11 March 1933), 213.

²⁸Congress, House. Representative Sweeney (D-OH) speaking against H.R. 2820, 73rd Cong., 1st Sess., Congressional Record (11 March 1933), 231-32.

without hearings, without amendment, after two hours debate, on the day it was introduced." Roosevelt had promised to "deal humanely, fairly, and honestly with the veterans" in reducing the deficit, assuring that "no injustice was intended to the disabled veterans, their widows and dependents." House leaders, reluctantly bound by the President's promises and the Democratic Party platform urging economy, were forced to comply with the President's wishes. Roosevelt had "won his first real test" with the new Congress, but in winning this particular battle, he set the stage for his eventual loss of the New Deal war on veterans' benefits by offending congressmen from his own party, and by initiating cuts to veterans' benefits that were deeper than expected.²⁹

Veterans' groups, including the leadership of the American Legion, Veterans of Foreign Wars, and the newly-organized American Veterans Association, initially hailed the Act as justified because many undeserving ex-soldiers were drawing pensions for injuries unrelated to wartime service, and such cases were preventing Congress from increasing benefits for the neediest veterans. According to the Legion leaders, however, the rank-and-file was deeply concerned that the Economy Act would go further than merely purging the pension rolls of the undeserving. The Act provided for the elimination of "presumptive" cases, or those soldiers whose disabilities or illnesses appeared within five years after the conclusion of the World War. If a soldier returned home apparently

²⁹"Special Economy Act Bulletin," Bronson Cutting Papers; Congress, House. Representative Fish (R-NY) speaking against Economy Act H.R. 2820, 73rd Cong., 2nd Sess., Congressional Record (12 January 1934), 564-565; "Economy With Teeth in it," New York Times, 11 March 1933, 12:1; "House Passes Economy Bill, 266-138," Ibid., 12 March 1933, 1:8.

in good health, and subsequently suffered from tuberculosis, neurological disorders (the result of gasses used in combat), and other maladies, the Veterans' Bureau determined that these illnesses were presumed to be the result of military service, and thus the soldier was entitled to disability compensation.³⁰

Although Roosevelt was correct in arguing that many of these presumptives were receiving compensation for non-service-connected injuries, he miscalculated the far-reaching effects of the Economy Act. Poor record keeping in Army hospitals had resulted in destroyed documentation of many veterans' service injuries. For example, one soldier contracted severe bronchial asthma and arrested tuberculosis only two months after returning from the World War, and had medical affidavits signed to allow him to receive compensation. He drew disability pay for fourteen years, until June 30, 1933, when the Economy Act cut him as a presumptive case. He sadly informed Senator Bronson Cutting that "the Bureau states I have no chance of re-establishing my claim because I had no Army record of asthma or tuberculosis."³¹

Despite the cuts suffered by thousands of legitimate presumptive veterans, the leadership of the American Legion remained supportive of Roosevelt's plans. One post

³⁰"Telegram From Col. Franklin D' Olier, National Commander of the American Legion to Franklin Roosevelt," New York Times, 11 March 1933, 3:4. D' Olier vowed support of the President's goals to balance the budget, but also described the sentiments of Legion men nationwide as being concerned that the truly disabled would also suffer cutbacks; "Ex-Soldiers Join in Economy Plea," *Ibid.*, 12 March 1933, 2; "Special Economy Act Bulletin," American Legion National Legislative Committee, 18 March, 1933, Washington File, Box 28, "Economy Act, 1932-33," Bronson Cutting Papers.

³¹Milton Grimm to Bronson Cutting, 1 February, 1934, Washington File, Box 41, "Veterans' Legislation, Correspondence, 1932-34," Bronson Cutting Papers.

commander claimed that "there has been pulled down in a couple of days what they have been building up for fifteen years. However, they feel that it's only for a little while and we'll get the boys back on the books." Louis Johnson, the National Commander of the American Legion, even after the Economy Act cuts, maintained that "the Legion still has faith and confidence that these injustices and many others of like nature . . . will be corrected on the initiative of the President himself."³²

Simultaneous with the discovery that the Economy Act had cut benefits to legitimately disabled veterans, the one group Roosevelt strenuously assured would remain untouched, came critical examination of the savings estimates reported by General Frank Hines, Director of the Veterans' Administration. The Economy Act was based almost entirely on Hines's figures, and when news of possible errors began circulating in early April, 1933, Roosevelt became concerned. On April 2, Roosevelt announced an Executive Order calling for "elimination of disability compensation where the disability was not actually incurred in war service," for an estimated savings of \$300 million. Morris Bealle, editor of Plain Talk, attacked this projected figure in an editorial appearing in several prominent newspapers, including the New York Times. Bealle claimed:

I have gone over painstakingly the annual report of the Veterans' Administration for the year 1932 and fail to find anything therein to remotely justify the conclusion, much less the official statement, that \$300,000,000 (or anything like it) can be saved from that source [presumptives]. On the contrary, this report shows that only \$75,458,233 was paid to veterans for this class of disability in 1932. It shows that only \$104,377,000 was appropriated by Congress for such

³²"Veterans Critical but Back Slashes," New York Times, 3 April 1933, 5:5; "Looks To President," Ibid., 16 April 1933, Section II, 3:2.

a purpose in 1933. From the foregoing it appears that figures officially fed to the press in recent weeks regarding veterans' compensation are decidedly tricky, if not grossly erroneous.³³

More damaging to the President's defense of the Economy Act was increasing evidence that he had not actually written the act, but that it was the creation of his Budget Director, Lewis Douglas. Democratic Representative Clifton Woodrum of Virginia denied such charges, claiming that "this bill was framed by the President of the United States. He may have had the benefit of legislative counsel, but he knows its every paragraph, its every provision." Wright Patman responded, "I know who wrote this bill. The President did not write it. It was written by a man who has consistently opposed relief being extended to veterans," in what Legionnaires recognized as a thinly-veiled reference to Douglas. Many Presidents delegate the writing of proposed legislation to cabinet members, but Douglas, veterans knew, was a member of the hated Economy League, an organization dedicated to "maintenance of the national credit through a balanced budget." While the goal of a balanced budget was not offensive to veterans, the Economy League had been circulating pamphlets and petitions to the President and Congress requesting that one of the largest budget items, veterans' pensions, be cut severely to prevent "excessive borrowing." Veterans responded by encouraging Congress to examine thoroughly "all the means of maintaining our national credit" before accepting Economy League propaganda

³³"Orders Prepared for Veterans' Cuts: Hines's Figures Attacked," New York Times, 3 April 1933, 5:8.

at face value.³⁴

In addition to opposing the Economy League's political lobbying, veterans pointed to the membership of the Economy League, an exclusive club of wealthy businessmen and affluent families, most notably the Rockefellers, Guggenheims, and Morgans. League members had been recipients of staggering tax rebates during Andrew Mellon's term as Treasury Secretary, as compensation for resources used by the government during the World War, and the majority were millionaires drawing six-digit salaries. The League demonstrated its financial resources by raising \$200,000 in one day to cover costs for the propaganda petitions forecasting national bankruptcy unless veterans' benefits were reduced. Congressman Condon remarked that in lobbying the President to cut pensions, the League had "saved \$400,000,000 for its patriotic members who struggle along through life with their meager incomes of a few hundred thousands or a few millions a year." To veterans, it was bitterly ironic that the wealthiest Americans should be so vehemently opposed to what, as President Harding in 1922 admitted, amounted to "pitiably small compensation" in the form of military pensions.³⁵ Veterans understandably complained

³⁴Congress, House. Representative Woodrum (D-VA) speaking in support of H.R. 2820 and Representative Patman's response in opposition, 73rd Cong., 1st Sess., Congressional Record (11 March 1933), 214, 223; National Economy League, "A Petition to the President and Congress of the United States Calling for the Maintenance of the National Credit Through a Balanced Budget," 15 December, 1933, Washington File, Box 41, "Veterans' Legislation, Correspondence 1932-34," Bronson Cutting Papers; Fred Scarborough (Lincoln, Nebraska) to Senator George Norris, 8 June 1933, Folder 2.380, "Veterans' Legislation 1933," Box 177, George Norris Papers.

³⁵Congress, House and Senate. Representative McFarlane (D-TX) and Senator Long (D-LA) speaking against Economy League propaganda concerning veterans' benefits. 73rd Cong., 1st Sess., Congressional Record (11 and 13 March 1933), 234, 274. The money was raised January 9, 1933 during the League's campaign for an Economy Act, the major items of which were included in Roosevelt's Economy Act of March 10, 1933; Congress, Senate. Senator Borah quoting President Harding's veto of a "bonus" bill, 73rd

that a serious conflict of interest existed in the provisions of the Economy Act. As one ex-soldier explained to Louis Johnson of the American Legion,

the attitude of the Budget Director has been at all times that we are scoundrels of the most detestable character. . . . Calumny and lies was the stock in trade of the Economy League and then for one of its members to be appointed Director of the Budget to draw the bill to swipe veterans, is like appointing a District Attorney who has prepared charges, the judge to try the case.³⁶

Such revelations caused Roosevelt to receive his first exposure to veterans' resentment during the first two weeks of May, 1933, as another group of ex-soldiers, emulating the Bonus Expeditionary Force of the previous year, began trickling, then pouring into Washington despite the counsel of the American Legion. With memories of Hoover's debacle fresh in mind, Roosevelt vowed that there would be no repeat of the atrocities at Anacostia Flats. On May 10, Roosevelt issued a White House statement promising a full review of veterans' regulations. Swallowing his pride and admitting that errors had been made, the President stated that "it now seems that the cut in compensation of service-connected World War veterans has been deeper than was originally intended." To satisfy further the "bonus marchers," Roosevelt issued an Executive Order offering to enroll twenty-five thousand unemployed veterans in the Civilian Conservation Corps (CCC) at a dollar-per-day wage for clearing forests. After brief consideration, the marchers rejected the CCC proposal, claiming that "the government hasn't yet paid the

Cong., 1st Sess., *Ibid.* (15 March 1933), 420.

³⁶Edwin Gill to Louis Johnson, 1 August, 1933, Washington File, Box 41, "Veterans' Legislation, Correspondence 1932-34," Bronson Cutting Papers.

\$1 a day it promised for war service so [it] might not pay the promised \$1 a day for swinging an axe. To Hell with the Reforestation Army."³⁷

Despite this rejection, Roosevelt treated the veterans in Washington with generosity and humanity. He drove out to the encampment and "showed himself, waving his hat at them." He urged the First Lady and Budget Director Louis Howe to "be sure there is plenty of good coffee. No questions asked. Just let free coffee flow all the time. There is nothing like it to make people feel better and feel welcome." In addition to free coffee, the men received a visit from Eleanor Roosevelt during which she reminisced about her visit to American battlefields in France in 1929, leading them in the war-era song "There's a Long, Long Trail." Such visits were crucial to the eventual dispersal of the marchers, but most important "their stomachs [were] filled with 'food like we never knew was left in the world.'" The men were served three square meals daily, with fruit, meat, bread, and coffee being standard fare.³⁸

After such treatment, the marchers sent a three-man delegation to meet with Roosevelt. He sat with them for thirty-five minutes, telling them that "while his heart ached for the veteran, he would be compelled, in the face of existing conditions, to veto a bonus bill if it were approved by Congress." Roosevelt, however, agreed that the

³⁷Rosenman, Public Papers and Addresses of Franklin D. Roosevelt, Volume 2 The Year of Crisis, 1933, 168; "Roosevelt Blocks Paying Cash Bonus; Aids Idle Veterans," New York Times, 12 May 1933, 1:3; "Bonus Marchers Reject Job Offer," Ibid., 18 May 1933, 12:3.

³⁸Perkins, The Roosevelt I Knew, 111-112; Davis, FDR: The New Deal Years, 79; "Bonus Army Now Finally Adjusted," New York Times, 15 May 1933, 3:1. The food was provided by the Veterans' Administration from its general administration fund.

Economy Bill was working a "terrible hardship" on disabled veterans, and promised corrections by July 1. The delegation left, much impressed by the occupant of the White House. One of the men happily described the President as "one of the most likable fellows I ever met. He is just a regular fellow despite his big job, and I am for him."³⁹

Although Roosevelt succeeded, for the moment, in stemming the tide of veteran resentment toward the Economy Act, congressmen of both parties were firing opening salvos against the President, and these attacks were not limited to the veteran issue. In June, the Senate began studying the administration's Independent Offices Appropriation Bill, which proposed to continue the Economy Act's reduced expenditures for veterans' pensions. Despite the President's repeated assurances that the service-connected cases would remain untouched, the Economy Act provisions injudiciously slashed veterans' benefits regardless of disability status. Republicans attacked Roosevelt because many veterans had built their "economic structure" on loans or investments protected by "the government's pledge that they would be cared for." Two of the President's strongest Democratic supporters in the Senate, Hugo Black of Alabama and Thomas Connally of Texas, recognized the severity of the Economy Act cuts, and in an effort to prevent Republicans from using the veteran issue against Roosevelt, proposed an amendment to the Independent Offices Bill. Black and Connally hoped to establish twenty-five percent as the maximum pension cut any veteran could receive including presumptives, a move designed to please Republicans and veterans without challenging the President's power

³⁹"Roosevelt Greets Group of Veterans," New York Times, 20 May 1933, 11:2.

to initiate cuts.⁴⁰

The amendment sought to restore \$130 million in benefits, a sum completely unacceptable to Roosevelt. On June 6, Roosevelt conceded that modifications were necessary, and issued five Executive Orders authorizing \$60 million in restored benefits, but only for service-connected cases. Once again, veterans without complete medical records remained on the Economy Act chopping block. House Democrats, led by Wright Patman, and Edward Pou of North Carolina, rebelled against the President's proposal, choosing instead the Connally amendment and its \$130 million price tag, largely because it restored presumptives. Roosevelt responded to this revolt within his party by threatening to veto the Connally amendment and appeal to the nation via radio broadcast. Three days later, the Senate voted 45-36 to accept a compromise plan for partial restoration of benefits totaling \$90 million, the Steiwer-Cutting Amendment, and adjourned the same day, delaying debate on the issue until January, 1934.⁴¹

Veterans' groups watched the closing of the congressional session with great interest. The debate over pension restorations dominated the agenda, bringing veterans' issues to national attention. William Cawley, National Commander of the Disabled

⁴⁰"Veterans May Get \$15,000,000 More," New York Times, 30 May 1933, 5:3; "Veteran Cut Stirs Storm in Senate," *Ibid.*, 1 June 1933, 1:6; "Roosevelt Urged to Veto Senate Veteran Increases to Save Economy Program," *Ibid.*, 4 June 1933, 1:8.

⁴¹"Roosevelt Modifies Cuts in Veteran Allowances, but Fails to Win House," New York Times, 7 June 1933, 1:8; "Roosevelt Threatens Veto and Appeal to the Nation if Senate Voids Economies," *Ibid.*, 13 June 1933, 1:8; "Congress Adjourns Sine Die After Senate, 45-36, Votes Roosevelt's Veteran Plan," *Ibid.*, 16 June 1933, 1:1. The Steiwer-Cutting Amendment proposed to restore \$90 million to veterans' pensions, a figure equally between Roosevelt's \$60 million offer and Connally's \$130 million amendment.

American Veterans noted that, although the close of the session produced no laws, two important accomplishments had been made. First, the "barbarous treatment" given to presumptive and service-connected cases received extensive publicity which had "awakened the administration to its criminal shortsightedness" in the Economy Act cuts. Second, veterans discovered that "an overwhelming majority of both houses is at heart in favor of just treatment" for veterans.⁴²

The remainder of 1933 witnessed increasing tension regarding veterans' issues between veterans' organizations and the Roosevelt administration. A coalition of three groups called for the immediate dismissal of Frank Hines as Director of the Veterans' Administration, demanding that veterans be consulted in the appointment of future directors. The Disabled American Veterans, though critical of the administration, resolved at their national convention in Cincinnati not to press for immediate payment of adjusted-service certificates "until the condition of the Treasury warrants such action."⁴³ Roosevelt's views, however, were hardening into a concrete opposition to special entitlements for veterans, hinting that perhaps the condition of the Treasury was irrelevant to the payment of the certificates. On October 2, Roosevelt addressed the American Legion Convention in Chicago. In his speech, the President stated his opposition to payment of service certificates and wasteful pensions in the clearest possible language:

⁴²William Cawley to Bronson Cutting, undated, Washington File, Box 41, "Veterans' Legislation, Correspondence, 1932-34," Bronson Cutting Papers.

⁴³"Demand Removal of General Hines," New York Times, 30 June 1933, 7:2. The three groups were the Disabled American Veterans, the Veterans of Foreign Wars, and the United Spanish War Veterans; "Roosevelt Praises Halt in Bonus Drive," *Ibid.*, 27 September 1933, 43:2.

The first principle, following inevitably from the obligation of citizens to bear arms, is that Government has a responsibility for and toward those who suffered injury or contracted disease while serving in its defense. The second principle is that no person, because he wore a uniform, must thereafter be placed in a special class of beneficiaries over and above all other citizens. . . . It does not mean that because a person served in the defense of his country, performed a basic obligation of citizenship, he should receive a pension from his Government because of a disability incurred after his service had terminated, and not connected with that service.⁴⁴

Veterans' groups, especially the American Legion, agreed completely with the final sentence of the President's remarks. Louis Johnson had pledged support of the Economy Act precisely because he was aware of undeserving pensioners. Roosevelt, however, did not seem to recognize that opponents of the Economy Act were not critical of its goals but were instead appalled by its methods. One American Legion Commander expressed his organizations' desire to support the President, suggesting to Roosevelt that while it was true that "much money is being spent and appropriated for the relief of veterans of the world War . . . much of this money is being spent in overhead expenses of administration and the veterans are not getting relief and assistance that is their just due."⁴⁵

Veterans supported downsizing and economizing in the Veterans' Administration, but Roosevelt did not attempt to reduce bureaucratic expenses before initiating cuts to veterans' benefits. Instead of identifying sources of administrative waste in the Veterans' Administration, the President blindly followed the Economy League recommendations and created an extremely narrow interpretation of "disability," which caused injustices to be

⁴⁴Rosenman, Public Papers and Addresses of Franklin D. Roosevelt, Volume 2, 375-376.

⁴⁵Harley Hite (Potter, Nebraska) to Senator George Norris, 25 January 1933, Folder 2.380 "Veterans' Legislation 1933," Box 177, George Norris Papers.

done to legitimately disabled veterans. Roosevelt's haste in removing presumptive cases from pension rolls resulted in "the causative-factor requirement," which hypothesized that "those contracting influenza or other diseases during war service would have suffered the same disease had they not been in the service." Thus, if a soldier exposed to toxic gasses in combat contracted tuberculosis, it could be determined by the Veterans' Administration that the man might have developed some form of tuberculosis during his civilian lifetime, rendering him ineligible for disability compensation. Although the President denied that such injustices would occur, his Executive Orders provided the clause used to cut such cases from pension rolls: "the breaking down or degeneration of tissues which might be expected irrespective of the unusual stress or strain incident to the performing of actual military or naval duty, will not be considered a causative factor."⁴⁶

Veterans' Administration reports to the President began to show drastic reductions on pension rolls nationwide. By February 20, 1934, less than one year after the Economy Act, ninety percent of appeals received by the Veterans' Administration from former pensioners were rejected on the basis of the "causative-factor requirement." This was precisely what Roosevelt had hoped to avoid, but once the figures became public knowledge, congressional efforts to amend or repeal the Economy Act began in earnest, focusing on the Independent Offices Appropriation Bill, due for consideration in January,

⁴⁶"National Economy League Statement to the Joint Congressional Committee on Veterans' Affairs, December 1932," Folder 2.380 "Veterans' Legislation 1933," Box 177, George Norris Papers; Congress, Senate. "Instructions, Definitions, and Opinions of the Veterans' Administration" submitted by Representative Royal Copeland (D-NY) in opposition to Roosevelt's cuts to veterans' benefits, 73rd Cong., 2nd Sess., Congressional Record (26 February 1934), 3217.

1934. Veterans, who had eagerly supported Roosevelt in 1932, by December 1933 were left wondering "how can we say to our President Merry Christmas when we know he has deprived many of our comrades of their right to live?"⁴⁷

⁴⁷Ibid., 3218; Michael Doty to Bronson Cutting, 20 December, 1933, Washington File, "Economy Act, 1932-33," Bronson Cutting Papers.

CHAPTER TWO

THE INDEPENDENT OFFICES APPROPRIATION BILL, 1934

From my personal observation the injustices that have been meted out to veterans in the past six months make it my duty at this time to plead with all citizens and veterans who supported the President in March, 1933, along with myself, to about face and demand full justice for the men who served their country. . . . If the country fails its defenders at this time, the stigma must ever be on the name of Franklin D. Roosevelt.⁴⁸

Roosevelt's honeymoon with Congress and war veterans was, by January 1934, a distant memory. Examining newspapers from throughout the nation, the President was greeted by headlines declaring variations of a recurring theme: "Veterans' Leader Turns on Roosevelt."⁴⁹ Congressmen joined veterans in condemning the Economy Act. Representative John Hoeppe of California warned that "we are destroying patriotism in America. Young boys are writing to me and saying, 'If the American Government treats its veterans that way, we will never serve.'" But opponents of the Economy Act recognized that appeals to patriotism would not be sufficient to restore the pensions cut in 1933. The President had based his arguments for the Act on economic statistics, claiming that the Treasury was "fast nearing exhaustion, the country facing national

⁴⁸"Veterans' Leader Turns on Roosevelt," New York Times, 14 January 1934, Section II, 2:3. This statement was made by Colonel Leonard Harmon, Commander of the Veterans of Foreign Wars, New York County.

⁴⁹Ibid.

bankruptcy."⁵⁰ To combat the Economy Act, veterans and their allies in Congress needed to demonstrate that the nation's finances were not facing the doom Roosevelt had prophesied.

To accomplish this goal, much attention was given to New Deal programs considered "wasteful" or "extravagant" by Congress. One such agency was the Civil Works Administration (CWA). Senators were appalled by the findings of veterans' groups engaged in examination of the CWA, one of which reported that the CWA in Atlanta "has provided funds for women from beauty shops to practice their calling at Federal expense on women and girls in the charitable institutions in Georgia." Another agency, the National Recovery Administration (NRA), was condemned because of its inconsistent policy of "arbitrarily ordering private industry to increase wages," thus forcing industry to raise consumer prices and the cost of living, while simultaneously the same administration was slashing the buying power of veterans and Federal employees. Representative Francis Shoemaker of Minnesota testified to Congress that "as far as the NRA in our part of the country is concerned, about the only result we have noticed is that a farmer or a workingman can get a pretty good pair of 50 cent overalls for \$1.50."⁵¹

⁵⁰Congress, House. Representative John Hoeppel (D-CA) speaking against the cuts to veterans' benefits effected by the Economy Act, 73rd Cong., 2nd Sess., Congressional Record (12 January 1934), 594; Representative Finly Gray (D-IN) arguing in support of restoring veterans' benefits through the Independent Offices Appropriation Bill, H.R. 6663, *Ibid.*, 551.

⁵¹Thomas Kirby, Chairman, Disabled American Veterans of the World War, to Bronson Cutting, 15 January 1934, Washington File, Box 41, "Veterans' Legislation, Correspondence, 1932-34," Bronson Cutting Papers; Congress, House. Representative Francis Shoemaker (Farmer/Labor-MN) debating in favor of amending the Independent Offices Appropriation Bill, 73rd Cong., 2nd Sess., Congressional Record (12 January 1934), 565-66.

As severe as this criticism was, it paled in comparison with the outrage expressed in Congress when Roosevelt delivered his Budget Message on January 12, 1934. Even the most mathematically-impaired congressmen immediately recognized that, despite pleading in March 1933 that a balanced budget was essential and that cutting veterans' pensions was necessary to achieve that end, Roosevelt now proposed to unbalance the budget by \$7 billion. In examining the Independent Offices Appropriation Bill introduced the previous year, congressmen found that, although the President had appealed to the patriotism of veterans and all Americans in making sacrifices during the Depression, Roosevelt's budget appropriations did not require sacrifices to be made equally among citizens and government bureaucracies. The more scrutiny given to the bill, the more it appeared that one group was expected to shoulder the burden of reduced compensation: America's war veterans.⁵²

The Roosevelt administration quickly pointed out that the 1934 budget contained a savings of \$59 million from the previous year. Upon further inspection, however, Representative Richard Wigglesworth of Massachusetts discovered that only \$4 million of this "savings" was the result of "nonrecurrent items," organizations that had been in the previous budget but had not requested continued appropriations. Only one agency, the Veterans' Administration, had been targeted for budget reductions. By excluding four such budget items, Wigglesworth proclaimed, "members will observe that there is an

⁵²Congress, House. Remarks made by Representatives Shoemaker and Richard Wigglesworth (R-MA) regarding New Deal waste and Roosevelt's proposed budget imbalance, 73rd Cong., 2nd Sess., Congressional Record (12 January 1934), 565-570.

increase in appropriation in respect to each office included in this bill, with the exception, of course, of the Veterans' Administration." It appeared to veterans that New Deal programs were being funded at their expense, while they, because they received small military pensions, were ineligible for relief from these New Deal agencies.⁵³

Roosevelt strongly believed that veterans should be given assistance through the same relief agencies as the rest of America's needy, but the President's own relief programs discriminated against ex-soldiers and prevented them from receiving any sufficient assistance. A veteran in Texas complained to Senator Huey Long of how the New Deal was no deal at all for veterans, explaining:

I am a disabled ex-soldier suffering from a heart ailment (myocarditis) for which, it being a service connected disability, the magnanimous Veterans' Administration rates me 37% disabled. At one time [immediately after the War] I earned a salary of \$187.50 per month and this, so it was intimated to me, shows that I have a good earning power or the rate would be total disability. . . . I am honest enough to admit to relief agencies that I have an income of \$37 per month so that avenue [relief] is closed to me. I apply to the Federal Re-employment Service for work of which I am physically capable of doing and because I am **not** receiving relief I am not considered eligible for employment. So I am left out again.⁵⁴

From the beginning, Roosevelt's welfare plan encouraged an ever-diminishing Federal role in relief programs. In fairness to the President, it must be noted that his

⁵³Ibid., 566. Representative James Taylor (R-TN) stated that he had received "hundreds of letters" from ex-servicemen "some of them drawing the insignificant pittance of \$6 per month, who, on account of this paltry allowance, are denied work by the great C.W.A." Representatives Wigglesworth and Shoemaker quoted from the 1924 Adjusted Compensation Act which specified that veterans receiving any form of military pension were ineligible from other sources of government relief.

⁵⁴Harold Hobbs (Houston, TX) to Senator Huey Long, 17 January 1935, Legislation File 71st-78th Congresses, "1933" folder, Box 166, Tom Connally Papers.

desire was to see veterans and citizens cared for equally under New Deal programs during the Depression. In Chicago at the 1933 American Legion Convention, Roosevelt expressed his preferred modus operandi for relief efforts by declaring:

If the individual affected can afford to pay for his own treatment, he cannot call on any form of Government aid. If he has not the wherewithal to take care of himself, it is first of all the duty of his community to take care of him and next the duty of his state. Only if under these circumstances his own community and his own state are unable, after reasonable effort, to care for him, then, and then only, should the Federal Government offer him hospitalization and care.⁵⁵

When presented in such clear language, veterans had no objection to the President's policies. Roosevelt's New Deal agencies, however, ignored the above principles, providing not merely temporary relief unpayable by the states, but also what amounted to a welfare pension system, under which individuals enrolled in certain programs received lifetime compensation. The Employees' Compensation Commission received a substantial increase in funding, largely due to the inclusion of the Civilian Conservation Corps (CCC) in the Compensation Act, resulting in 325,000 CCC members receiving lifetime pensions of \$42 per month in case of disability while employed by the government. These individuals were also granted a \$42 pension for dependents in case of death. By comparison, the maximum pension granted to widows of war veterans under the Economy Act was \$40. Roosevelt's Economy Act cuts did not contemplate reducing compensation for the 325,000 CCC pensioners, but instead targeted 29,000 presumptive veteran cases, a group which burdened the budget much less than Roosevelt's own CCC.

⁵⁵Rosenman, Public Papers and Addresses of Franklin D. Roosevelt, Volume 2, 377; "Roosevelt Holds Firm on Economy in Talk to Legion," New York Times, 3 October 1933, 1:3.

In addition, another enormous relief-inspired agency was eligible under the Compensation Act to grant pensions to its employees: the Tennessee Valley Authority (TVA). Clearly there was no immediate danger of national bankruptcy, as the President had warned the previous year.⁵⁶

Congressmen responded immediately to these revelations by proposing that if Roosevelt wanted to economize the budget, he should do so by requesting across the board cuts in Federal expenditures, not by cutting funds to only the Veterans' Administration. The debate over amending the Independent Offices Appropriation bill resumed in both houses of Congress, with overwhelming majorities of both parties favoring restoration of the 29,000 presumptives to the pension rolls. Democratic Senators Joseph Robinson of Arkansas and James Byrnes of South Carolina warned the President that unless he offered concessions on the pension cuts, the veteran issue would dominate Congress and possibly overturn his entire economic recovery program. The President's Economy Act was in serious jeopardy, and Roosevelt reacted swiftly, but inadequately, to the challenge.⁵⁷

On January 20, Roosevelt issued four Executive Orders intended to liberalize the cuts in veterans' benefits affecting 228,000 ex-servicemen. During the previous session of Congress, debate had centered on the Steiwer-Cutting Amendment to the Independent Offices bill, a proposal to restore \$90 million in benefits to veterans. Congress adjourned

⁵⁶Rosenman., Public Papers and Addresses of Franklin D. Roosevelt, Vol 2, 568-570.

⁵⁷Ibid., 551-568; "Veterans to Get \$21,000,000 More," New York Times, 20 January 1934, 1:5.

without effecting the amendment, but the emotions that sparked its introduction remained strong in January 1934. Roosevelt's Executive Orders, an attempt to mollify Congress's desire to repeal the Economy Act, offered a restoration of only \$21 million in benefits, \$40 million less than his own proposal a year earlier, and completely ignored the presumptives, who remained excluded from pension rolls. In addition, the \$21 million was meant to conceal another aspect of the Orders. The maximum pension allowed for widows was **reduced** to \$30 per month, \$12 less than the average CCC pension. The Executive Orders convinced the American Legion and its allied veterans' organizations that it was time to fight the President "tooth and nail" over the pension restoration issue. The Independent Offices Appropriation Bill became the symbol of what Legion Commander Edward Hayes called "my challenge to Roosevelt."⁵⁸

Members of the Legion nationwide flooded Congress with a deluge of personal requests for restored compensation. Statistics were gathered to refute the economy arguments of the President and the Director of the Veterans' Administration, Frank Hines. Hines had informed the President, Congress, and the newsmedia that restoring the 29,000 presumptives would drain the Treasury of \$100 million annually, an unbearable burden during a depression. Veterans and congressmen, skeptical of Hines's figures because of previous exaggerations, scrutinized his calculations and quickly discovered yet another

⁵⁸"Veterans to Get \$21,000,000 More," New York Times, 20 January 1934, 1:5; "Legion Head Opens War on Roosevelt," Ibid., 2 February 1934, 38:2. The organizations siding with the Legion were the Disabled American Veterans, Veterans of Foreign Wars, Disabled American Veterans of the World War, United Spanish War Veterans, Air Service Mechanics, and the Fleet Reserve Association.

error. A commander of the Disabled American Veterans of the World War, using the Veterans' Administration's own report, found that if all 29,000 of the presumptives were rated as totally disabled and received **maximum** allowances (\$100 per month), the actual annual cost would be only \$34 million. Hines could not explain the \$66 million error⁵⁹

Veterans and congressmen were alarmed by the intentional misstatement of financial information regarding veterans' benefits. Senator Henrik Shipstead of Minnesota voiced concern regarding misleading statistics which "up until last spring one would be led to believe, as a result of that propaganda, that the . . . veterans of the World War were responsible for the depression and for the Treasury deficit." Congress, in the most heated days of debate over the Independent Offices Appropriation Bill, turned its attention to the group most responsible for the campaign against veterans: the Chamber of Commerce of the United States.⁶⁰

Like the Economy League, the Chamber of Commerce consisted of representatives from the largest and wealthiest businesses in the United States. Members of the Chamber insisted that the Depression "has even ruined big business," and that businesses required direct aid from the government, using these arguments to justify their opposition to

⁵⁹Michael Doty to Bronson Cutting, January 30, 1934, Washington File, Box 41, "Veterans' Legislation, Correspondence, 1932-34," Bronson Cutting Papers; The \$100 monthly maximum was the limit established in Roosevelt's Executive Orders, which established a compensation rate scale of 10% disability = \$10, 20% = \$20, etc, with \$100 being the allowance for 100% disability. "Veterans to Get \$21,000,000 More," New York Times, 20 January 1934, 1:5.

⁶⁰Congress, Senate. Senator Shipstead (R-MN) describing propaganda efforts of the Chamber of Commerce and the Economy League during debate over Independent Offices Appropriation Bill, 73rd Cong., 2nd Sess., Congressional Record (26 February 1934), 3210.

expenditures on veterans' pensions. To combat the alleged fragility of America's large businesses, congressmen obtained a new report from the Federal Trade Commission on February 26, 1934. The report revealed the Depression incomes of members of the Chamber of Commerce, many of whom were presidents or directors of businesses that had requested government assistance during the Depression. Senator Shipstead presented the findings of the FTC report, referring to the Chamber of Commerce and the Economy League as "this class of people who finance the propaganda on the radio to make the American people believe that it is the veterans . . . who are robbing the American people and ruining business."⁶¹ Because a substantial portion of the budget under consideration in the Independent Offices Appropriation Bill consisted of government subsidies to business, the report created great interest in the Senate, and demonstrated that Roosevelt could have reduced spending without touching veterans' benefits. The following are the Depression incomes of members of the Chamber whose corporations received emergency government aid in the form of price supports, tax reductions, and cash subsidies:

Pres., American Tobacco Co.	1929-\$605,000	1930-\$1,566,072	1931-\$1,051,630	1932-\$825,607
Pres., United States Steel	1929-\$260,000	1930-\$248,000	1931-\$194,000	1932-\$156,638
Pres., Anaconda Copper	1929-\$348,000	1930-\$348,000	1931-\$323,000	1932-\$252,000
Pres., General Foods Corp.	1929-\$206,000	1930-\$172,000	1931-\$141,000	1932-\$70,000
Pres., Loew's Inc.	1929-\$362,000	1930-\$449,000	1931-\$366,000	1932-\$221,000
Pres., Montgomery Ward	1929-\$430,000	1930-\$334,000	1931-\$98,000	1932-\$99,999
Pres., United Aircraft	1929-\$420,665	1930-\$248,712	1931-\$246,755	1932-\$193,790 ⁶²

Senator Shipstead noted the irony in the Chamber's pleas for aid and federal frugality. The American Tobacco Company "could not afford to pay the farmers of the

⁶¹Ibid., 3211.

⁶²Ibid., 3211-3212.

South for their tobacco without getting some money out of the Government," yet simultaneously had the highest paid executive in America on its payroll. The companies listed in the report paid no dividends to stockholders during the Depression years, prompting Shipstead to remark that stockholders would be interested "to learn how well their companies are managed and how well they pay for that management."⁶³

After this presentation, debate in the Senate was no longer over whether to restore pension benefits to veterans affected by the Economy Act, but how much should be appropriated for that purpose. Several amendments to the Independent Offices Bill were presented by Senators from both parties, including Democrat James Byrnes, who proposed a restoration of all veterans cut since March 19, 1933, to seventy-five percent of their former compensation pending appeals by the Veterans' Administration. Despite this offer from "his own spokesmen in Congress," Roosevelt persisted in his objections, but the Senate pressed forward regardless of a direct veto threat. Democrat Patrick McCarran of Nevada joined forces with Senator Steiwer of Oregon to amend Byrnes's amendment, attaching a provision that no veterans listed on the pension rolls as of March 19, 1933 could receive a reduction in compensation. Senators agreed that it was their intention by giving Roosevelt broad powers over presumptives through the Economy Act that the veterans would remain on the pension rolls, "pending a determination of each case, and that the burden of proof in these cases would rest upon the Government and not upon the individual veteran." Because the President had not acted in this manner, the Senate no

⁶³Ibid., 3211.

longer felt obligated to support the Economy Act measures.⁶⁴

Consequently, on February 28, the Senate approved the Independent Offices Appropriations Bill with the Byrnes-Steiwer-McCarran amendments restoring \$139 million in veterans' benefits. Democrats were particularly incensed that the President had tried to prevent full debate on the bill by announcing his threatened veto. Senator McCarran, on learning of Roosevelt's intended veto, warned that "no leader of my party can ever lead me by saying, 'if you do not do this there will be a veto. . . . I cannot be led by a threat.'" Huey Long stepped forward and deftly communicated the sentiments of Senate Democrats regarding the restored veterans' pensions by stating that "it is a Democratic measure and if it passes a Democratic Congress, I see no reason why we should not be able to expect Presidential approval of it."⁶⁵

President Roosevelt made it clear that he would not approve any amendment to his original Independent Offices Bill, guaranteeing a veto. Although some House leaders felt a little "jittery," during their consideration of the Senate amendments, few of Roosevelt's supporters doubted that a veto would be upheld. On March 14 House leaders presented a special rule which would prevent any House debate on amendments to the

⁶⁴Congress, Senate. Amendments to the Independent Offices Appropriation Bill introduced by Senators Byrnes, Steiwer, and McCarran, 73rd Cong., 2nd Sess., Congressional Record (26 February 1934), 3214-3215; "President Writes Pension Rise Veto," New York Times, 27 March 1934, 1; Congress, Senate. Remarks by Senator Arthur Capper (R-KS) concerning the deceptive measures of the Economy Act, 73rd Cong., 2nd Sess., Congressional Record (27 February 1934), 3292.

⁶⁵"\$139,000,000 Voted by Senate Revives Veteran Benefits," New York Times, 28 February 1934, 1; Congress, Senate. Senator Huey Long (D-LA) speaking in favor of passing the Independent Offices Appropriation Bill despite Roosevelt's veto threat, 73rd Cong., 2nd Sess., Congressional Record (27 February 1934), 3296, 3302.

Independent Offices bill, an effort to prevent passage of a bill displeasing to the President. Democrats were furious that leaders of their party were attempting to "gag" them, remembering that the original Independent Offices bill had been pushed through Congress with similar gag rules. Democrat William Connery of Massachusetts lamented that the majority leadership "had no faith in the intelligence or integrity of the membership," denouncing House leaders for listening to the urgings of the President instead of the representatives they presided over. When the House voted on the special rule that same day, forty-one percent (131) of the Democrats, representing the rapidly growing bloc of veterans' supporters, abandoned the President, voting to allow amendments to the bill on behalf of veterans and setting the stage for Roosevelt's first direct confrontation with a Congress that previously had been highly supportive.⁶⁶

Two weeks later, on March 26, Senate Democrats voted forty-four to twelve to concur in the House alterations, thus officially passing the Independent Offices Appropriations Bill, as Senator Long anticipated, as a Democratic measure in a Democratic Congress. During the Senate debate and vote that afternoon, Roosevelt composed his first veto message, which was sent to Congress to be read in both houses the following day. Confident that fellow Democrats would rise to uphold his veto, the President hoped that prompt action would be taken by Congress, as he planned to travel

⁶⁶Congress, House. Consideration of and final vote on special gag rule concerning H.R. 6663, 73rd Cong., 2nd Sess., Congressional Record (14 March 1934), 4427-28, 4614; "House Votes \$243,000,000 to Veterans and Workers," New York Times, 15 March 1934, 1; "President Writes Pension Rise Veto," Ibid, 27 March 1934, 1. After a party caucus prior to the vote on the gag rule only 67 Democrats were expected to oppose the rule. The shift of an additional 64 members was unexpected and upsetting to Roosevelt's allies in the House.

to Florida later in the afternoon for a cruise on the yacht Nourmahal, owned by Vincent Astor. On March 27, as he prepared to leave for Florida, news arrived at the White House that the House had indeed taken prompt action.⁶⁷

By a 310 to 72 vote, the House rejected Roosevelt's veto message and overrode the President. More important, the 210-70 vote of his own party revealed the unpopularity of Roosevelt's stand on veterans' pensions and foreshadowed the coming battles over payment of the adjusted-service certificates, an issue that had merely been set aside until circumstances were more favorable. Before any legislation containing immediate cash payments could be successful, the Senate would have to prove its willingness to overturn the President on the Independent Offices Bill. Consequently, veterans' opponents and allies alike recognized the importance of the Senate vote on the veto message and worked feverishly through the night to sway Senators who were undecided.⁶⁸

A brief and intense war of words took place between the American Legion and the Economy League/Chamber of Commerce forces. Veterans' groups were blamed for the congressional revolt against Roosevelt and the breakdown of "the Democratic Machine," and were accused of employing "the strongest lobbyists in the capital." The derisive term "lobby" was never used to describe the Economy League, however. The

⁶⁷The overall Senate vote was 48-39; "President Writes Pension Rise Veto," New York Times, 27 March 1934, 1.

⁶⁸"House, 310 to 72, Overrides Roosevelt's Veteran Veto; Close Senate Vote Likely," New York Times, 28 March 1934, 1:8; "Veterans' Lobbies Stage Night Drive to Get the Senate to Override the Veto," *Ibid.*, 28 March 1934, 1:6.

League was merely "actively at work trying to swing votes," according to the refined euphemism used in the New York Times. Members of the House who voted to override the President had come under fire for "crooking the hinges of the knee before the American Legion," with one newspaper claiming that the motive of congressmen in supporting veterans' legislation was mainly "to get their names in the Congressional Record as friends of the Veteran, whatever their private convictions." Senators now faced the possibility of similar assaults on their character. Instead of blindly voting to follow the House, the Senate carefully examined the President's veto message, adjourning early to allow Senators to study the veto before calling for a hasty vote.⁶⁹

The arguments presented in Roosevelt's message, senators quickly realized, were issues that had been resolved to the satisfaction of both houses of Congress. The President once again pled for economy, claiming that the bill exceeded the budget estimate by \$228 million, and that Congress had failed to provide these funds through tax increases. Roosevelt further added that he was prepared to issue Executive Orders immediately restoring the 29,000 presumptives to the pension rolls, but allowing the government to appeal individual cases.⁷⁰

Members of the House and Senate, unpersuaded by the President's reasoning,

⁶⁹"Veterans' Lobbies Stage Night Drive to Get the Senate to Override the Veto," New York Times, 28 March 1934, 1:6; "Senate Overrides President's Veto," *Ibid.*, 29 March 1934, 2; Editorial "The Primrose Path," *Ibid.*, 13 March 1934, 20:1.

⁷⁰Congress, Senate. Roosevelt's veto message on H.R. 6663, the Independent Offices Appropriation bill, 73rd Cong., 2nd Sess., Congressional Record, 5540-5541; "House Overrides Roosevelt's Veteran Veto," New York Times, 28 March 1934, 1:8.

responded by reminding Roosevelt that there were many New Deal agencies that could be targeted for economic reform, and that placing the burden for deficit reduction solely on veterans was unjust and unnecessary. Taxation was not needed when the money could be saved by trimming TVA or CCC appropriations, but as Democratic Representative Isabella Greenway of Arizona lamented, the President refused to be advised by Congress, only by his so-called "brain trust," none of which represented a constituency of citizens. Senate Majority Leader Robinson of Arkansas admitted that "it may be true that in experiments to which we all have given support, huge sums of money have been spent which have sometimes not given proper results," Yet neither Robinson nor the President proposed any legislation designed to make these "experiments" more economical.⁷¹

Instead of finding a creative solution to exorbitant spending, the administration had resorted to a "rob Peter to pay Paul" strategy, with veterans playing the role of Peter. Perhaps the most forthright response to the veto message came from Republican Senator Arthur Robinson of Indiana, who acknowledged that many in Congress would "indeed be happy to rebuke the President, because he had made them promises about aiding the veterans and then ignored these promises."⁷²

The veteran issue forced many congressmen to choose between continued support of the President and keeping promises made to their constituents, the majority of whom

⁷¹"House Overrides the Veterans Veto," New York Times, 28 March 1934, 3; "Veto is Denounced in Bitter Debate," Ibid., 29 March 1934, 2.

⁷²Congress, House. Representative James Taylor (R-TN) speaking in favor of forcing Roosevelt to trim New Deal agencies rather than cutting veterans' benefits, 73rd Cong., 2nd Sess., Congressional Record (12 January 1934), 566; "Veto is Denounced in Bitter Debate," New York Times, 29 March 1934, 2.

favored restoration of veteran pensions. Senator Cutting, a lifetime friend of Franklin Roosevelt but also an ardent supporter of veterans, split with the President and led the Senate fight to override the veto. Cutting rose on the Senate floor and offered the argument that "more than anything else, influenced the Senate in its ultimate decision." Roosevelt's offer to restore the 29,000 presumptive cases seemed generous, Cutting informed colleagues, but then pointed out that the gesture was actually meaningless because under existing regulations established by the Economy Act Veterans' Administration review boards would simply strike them off the rolls again after the Independent Offices Bill had become law. The Senate legislation, by changing the laws concerning presumptives, was the only adequate way to protect the veterans.⁷³

With such arguments fresh in mind, the Senate returned on March 28 and voted sixty-three to twenty-seven to override Roosevelt's veto. Twenty-nine Democratic Senators "deserted" their President edging the twenty-seven who voted to sustain the veto. During the extended remarks after the vote, Democratic supporters of the President emotionally chastised their colleagues. Carter Glass, choking back tears, declared that both of his sons served in the World War and vowed, "I'd disinherit both of them if they accepted a dollar under circumstances of this kind."⁷⁴

⁷³"Cutting Differs With Roosevelt," El Paso, Texas Times, 30 March 1934, in Printed Matter File, Box 99, "Veterans Compensation, Over-ruling of the President's Veto, 1934," Bronson Cutting Papers.

⁷⁴"Senate Overrides Veterans Veto," New York Times, 29 March 1934, 1:8; "Veto is Denounced in Bitter Debate," Ibid., 29 March 1934, 2. The breakdown of the Senate vote was: for overriding the veto 63 (29 Democrats, 33 Republicans, 1 Farmer-Labor), Against overriding the veto 27 (27 Democrats, 0 Republicans). The Ibid. later castigated the Republican Party for voting purely on partisan lines in an effort to embarrass Roosevelt, but the Congressional Record indicates that Republicans were united in supporting

Most of the criticism directed toward those who voted to override the veto centered on the belief of the Economy League that the "Legion Lobby" had threatened Senators with political disaster if they did not vote for veterans' benefits. Newspapers in New York, Baltimore, Cleveland, Los Angeles and other cities used words such as "cowardly" and "fearful" to belittle the congressmen who had given in to "powerful groups," namely the American Legion.⁷⁵ Friends of the Economy League wrote letters to Senators warning them of the "Legion Lobby" and imploring them to stand up to such special-interest assaults. Bronson Cutting, frustrated that the Chamber of Commerce of the United States, the Economy League, and many newspapers could not accept the fact that Senators often vote their conscience regardless of lobbyists, responded frankly to one of these letters:

The "Legion Lobby" is a myth, circulated by the organization [the American Legion] in order to get membership. I could convince any open-minded person of this in five minutes' conversation, but on veterans' affairs I have found few with open minds. I suppose it would surprise you to know that the heads of the Legion are in complete accord with you as to the desirability of defeating me for re-election—principally because of my criticism of the total inadequacy and inefficiency of their Washington office.⁷⁶

Yet despite the testimony of influential congressmen such as Cutting, the American Veterans' Association (AVA), a group formed by financially secure former

the restoration of presumptives long before the President announced his veto threat. See Congressional Record, 73rd Cong., 2nd Sess., 564-570, 3210-3220, 3287-3304.

⁷⁵"Comment of Press on Upset of Roosevelt Veto," New York Times, 30 March 1934, 2:1.

⁷⁶Bronson Cutting to Henry Goddard Leach, 3 October, 1934, Washington File, Box 18, "American Legion," Bronson Cutting Papers. Underlining added.

members of the American Legion, continued its attacks on those who restored benefits through the Independent Offices Bill. Charles Kinsolving, Commander of the New York American Veterans' Association, claimed that "the veterans' lobby in Washington today is perhaps the strongest influence on Congress since the heyday of the anti-saloon lobby. It will take years to contravene its strength." President Roosevelt joined in the denunciations of the appropriations bill and the "Legion Lobby, repeatedly informing Americans that the only way to pay the veterans was through increased taxes, a particularly distressing proposal during the Depression.⁷⁷

As 1934 progressed, however, Roosevelt did not propose a tax increase, and all of the veterans cut from pension rolls by the Economy Act were restored at no additional cost to the government above the amount budgeted for the previous year. Congress had held firm against the popular President, sending a clear message that budget cuts and deficit reductions were important, but that all agencies of government should share equally in the spirit of sacrifice.

Franklin Roosevelt continued to speak against any further benefits for veterans, such as cash payment of the adjusted-service certificates, claiming that government had done more for veterans than for any other group in American society. On October 19 the President delivered a speech at the dedication of a veterans' hospital in Roanoke, Virginia, that echoed the sentiments of the Economy League. Despite estimates that nearly 750,000

⁷⁷"Pension Foe Fights Congress Control," New York Times, 30 March 1934, 2:6; "Congress Chiefs Expect Roosevelt to Ask Taxes to Pay Veteran Benefits," Ibid., 30 March 1934, 1:8.

veterans were unemployed at the time, Roosevelt stood in Roanoke and boldly stated that "it has been amply demonstrated that the veterans of the world war, today in the prime of life, are better off on the average, from the point of view of employment and of annual income than the average of any other great group of our citizens." Roosevelt urged veterans to care "first for the great masses of people in this country who are crying for care and who need it now," pleading for support for New Deal relief programs. Veterans agreed with the President that all needy Americans should be helped, and, ironically, it was Roosevelt's appeal to veterans that led to their demand for immediate payment of the adjusted-service certificates, which veterans felt would increase the purchasing power of every community in the nation through currency expansion. Many congressmen, however, including Republican Senator Fred Steiwer of Oregon, warned veterans to "make haste slowly" in demanding cash payment of the certificates. Steiwer felt that it was too soon after the Independent Offices Appropriation battle to begin a sustained drive for cash payment, pleading that such action would "rock the boat of national recovery."⁷⁸

Having heard such dire predictions in the past from Treasury Secretary Andrew Mellon and Presidents Hoover and Roosevelt, veterans were no longer hesitant to bring the certificates to the attention of Congress. Congressmen nationwide promised constituents that they would support the "first well ordered proposal" for cash payment

⁷⁸Terry Radtke, "Americanism and the Politics of Commitment: The Policies and Ideology of the American Legion in the Interwar Period," (Ph.D. Diss., Rutgers University, 1993), 172; Rosenman, Public Papers and Addresses of Franklin D. Roosevelt: Volume 3, The Advance of Recovery and Reform, 430; "Bonus Now Urged in Legion Report," New York Times, 25 October 1934, 1:7; "Warns the Legion not to 'Rock Boat,' Ibid., 23 October 1934, 1:7.

when the subject came before Congress, thus assuring future clashes with the President over the issue of veterans' benefits. By late November 1934 the movement in Congress for cash payment of the service certificates had gained sufficient momentum to attract support from two important members of the House Ways and Means Committee, Democrat Fred Vinson of Kentucky and Republican Isaac Bacharach of New Jersey. Both representatives had conferred with members of their respective parties and found no opposition to cash payment, predicting that the House would override the veto Roosevelt promised to deliver on any such legislation. Once again refusing to be intimidated by the President, Democrats in the House kept the issue alive during the fall session of Congress, waiting until January to launch a concerted effort to pay off the nation's debt to World War veterans. Never denying that the economy was in crisis and recovery was essential, Vinson expressed the view of his colleagues by reminding Roosevelt that "the Democrats in this House believe payment of the bonus [service-certificates] is a recovery measure. It is the best means of obtaining a limited, controlled currency expansion."⁷⁹

Despite his party's overwhelming support of some form of cash payment to veterans, Roosevelt maintained his opposition. Arguing largely from a simplistic economic viewpoint, the President responded to letters from veterans by patronizing them, writing to an American Legion Commander in Texas that "your letter confirms an impression that I have had for some time; that is, that the bonus question is not well

⁷⁹"Warns the Legion Not to 'Rock Boat,'" New York Times, 23 October 1934, 1:7; "Bonus Now Urged in Legion Report," *Ibid.*, 25 October 1934, 1:7; "House Would Pass Cash Bonus Over Veto, Say Vinson and Bacharach," *Ibid.*, 28 November 1934, 1:4.

understood even among the veterans themselves." Roosevelt continued this letter by explaining that a certificate worth \$400 in 1924 would be worth \$1,000 in 1945, claiming that those who support immediate payment "certainly cannot have given the interests of the veterans much thought." While it was true that based on the established interest rate of the certificates Roosevelt's observation regarding their appreciation was accurate, he utterly failed to address the most important issue surrounding the certificates: the veterans did not want to wait until 1945, when thousands more of their comrades would no longer be living. Many veterans saw no reason to postpone payment another eleven years when without the money their families might not survive the Depression. The battle lines over cash payment of the certificates were drawn, with Roosevelt and American business interests on one side, and veterans and Congress on the other. The following year would be filled with bitter disputes between Congress and the Chief Executive, and leading the fight in the House would be the long time champion of veterans, Democrat Wright Patman of Texas.⁸⁰

⁸⁰Roosevelt to Garland Farmer, 27 December 1934 in Rosenman, Public Papers and Addresses of Franklin D. Roosevelt: Volume 3, 504; "House Would Pass Cash Bonus Over Veto, Say Vinson and Bacharach," New York Times, 28 November 1934, 1:4.

CHAPTER THREE

H.R. 1 AND H.R. 3896--THE PATMAN AND VINSON BILLS, 1935

After four years of watching his bill languish in the House Ways and Means Committee, Wright Patman viewed the opening session of the Seventy-Fourth Congress as a golden opportunity to re-introduce H.R. 1, a bill to provide payment of the adjusted-service certificates through currency expansion. In the previous year Congress had reasserted its power, proving that Roosevelt's popularity in the House and Senate had definite limits, especially when the issue of veterans' benefits was on the agenda. Roosevelt's strong veto message had been quickly brushed aside, justifying Patman's faith that a veto of his bill in 1935 would also be overridden. On January 3, 1935, Patman once again introduced what by this time was known as the "Patman Bill."⁸¹

Although over one hundred representatives, the rank and file of the American Legion, and the Veterans of Foreign Wars strongly supported the bill, the Ways and Means Committee attempted to table the bill for the remainder of the session, as it had done since 1931. Patman was determined to bring the bill to the floor of the House for debate, and he promptly organized a Steering Committee composed of twenty-two influential representatives who were dedicated to H.R. 1. The Committee questioned House members, asking for suggestions and support, while Patman wrote short "pep talk"

⁸¹Schmelzer, 132.

memos which served as constant reminders to his colleagues that the certificates were still an outstanding debt of the government, and one that should not be forgotten. As the events of the first session of the Seventy-Fourth Congress unfolded, it became apparent that there was no question veterans' legislation would be passed, the only issue to be decided was which plan for payment of the certificates would be adopted.⁸²

Although President Roosevelt had spoken frequently against veterans' benefits as "class legislation," Congress saw in several New Deal programs legislation that provided benefits only for certain groups in the larger population, such as farm and industry subsidies. Because of New Deal expenditures, New York Representative Hamilton Fish, Jr. stated that "some bonus legislation is inevitable. The sentiment in Congress . . . is overwhelmingly in favor of some immediate veterans' legislation."⁸³

Even congressmen who firmly supported the effort to secure payment of the certificates, however, were uncertain that Patman's plan was the best solution to the problem. During Patman's early congressional career, he had spent much time researching national economic policies, especially the Federal Reserve Board, the body which controlled the amount of currency in circulation. Patman was convinced that the Depression was the result of contracted currency, because ordinary citizens could not pay their debts, or purchase finished products from stores for lack of money. Patman's

⁸²Schmelzer, 132-134. The Steering Committee consisted of 19 Democrats, 1 Republican, and 2 Progressive/Farmer-Laborites.

⁸³"Fish Offers Bill to Pay Off Bonus," New York Times, 9 January 1935, 3:1

proposal in H.R. 1 was to issue new currency, in essence borrowing against the gold and silver reserves in the treasury. The distribution of \$2.2 billion among four million veterans' nationwide would assure that this relief money would reach "every nook and corner of the country," an aspect of payment that Patman felt Roosevelt should support. But it was the expansion of currency that attracted the most criticism for H.R. 1. The bill was immediately labeled by the New York Times and Roosevelt's allies as an "inflationary" measure, conjuring up visions of Germany and its wheelbarrows of Deutsche Marks that could only purchase a loaf of bread after the World War.⁸⁴

Patman carefully explained that money currently circulating was recognized as an obligation owed by the government to the holder of the bank note, and that government Bonds or adjusted-service certificates represented a non-circulating obligation. Thus, by issuing new money to replace the certificates the government was simply changing the form of its obligation from non-circulating to circulating. No additional debt was to be incurred from the payment, and more money would be available to citizens to purchase goods, pay off debts, or finance housing. An additional benefit of Patman's bill, made more noticeable by Roosevelt's fervent pleas for reducing the deficit, was a projected annual government savings of \$112 million, the administration costs associated with maintaining the certificate program. And the final section of the bill, anticipating fears of runaway inflation, provided methods for "braking" inflation should it arise, giving the

⁸⁴"Rival Bonus Views Aired in Debate," New York Times, 13 January 1935, 25:1; Congress, House. Representative Patman presenting the details of H.R. 1, 74th Cong., 1st Sess., Congressional Record (12 March 1935), 4288-4296.

Secretary of the Treasury the power to contract the currency in five ways. Patman had designed the bill to withstand intense criticism, and it came almost immediately from such expected sources as the National Economy League and the Chamber of Commerce of the United States. But Patman did not anticipate that the stiffest challenge to H.R. 1 would come from an ally, Fred Vinson, and the leadership of the group he had dedicated so much effort to, the American Legion.⁸⁵

On January 15, 1935, Representative Vinson, stating only that he was acting at the request of the American Legion, introduced a bill for immediate payment of the service certificates through methods "differing radically" from the plan devised by Patman.⁸⁶ Instead of issuing new currency, Vinson proposed an issue of interest-bearing bonds, leaving the exact method of payment undetermined but giving Congress the responsibility to appropriate funds to pay off the certificates. Vinson's actions were inexplicable, considering the time and funds expended by the Legion in the pursuit of adjusted compensation. Patman was especially disturbed by the new bill, because he had been given the assurances of the Legion's officers that they would not oppose H.R. 1. Since all bond issues are handled through banks, which gain a tidy profit from the interest owed by the government, Patman immediately referred to the Vinson bill as a "bankers' bill,"

⁸⁵"Rival Bonus Views Aired in Debate," New York Times, 13 January 1935, 25:1; Congress, House. Representative Patman presenting the details of H.R. 1 to the House body, 74th Cong., 1st Sess., Congressional Record (12 March 1935), 4288-4296; Schmelzer, 134. Patman accurately used the Civil Works Administration (CWA) as an example of a New Deal program that gave money directly to individuals, thus Roosevelt himself had established the precedent of currency expansion, using the same type of money proposed in H.R. 1, paper bills backed up by gold and silver reserves.

⁸⁶"Legion Bill Splits Bonus Advocates," New York Times, 15 January 1935, 4:5.

and he launched an investigation into the motives of Frank Belgrano, National Commander of the Legion and banker by profession.⁸⁷

Patman's investigation revealed that Belgrano had deliberately ignored the Legion resolution drafted at the national convention in Miami the previous year, which pledged support to an adjusted-service certificates payment bill that would "not create an additional debt," the rank and file clearly favoring Patman's currency expansion provisions. The Vinson bill, by issuing bonds that increased the government's indebtedness, did not meet the specifications of Legion members, and its introduction was a serious obstacle in the path toward cash payment. Patman knew that the leadership of the Legion had approved the Vinson Bill because of its reluctance to give open support to Patman's "inflationary plan," and he further realized that Vinson's measure would be adopted by Congress unless he could force the Ways and Means Committee to report on H.R. 1 immediately, allowing a House vote between the two proposals.⁸⁸

In February Patman filed a petition to have H.R. 1 discharged from further consideration by the Ways and Means Committee, and he eventually secured the one hundred forty-seven required signatures. By March 2, there were twenty-five certificate payment bills pending before the Ways and Means Committee, and House leaders decided

⁸⁷"Legion Bill Splits Bonus Advocates," New York Times, 15 January 1935, 4:5; Schmelzer, 134-136.

⁸⁸"Bonus Now Urged in Legion Report," New York Times, 25 October 1934, 1:7; "Legion Bill Splits Bonus Advocates," *Ibid.*, 15 January 1935, 4:5; Schmelzer, 135-36. Belgrano was associated with the Bank of America in California and stood to gain substantial personal profit from the interest accrued by the proposed bonds. Patman's suspicions received further justification when the National Economy League and the American Veterans' Association publically acknowledged support for the Vinson Bill.

to open hearings before the Committee, granting Patman and Vinson the opportunity to defend their bills. The Committee devoted only two days to these hearings, planning to report on the bills during the following week. After listening to the various payment plans, the Committee, by a 14-11 vote, chose the Vinson Bill (H.R. 3896), but felt that the vote had not been decisive enough to justify gag rules to force the bill through the House. Speaker of the House Joseph Byrns of Tennessee counseled the Rules Committee to provide for full debate on the two bills. The debates opened on March 14, and H.R. 1 and H.R. 3896 were then presented to the House membership for full consideration, allowing congressmen to choose between the Patman and Vinson bills.⁸⁹

Franklin Roosevelt closely watched these actions, attempting, as he had with the Independent Offices Appropriation Bill, to use veto threats to sway Congress. The President made it clear that he "would veto the Vinson and Patman bills or any other pending legislation providing immediate cash payment of veterans' adjusted compensation."⁹⁰ Such statements did affect several members of Congress who feared that the House should pass the bill that would most likely be approved in the Senate over Roosevelt's veto. Proponents of the Vinson bill argued that the Senate would not support the Patman bill because of its currency expansion provisions, thus passage of H.R. 1 would be harmful to veterans because the bill would be defeated. Representative Vinson

⁸⁹Congress, House. Representative Patman files petition to discharge H.R. 1 from Ways and Means Committee, 74th Cong., 1st Sess., Congressional Record, 426-29, 1766-1770; "Leaders to Allow House a Bonus Bill Choice; Unusual Plan Will Bring a Vote on Inflation," New York Times, 10 March 1935, 33:2.

⁹⁰"Roosevelt to Veto Direct Cash Bonus," New York Times, 19 March 1935, 1:3.

expressed this view in metaphorical terms before Congress:

In Kentucky, you know, we have some quadrupeds that run around an oval. You will have a horse that can carry 110 to 115 pounds, but you weigh him down with 140 to 150 pounds and he stops in the stretch. That is what has happened with reference to this bonus proposition. . . . Twice the Patman bill has passed the House and twice it has been stopped in the stretch-in the Senate. . . . I say it is not fair to the veterans of this country to use them as the vehicle of changing the monetary system.⁹¹

While Vinson and the Economy League continued to claim that H.R. 1 would bring ruinous inflation, Wright Patman wisely solicited the aid of the nation's foremost authority on the economy, Robert L. Owen. A former Democratic Senator from Oklahoma, Owen had served as President of the National Monetary Conference, President of the Sound Money League of America, Chairman of the United States Senate Banking and Currency Committee, and was one of the authors of the Federal Reserve Act. After carefully reviewing the provisions of H.R. 1, Owen enthusiastically endorsed it. Patman presented Owen's message to the House, using expert testimony to refute claims that expansion of the currency would produce inflation and worsen the Depression. Owen argued that the amount of circulating currency had shrunk by \$20 billion, and in reference to Patman's desire to issue \$2 billion in new currency, stated,

To replace two billions of this enormous shrinkage of money needed in production is not only harmless, but absolutely necessary as a partial step to recovery. . . . Your bill is preferable to the Vinson bill, because it will not impose on the Government the annual interest charge and the annual amortization charge against the Budget. . . . When the Government expands credit to replace the credit destroyed, our production and employment will be restored to normal, our national

⁹¹Congress, House. Representative Vinson of Kentucky debating the merits of H.R. 3896 in comparison with H.R. 1, 74th Cong., 1st Sess., Congressional Record (15 March 1935), 3766-67.

revenues to normal, and the Budget will balance itself.⁹²

Swayed by Owen's endorsement of H.R. 1, the Chairman of the Ways and Means Committee, Democrat Robert Doughton of North Carolina, moved to substitute the Patman bill for the Vinson bill and this motion was accepted by a narrow 202 to 191 majority. The debate on the two bills had become so intense prior to the vote on Doughton's motion that the presiding officer in the House broke his gavel trying to maintain order "as member after member was shouted down." As heated as the arguments had become, the purpose behind them was not forgotten. Once one of the bills had been chosen for a House vote, Representatives again displayed their nearly unanimous support for immediate payment of the government debt to veterans. On March 22, the House adopted the Patman bill by a vote of 318 to 90 despite an expected veto and doubts that the Senate would override the President.⁹³

Senators gave the House ample reason to doubt whether the upper chamber would override the certain veto. After the overwhelming vote in the House, the Patman bill was introduced in the Senate Finance Committee, chaired by Democrat Byron Harrison of Mississippi. Harrison, an ardent supporter of the President, was anxious to prevent the Senate from voting on and passing the Patman bill, because this would force a showdown

⁹²Congress, House. Extracts of a letter from Robert Owen to Wright Patman as presented in the House, 74th Cong., 1st Sess., Congressional Record (19 March 1935), 3997.

⁹³Schmelzer, 136; "Inflationary Bill Chosen by House On Bonus, 202-191," New York Times, 22 March 1935, 1:2; "Inflation Bonus Adopted in House by Vote of 318-90; Senate to Act, Veto Sure," Ibid., 23 March 1935, 1:8. The breakdown of the vote was: For the Bill-Democrats-247, Republicans-61, Farmer/Labor-7; Against the Bill- Democrats-55, Republicans-35.

with Roosevelt. On April 17 Chairman Harrison introduced what he termed a "compromise bonus bill," which was actually a severely amended version of Patman's H.R. 1. President Roosevelt, after conferring with Harrison, conceded that he would not veto the compromise bill if approved by the Senate and House, encouraging veterans' organizations to accept the bill as the only possible solution. Harrison's plan, similar to Vinson's, proposed to raise the amount owed to veterans through an exchange of adjusted-service certificates for negotiable government bonds. Veterans who desired cash could receive the face value of their certificates. Veterans who exchanged their certificates for bonds instead of cash would receive three percent interest until 1945, thus the Harrison bill was designed to encourage veterans to wait until the original date of maturity for the certificates. Veterans considered this bill to be a stalling tactic, further proof that the government never intended to pay the debt in full. Consequently, they increased efforts to pass the Patman bill regardless of Roosevelt's attitude.⁹⁴

Patman's allies in the Senate, led by Democrats John Thomas of Oklahoma and Huey Long of Louisiana took the floor and submitted a motion to substitute the original Patman bill for the Harrison compromise, but the Senate instead voted to substitute the Vinson bill, again fearing that the currency expansion of H.R. 1 would overburden the

⁹⁴"Text of the Harrison Compromise Bill," New York Times, 18 April 1935, 4:3; "Inflationists Open Their Bonus Drive," Ibid., 3 May 1935, 1:6. The face value of the bonds was determined by subtracting outstanding debts to the government, such as veteran loans and interest on such loans, from the original value of the certificate. For example, if a certificate had an original value of \$400 in 1931, and a veteran requested a \$200 loan that same year at 3% annual interest (the established rate for veterans' loans), by 1935 the certificate would have a face value of \$176 (\$400-\$200 loan principal-4 years interest, or \$24,=\$176).

bill, making it unlikely to withstand Roosevelt's veto. Thomas and Long vociferously denounced the Vinson bill because it merely increased the national debt further instead of providing a means for economic recovery. Thomas offered the most concise criticism of the Vinson and Harrison bills, reminding the Senate that the House had already demonstrated its preference by an impressive margin, and that any substitute for the Patman bill was actually "a studied effort to defeat the payment of the bonus now."⁹⁵

The Senate, seeking to prove its sincerity to veterans, voted on May 3 to strengthen the Vinson bill by appropriating \$2.2 billion for immediate cash payment. With this new addition to the bill Patmanites were confident that whatever bill the Senate selected for a final vote, veterans would receive their long-awaited compensation. Roosevelt, however, still possessed enough supporters in the upper house to threaten either bill if passed. The President's closest allies in the Senate, including Senate Majority Leader Joseph Robinson of Arkansas, Alben Barkley of Kentucky, and Thomas Connally of Texas, saw an opportunity to defeat both bills and bury the issue of payment for the remainder of the session. Knowing that Roosevelt would veto either bill, the Senators concentrated on bringing to a vote the bill least likely to gain enough votes to override a strong veto message. Their choice was the Patman bill, using the specter of "inflation" to frighten potential supporters.⁹⁶

⁹⁵"Inflationists Open Their Bonus Drive," New York Times, 3 May 1935, 1:6.

⁹⁶"Senate Votes Cash for Vinson Bonus; Bill Nears Victory," New York Times, 4 May 1935, 1:6; "Bonus Veto Test Looms as Leaders Concede Passage," Ibid., 7 May 1935, 1:6; Congress, Senate. Amendments proposed for Vinson bill, including substitution of Patman Bill for Vinson measure, 74th Cong., 1st Sess., Congressional Record, 7068, 7108-7196.

On May 7 this strategy succeeded, and the Patman bill was substituted for the Vinson plan just prior to the final vote. By a 55 to 33 margin, the Senate adopted the Patman bill, with many of its opponents voting in favor of it with confidence that a veto would be sustained. Patman was ecstatic that his bill finally accomplished what Vinson said it could not: finish the horse race in the Senate, and he was confident that Congress would override the veto. Veterans, however, decided to leave nothing to chance, and initiated a strong nationwide lobbying effort to persuade the Senate not to sustain a veto. Commander Belgrano sent telegrams to legion officials in every state, asking them to encourage Legion members to flood Congress and the White House with letters, telegrams, and wires urging their representatives and Senators to vote once again for the bill they had already approved.⁹⁷

Senator Thomas, however, was not optimistic that any such efforts would convince his colleagues to change their votes. To sustain the veto only thirty-two negative votes were needed, and thirty-three had already voted against the Patman bill. The pressure of a Presidential veto was certain to force borderline Senators not to oppose Roosevelt. Presidential advisers were called into the White House to discuss the contents of the veto message, which Roosevelt began preparing immediately after the Senate vote for the Patman bill. It was clear that the President intended to compose a detailed and statistic-

⁹⁷"Senate Passes Bonus Bill with Two Billion Inflation, But it Might Uphold Veto," New York Times, 8 May 1935, 1:8; Congress, Senate. Final motions and vote on the Patman bill now labeled H.R. 3896, being a substitute for the Vinson bill, 74th Cong., 1st Sess., Congressional Record, 7681; "Lobby for Bonus Besieges Capitol," New York Times, 9 May 1935, 2:5.

filled veto message, as he requested materials from and conferences with Treasury Secretary Henry Morgenthau, Veterans' Administration director Frank Hines, Acting Budget Director Daniel Bell, and the administrator in charge of finance and insurance for veterans, Harold Breining.⁹⁸

Senator Long, observing Roosevelt's preparations, predicted a "political slaughter" for the President if he vetoed the veterans' compensation bill, and his prophecy also included Senators who would vote to sustain the veto, clearly hinting that their political careers would abruptly end, claiming that "if he [Roosevelt] wants to send himself to slaughter he can do so . . . if he commits suicide, he'll be an ex-President. Even an ex-President is something, but an ex-Senator ain't nothing."⁹⁹ Roosevelt responded to Long by claiming to be a veteran of the World War by virtue of his position as Assistant Secretary of the Navy, stating that he fully understood the issues involved and was certain the American people were behind him. During a radio speech the President claimed that when he felt out of touch with ordinary citizens on important issues he went fishing "so as to get a better conception of the feeling of the American people." Senator Long rebutted that Roosevelt's fishing trips were on Vincent Astor's yacht Nourmahal, hardly a lifestyle shared by America's ordinary citizens, implying that "his sailing on that \$5 million yacht . . . where he visited with the Duke and Duchess of Kent . . . has distorted

⁹⁸"Lobby for Bonus Besieges Capitol," New York Times, 9 May 1935, 2:5; "Bonus Forces End Compromise Talk," *Ibid.*, 10 May 1935, 2:1.

⁹⁹"Jones Predicts Voting of Bonus," New York Times, 11 May 1935, 1:8.

the viewpoint of the President." Long continued:

Now the President tells us that he was a veteran of the World War too, and that he understands it somewhat better than we may think. Well, it is true that Mr. Roosevelt was a veteran of the World War. He was Assistant Secretary of the Navy. He stayed up here on Pennsylvania Avenue in the daytime and in a very fine home during the nighttime and he drew \$10,000 a year for his services.¹⁰⁰

While Long repeated his prophecy of doom for the President, Roosevelt was unperturbed by Long's prediction, receiving instead encouraging news from Congress that if his veto message were strong enough he could sway up to five Senators to support him, assuring more than the thirty-two needed to sustain a veto. Congress "had yet to act upon all but one of the important New Deal measures," a factor which heavily influenced the President's decision not only to write a convincing veto message, but to deliver it personally to a joint session of Congress in an unprecedented action. Speaker of the House Joseph Byrns expressed surprise at the President's plan, understanding Roosevelt's reasons for delivering the message personally but doubting that any representatives would change their votes, considering the margin in the House vote on the Patman bill. The Senate, however, had responded to a recent poll on the veto issue by affirming its intention to sustain a veto, and Patman and other cash payment advocates conceded to constituents that defeat was inevitable during that session of Congress. Before the President delivered his veto message, drafts of new adjusted-service compensation bills

¹⁰⁰"Huey Long Flays Roosevelt Stand on Patman Bonus," Brooklyn Times Union, 12 May 1935 in Printed Matter File, Box 94, "Bonus Bill, Impact of Bronson Cutting's Death on," Bronson Cutting Papers.

were being written and strategies considered for the following year.¹⁰¹

The most important factor in planning a strategy which would eventually lead to an override of the President was to listen carefully to his veto message and address each point in future bills. Veterans, businessmen and Congress anxiously awaited the joint session, with lobbyists from each side of the issue firing off parting shots at one another. Frank Hopkins of the New York Merchants Association, accusing veterans of being unpatriotic in asking for adjusted compensation, declared, "we favor liberal treatment for those veterans who suffered in the line of duty, but object to making a privileged class of those who **only** did their duty in **wartime**," implying that because veterans were poor and needed financial aid they were somehow performing less of a duty than the wealthy businessman who shaped the economy. Veterans responded by flooding Senate offices with telegrams pleading for passage of the Patman bill.¹⁰²

Senator Long, attempting a last-ditch effort to prevent the President from delivering his veto message, initiated a filibuster on the motion for the Senate to join in session with the House. Long argued that the Constitution provided the method for vetoes, wherein the President is directed to return the vetoed bill to the house in which it originated, in this case being the House of Representatives. By speaking to a joint

¹⁰¹"Congress Prepares for a Bonus Veto Test," New York Times, 12 May 1935, section IV, 3:3; "Roosevelt Will go to Capitol to Deliver Bonus Veto Message," Ibid., 18 May 1935, 1:6; "Veteran Bloc Conceded Defeat on Patman Bonus but Will Press New Bill," Ibid., 13 May 1935, 1:1; "Bonus Chiefs Fear Roosevelt Speech, Plan New Tactics," Ibid., 19 May 1935, 1:1.

¹⁰²"Business Groups Back Bonus Veto," New York Times, 21 May 1935, 6:1; "Congress Will Hear Veto of Cash Bonus Read Today," Ibid., 22 May 1935, 1:6.

session, Roosevelt was sidestepping this rule simply to make his veto more politically effective. The President's Senate supporters were determined not to let Long disrupt the veto, vowing to sit in session all night if necessary. Majority Leader Robinson, Senator Barkley of Kentucky, and Kenneth McKellar of Tennessee joined in personal attacks on Long in an effort to embarrass him into ending the filibuster. Robinson informed reporters outside the Senate chamber, "I want to see just how long he intends to make an ass of himself," while Senator McKellar stood and attacked Long's legislative record, claiming cynically remarking that "I don't believe he could get the Lord's Prayer endorsed in this body." As the galleries filled with laughter, Vice-President Garner, presiding over the Senate, rebuked McKellar for his excessive comments and the galleries for the outburst but was interrupted by Alben Barkley, who interjected "I appeal to the chair not to be too harsh on the galleries. After all, when people go to the circus they like to laugh at the monkey." Long's filibuster ended when he was called out of the chamber to confer with a constituent. Upon his return the Senator believed that he still held the floor, only to find that his brief absence was grounds for granting the floor to other members. The vote was taken and the Senate prepared to join the House the following day to listen to the President.¹⁰³

On March 22, 1935, the galleries of the Capitol quickly filled with invited guests who had pled for the opportunity to witness Roosevelt's veto speech. Those who could

¹⁰³"Congress to Hear Bonus Veto Today," New York Times, 22 May 1935, 2:1. Congress, Senate. Long gains the floor at 2:30 and begins filibuster speech, 74th Cong., 1st Sess., Congressional Record, 21 May 1935.

not gain entrance filled the Plaza outside, listening to the proceedings by loudspeaker. Shortly after Noon, the President arrived, greeted by enthusiastic cheers from the crowded galleries and the Democratic side of the aisle. Throughout Roosevelt's speech, this hearty applause and cheering continued, but House Democrats quickly demonstrated through their vote on the veto that their cheerful greetings masked their political intentions.¹⁰⁴

Roosevelt's veto message was certainly a well prepared document, and his delivery evoked frequent emotional reactions from the galleries. Eleanor Roosevelt became so intensely interested in the spectacle that her knitting bag, which occupied her during many political speeches, lay unopened in her lap as she leaned forward to catch every word. The President essentially presented the same arguments he had developed in his veto of the Independent Offices Appropriation Bill the previous year. Roosevelt emphasized the various programs already in existence to aid veterans, such as VA hospitals, War Risk Insurance (which had been extended into peacetime), disability compensation and widow pensions, and veteran preference in civil-service employment. To refute the argument that immediate payment would aid needy veterans, the President stated that veterans should only be entitled to the same consideration as his fellow citizens who did not happen to serve during the World War, meaning that New Deal programs, not veterans' benefits, should suffice. The most important argument, repeated in intervals throughout the speech, centered on Roosevelt's belief that if veterans were granted this immediate payment, other

¹⁰⁴"Thousands in Rush to Hear Roosevelt," New York Times, 22 May 1935, 2:1; Congress, House. Roosevelt's veto message and subsequent override vote, 74th Cong., 1st Sess., Congressional Record, (22 May 1935), 7993-7999.

groups would come forward and demand similar payments, a burden that would create "uncontrollable prices" and "the destruction of the value of savings," a thinly-veiled reference to the so-called "inflationary" aspects of the Patman bill.¹⁰⁵

As Roosevelt concluded his message, he deliberately slowed the cadence of his speech for dramatic effect as he invoked memories of the War and the patriotism of all who served at home and in the military. Leaning forward on the rostrum, the President implored congressmen to think of the future, stating, "it is of first importance that we yield not to the sympathy which we would extend to a single group or class by special legislation for that group or class," urging legislators to aid all needy Americans, not merely the World War veterans. Having completed his veto message, the President received lengthy applause, and then made his way down the aisle to the special exit door. Yet the applause was not the last thing the President heard as he exited the chamber. He heard shouting, loud voices reacting to his speech. Democratic supporters of the Patman bill were already crying "Vote! Vote! Vote!"¹⁰⁶

Less than an hour passed before the House took its vote on overriding the veto.

¹⁰⁵"Thousands in Rush to Hear Roosevelt," New York Times, 22 May 1935, 2:1; "House Overrides Veto of the Bonus," Ibid., 23 May 1935, 1:3; Congress, House. Roosevelt's veto message of H.R. 3896 (H. Doc. No. 197), 74th Cong., 1st Sess., Congressional Record (22 May 1935), 7993-7996. It is interesting to note that Roosevelt's speech clearly demonstrated the successful propaganda of the National Economy League, who distributed pamphlets to major newspapers just prior to the veto which presented identical arguments against payment of the certificates. It is likewise significant that the President ignored the testimony of the nation's foremost economic authority, Robert Owen, choosing instead to label the Patman bill as inflationary despite refutation of this by the author of the Federal Reserve Act.

¹⁰⁶"House Overrides Veto of the Bonus," New York Times, 23 May 1935, 2:6; Congress, House. Veto message of President Roosevelt on H.R. 3896, 74th Cong., 1st Sess., Congressional Record (22 May 1935), 7993-7996.

By a margin nearly identical to the original vote on the Patman bill, Representatives chose to pass H.R. 3896 (formerly the Vinson bill, but now substituted with the Patman bill) by a vote of 322 to 98. House Democrats, who had cheered so loudly for their President, voted 248 to 60 to ignore his veto message. Although pleased by the overwhelming vote in the House, supporters of the Patman bill remained convinced that few, if any, votes would change in the Senate, and that the President's strong veto would prevail. Newspaper editors across the nation praised Roosevelt's courage, honesty, and "economic soundness," predicting that the veto message had effectively settled the issue. It was now up to the Senate to determine the fate of the Patman bill, and to choose whether to administer another major legislative defeat to the President.¹⁰⁷

The vote on the veto was taken on May 24, and as the final tally was announced it became readily apparent that the President's dramatic speech had had its intended effect. Needing only thirty-two negative votes to sustain the veto, Roosevelt received forty, signalling a shift of seven votes from the original Patman bill decision. Although several Democratic Senators had deliberately voted for the Patman bill because it was certain to be vetoed and the veto sustained, the majority of Senators from the President's own party voted to override the veto. Forty-one Democrats, including Roosevelt's future Vice-President Harry Truman, repeated their votes for the Patman bill, while twenty-eight stood

¹⁰⁷"House Vote on Bonus Veto," New York Times, 23 May 1935, 2:2; Congress, House. House vote on override of veto and extension of remarks on H.R. 3896, 74th Cong., 1st Sess., Congressional Record (22 May 1935), 7996-7999; "Editorial Comment on President's Veto of Bonus Bill," New York Times, 23 May 1935, 4.

by the President. Roosevelt owed this political victory not to his powerful allies in the Senate, but to the twelve Republicans who voted to support him not out of loyalty but out of fiscal conservatism and opposition to currency expansion.¹⁰⁸

Defeat of the Patman bill in the Senate had been expected, but the combination of Roosevelt's strong stand against any prepayment of the certificates and a cooling of public sentiment on the issue caused veterans' leaders to split over the question of what to do next. Senator Bennet (Champ) Clark of Missouri attempted to attach a payment provision rider to a Navy appropriation bill, but his effort was rejected. Wright Patman and Senator Thomas expressed little hope of resurrecting the issue during the current Congressional session. Both men counseled the American Legion and other veterans' organizations to concede defeat and wait until the following year, when legislation could be introduced at the opening of the new Congress. The organizations resignedly agreed to this strategy, but some veterans, feeling strongly that they needed their money immediately and not in 1945, decided to lobby for payment with both unique and time-worn methods.¹⁰⁹

Presidents of the United States receive thousands of pieces of mail, but Franklin Roosevelt is likely the only Chief Executive to have been mailed a hand grenade. It was a harmless empty shell of a grenade, of course, but its appearance and inscription were

¹⁰⁸"Senate Kills Cash Bonus, Sustaining Veto by 8 Votes, but Campaign Begins Anew," New York Times, 24 May 1935, 1:8.

¹⁰⁹"Bonus Chiefs Map Next Senate Step," New York Times, 24 May 1935, 6; "Bonus Drive Ebbs as Leaders Split," *Ibid.*, 26 May 1935, 8:1; "Bonus Abandoned Until Elections," *Ibid.*, 5 June 1935, 1:6.

nonetheless menacing. Jesse Callison of Tulsa, Oklahoma, a disgruntled veteran, had carved the message "We Won the War-I Come for the Bonus" on the casing in an effort to call the President's attention to the adjusted-service compensation issue. More frightening to the President, however, was the return of yet another "bonus army," arriving virtually unnoticed in Washington on June 27. Despite pleas from Wright Patman and other congressmen, who well remembered the damaging effect the presence of similar groups had on previous veterans' legislation, over eight hundred men hitch-hiked on freight trains to Washington.¹¹⁰

Roosevelt, as he had in 1933, made provisions for food, shelter, and sanitary conditions for the marchers. Administration officials offered to subsidize the travel costs for three thousand ex-soldiers if they would return to their homes. Once again the First Lady personally visited the encampment, while her husband renewed his offer to enroll veterans in the Civilian Conservation Corps. The new group was grateful for the cordial treatment, and many veterans accepted the offer to obtain employment, but the majority remained in Washington to press Congress for legislative action. Veterans had learned valuable lessons from their previous camps, as evidenced by the organization of a "legislative committee" composed of two veterans from each state and two from the District of Columbia. This committee was responsible for arranging meetings with important congressmen, the President, and various Bureau administrators. The marchers

¹¹⁰"Mails Roosevelt 'Dud' Grenade," New York Times, 26 June 1935, 12:4; "New Bonus March Surprises Capital," *Ibid.*, 28 June 1935, 2:6.

planned to meet with each Senator in an effort to gauge the level of support in that body for a new bill to provide immediate payment of the adjusted-service certificates. To their delight they found that the Senate was more prepared than ever to act favorably on veterans' legislation.¹¹¹

Once the dependable fountain of support for President Roosevelt, the Senate by the Summer of 1935 had undergone substantial political change. The Democrats who had been elected in the 1934 landslide were not New Dealers. A nucleus of powerful Senators holding key positions were conservative by political standards. Senators Edward Taylor (co-acting Majority Leader), Pat Harrison (Finance Committee Chairman), James Byrnes of South Carolina, and Carter Glass of Virginia constituted a conservative Democratic element in the Senate, a group which Roosevelt had alienated by pushing them hard to pass his holding-company and tax bills during the first session of the Seventy-Fourth Congress. By August 1935 conservative Democrats were joining forces with Republicans against the President, a factor that did not go unnoticed by Patman and various veteran leaders.¹¹²

Veterans were wary of becoming overly optimistic about Senate support for payment of the certificates. In each year since 1931 the Senate had been the final obstacle for veterans' legislation, and although the growing hostility between the President

¹¹¹Schmelzer, 138-39; "Bonus 'Army' Plans to Sound Senators," New York Times, 2 July 1935, 13:2.

¹¹²Frank Freidel, Franklin D. Roosevelt: A Rendezvous With Destiny, (Boston: Little, Brown and Co., 1990), 153, 169; "Bonus Army Plans to Sound Senators," New York Times, 2 July 1935, 13:2.

and Senate Democrats offered a new opportunity for success, veterans decided to test the Senate waters with an experimental bill. Introduced in the House by Democratic Representative George McGill of Kansas, the McGill bill proposed to restore full pensions to Spanish-American War veterans, whose benefits had been drastically cut by the Economy Act in 1933. The bill struck a blow to the President's Economy Act goal of saving \$400 million by appropriating \$131 million for the restored pensions. After quick approval in the House, the McGill bill was sent to the Senate. For the first time since becoming President, Roosevelt remained silent on his intentions should the bill pass the Senate. There were no veto threats, no pleas for economy, no dire predictions of national bankruptcy. When the Senate, on July 31, voted on the bill, veterans rejoiced: the McGill bill passed by a vote of seventy-four to one, and the President, recognizing the inevitable, reluctantly signed it into law.¹¹³

Senate leaders, however, could not act immediately to pay the veterans' certificates because of other pending legislation under consideration, particularly the Wealth-Sharing Tax Bill. Majority Leader Joseph Robinson of Arkansas issued a promise on August 6 that a vote on the veterans' certificates would be taken early in the following Congressional session, beginning in January 1936. Senator Robinson further announced that some form of payment would be enacted "even if it has to be over a veto of President Roosevelt." For the first time since the struggle for payment of the certificates had begun

¹¹³Congress, House. House debate on the McGill bill and its economic consequences, 74th Cong., 1st Sess., Congressional Record, 14403-14411; "Senate Restores 50,000 Pensioners," New York Times, 1 August 1935, 2:3.

in 1931, veterans and Wright Patman were now guaranteed a certain victory. The only issue left to be resolved was the final method of payment which would be proposed in January, Patman's currency expansion, or Vinson's bonds.¹¹⁴

¹¹⁴"Bonus Action Set for Next January by Senate Leaders," New York Times, 7 August 1935, 1:2; Schmelzer, 139-40.

CHAPTER FOUR

H.R. 9870 "THE BABY BONUS"-- VETERAN VICTORY, 1936

On January 3, 1936, Congress opened what for veterans was a long-anticipated session. Wright Patman performed his yearly ritual, submitting H.R. 1 to the Ways and Means Committee for consideration, but no action was taken immediately, and Representative Vinson of Kentucky, joined by Democrat John McCormack of Massachusetts, again stepped forward with a new bill to provide payment of the adjusted-service certificates, H.R. 9870, more commonly referred to as the Vinson "United Front" bill. Since the most controversial aspect of previous bills had been the method of payment, Vinson deliberately left this issue unspecified in H.R. 9870, which ambiguously called for the immediate payment of the certificates only for those who demanded cash, and the cancellation of all interest accrued on loans borrowed against the certificates. In addition, holders of the certificates who chose not to request cash payment would receive 3.5 percent annual interest until 1945, the original date of maturity. Vinson estimated that veterans would not immediately redeem all of the certificates, figuring that approximately \$1 billion in Treasury cash would be sufficient to compensate those who did so.¹¹⁵

After working diligently during the previous session of Congress to discharge the

¹¹⁵Congress, House. Introduction of H.R. 9870 to the House and subsequent debate, 74th Cong., 2nd Sess., Congressional Record (3,7, and 9 January 1935), 33, 153, 218-290; "Vinson 'United Front' Bonus Bill as Offered in House," New York Times, 4 January 1935, 9:5; "President's Advice is Sought on Bonus," Ibid., 5 January 1935, 1:7.

Ways and Means Committee from further handling of H.R. 1, Patman now watched helplessly as a bill acceptable to all veterans' organizations took center stage before the date his bill could be officially introduced in the House, January 13. Because Patman's supporters in Congress were essential to the success of any veterans' legislation, and recognizing the Texan's dedicated efforts, Vinson enlisted Patman's aid, offering the opportunity to co-sponsor the bill (hence the "United Front"). After consideration, Patman agreed that the Vinson bill, although failing to specify a method of payment was likely to withstand a veto and was the veterans' best chance for compensation.¹¹⁶

Representatives of both parties were pleased with the proposal, and the Chairman of the Ways and Means Committee, Democrat Robert Doughton of North Carolina, reported the bill favorably to the House body, positioning it for immediate consideration. Chairman Doughton met with Roosevelt to probe the President's reactions to the new bill, apparently leaving the White House satisfied that the House could continue on course to its inevitable passage of H.R. 9870. A delegation of Senators also visited the President for an identical purpose. Vice President Garner, Majority Leader Joseph Robinson, and Finance Committee Chairman Pat Harrison explained the temperament of the Senate regarding the payment of the certificates, informing Roosevelt that both chambers would "undoubtedly override any veto" of H.R. 9870.¹¹⁷

¹¹⁶Congress, House. Patman speaking in support of proposed Vinson bill H.R. 9870, 74th Cong., 2nd Sess., Congressional Record (9 January 1936), 219-221.

¹¹⁷Congress, House. Report of the Ways and Means Committee on H.R. 9870, 74th Cong., 2nd Sess., Congressional Record (7 January 1935), 153; "President's Advice is Sought on Bonus," New York Times, 5 January 1935, 1:7.

Not only was the Senate prepared to enact the Vinson bill over Roosevelt's veto, it was also engaged in considering a similar bill initiated in the upper chamber. Senators Byrnes and Steiwer introduced a plan which would change the maturity date of the certificates from 1945 to 1938, automatically increasing their value to ninety-seven percent of the original face value. This plan, like the Vinson bill, also provided for the cancellation of all accrued interest on certificate loans. Senate leaders informed the President that the House and Senate would certainly override a veto of either H.R. 9870 or the Byrnes-Steiwer bill, whichever was selected by Congress.¹¹⁸

Encouraged by assurances of Senate support, Vinson and Patman opened House debate on H.R. 9870 on January 9, Patman speaking first. The arguments for the bill as presented by Patman were identical to those used in support of H.R. 1 the previous year, with the omission of currency expansion. Congressmen were again reminded that the term "bonus" was a misnomer which "should never be used" to describe the payment of a recognized government debt. Patman delivered a detailed explanation of the entire adjusted-service certificates issue, demonstrating that no matter how the figures were computed the certificates were long past due. Veterans were not asking for a "bonus," they were simply asking that the certificates they had been given in 1924 be made redeemable immediately instead of being forced to wait until 1945. Once again the crucial point was made that if the nation faced bankruptcy, as Roosevelt and the Economy League had warned, then New Deal expenditures should have been reduced. Patman also

¹¹⁸"President's Advice is Sought on Bonus," New York Times, 5 January 1935, 1:7.

argued that the Byrnes-Steiwer plan was a step in the right direction, but would not prove acceptable to veterans because it forced them to wait until 1938 to receive payment, a time too distant in the future to help pay bills and feed families suffering in the present. In addition, by waiting two years, the government's policy of forcing veterans to pay interest on loans from their own certificate money would result in a further reduction of the value of the certificates.¹¹⁹

After Representative Patman concluded his remarks, Fred Vinson presented his ideas to the House. He began by listing the various veterans' organizations that supported the Vinson-Patman-McCormack bill, reminding congressmen that for the first time total unity in purpose had been achieved among veterans' supporters. There were few critics of the bill in the House, but those who did oppose the plan did so for one of two reasons: first, it was argued that the nation was not economically prepared to pay the certificates; and second, because the bill did not specify a method of payment. Vinson explained to his colleagues that questions about method of payment did not need immediate answers, as the important step was to enact legislation providing the payment. Appropriations committees could later determine the source of the funds only if the bill was passed.

¹¹⁹Congress, House. Wright Patman speaking in favor of H.R. 9870, 74th Cong., 2nd Sess., Congressional Record (9 January 1936), 219-233. Another item Patman was particularly incensed over was the method for computing the interest earned by the certificates established by Treasury Secretary Andrew Mellon in 1925. Mellon, "with his short pencil in the middle of the night," determined that the certificates should earn interest beginning in 1925, seven years after the war service rendered. Businesses had received compensation computed from the opening date of the World War, but veterans were not given the same consideration. In 1931 the Senate Finance Committee investigated this issue, and Senator Thomas Connally of Texas asked Mr. Mellon: "If you are going to base compensation on the idea of interest, why should you ignore the 7 years that had expired between the war and the date you were settling with them?" Under Secretary Mills answered for Mellon: "I don't know; but we did ignore it."

When repeatedly asked to include a method of payment in his bill, Vinson responded:

I solemnly ask the friends of the veterans in the House today to follow the same method that Ulysses and his sailors practiced when they were passing the islands of the Sirens. If necessary, stop up your ears lest you be persuaded by such clever maneuvers. The method of payment should not be injected into this bill at this time and place.¹²⁰

Following one day of debate, the House was prepared to vote on the "United Front" bill. On January 10, only one week into the new session, Representatives voted 356 to 59 in favor of the Vinson bill. It was the largest victory since the issue of adjusted compensation had entered Congress in 1923. The vote further demonstrated how politically distant Roosevelt was from the vast majority of his own party. House Democrats voted for the bill by a seven to one margin, 279 to 28.¹²¹

Immediately after the House vote, Roosevelt's Senate allies began hurried conferences to determine a course of action. Senator Harrison of the Finance Committee called a meeting to discuss alternatives that would be acceptable to the President, admitting that a bill for payment of the certificates was inevitable. Harrison suggested the possibility that he would introduce a measure providing for bonds instead of cash, but the bonds would be "payable on demand." Referred to as "baby bonds," Harrison's proposed method of payment was less objectionable to Roosevelt because it did not require issuance of new currency or increased taxes to raise revenue to pay the debt to

¹²⁰Congress, House. Representative Vinson Speaking in support of H.R. 9870, 74th Cong., 2nd Sess., Congressional Record (9 January 1936), 237-243.

¹²¹Congress, House. Record Vote and extended remarks on H.R. 9870, 74th Cong., 2nd Sess., Congressional Record (10 January 1936), 291-292; "House Passes Bonus, 356-59," New York Times, 11 January 1936, 1:8. More Republicans (31) voted against the bill than Democrats (28).

veterans. The President remained opposed to any form of payment before 1945, but after learning of the overwhelming support for the Vinson bill in the House and Senate, Roosevelt knew that his once powerful political weapon, the veto, would be useless.¹²²

After listening to strong testimony from Treasury Secretary Henry Morgenthau, who prophesied financial catastrophe if the certificates were paid immediately, the Senate Finance Committee, ignoring Morgenthau's warning, voted fifteen to two to report the Vinson bill favorably after amending it to provide for Harrison's "baby bonds" instead of cash. As Senate debate began on H.R. 9870, there was never any doubt that the bill would pass. Most of the debate centered on whether Roosevelt would veto the measure as he had done with all previous attempts to pay the certificates.¹²³

Senator Harrison explained that although he could not guarantee that the bond compromise would avoid a veto, it did remove one of Roosevelt's strongest objections to the Patman bill in 1935, the "inflationary" effects of currency expansion. When asked by Senator Daniel Hastings of Oregon why the President would not object to H.R. 9870, Harrison responded:

The Senator must know that not all of the men will cash in the bonds; but the good wife will use her good offices to try to influence the husband to hold back, for a rainy day, many of these \$50 bonds in order to provide the family a sustenance, and so forth. The Senator knows that few men can get away from the wiles and influences of a good wife and the children that will bring about that result, and that

¹²²"House Passes Bonus, 356-59," New York Times, 11 January 1936, 1:8; "Senate Heads Seek Bonus Agreement," Ibid., 13 January 1:7.

¹²³Congress, Senate. Finance Committee reports on H.R. 9870, 74th Cong., 2nd Sess., Congressional Record (14 January 1936), 213, 458; "Senate Committee Votes 15 to 2 for Bonus in Face of Morgenthau Warning," New York Times, 15 January 1936, 1:8.

will greatly aid the government in financing this measure.¹²⁴

Harrison's reasoning and the details of the bill had great impact on the Senate body. By simply removing all currency expansion or full cash payment provisions, Vinson and Patman finally convinced fourteen Senators, ten Democrats and four Republicans, who had previously opposed payment of the certificates to change their votes in support of H.R. 9870. After brief concluding statements, the Senate voted 74 to 16 in favor of the bill, and the bill returned to the House for final passage.¹²⁵

After only one hour of floor debate in the House, Representatives demanded a vote on H.R. 9870. So overwhelmingly popular was the bill that only one Congressman, Republican Robert Rich of Pennsylvania, stood to voice opposition to it. The final House vote was 346 to 59, with more Republicans than Democrats supporting Roosevelt's position. The President now faced the lonely task of vetoing the bill with the knowledge that an override was almost certain. For the first time since taking office, Roosevelt refused to comment on his intentions for a veterans' compensation bill.¹²⁶

¹²⁴Congress, Senate. Senator Harrison arguing in support of H.R. 9870, 74th Cong., 2nd Sess., Congressional Record (17 January 1936), 560-61.

¹²⁵"Bonus Bill Passes in Senate, 74 to 16; House to Concur," New York Times, 21 January 1936, 1:1; Congress, Senate. Conclusion of debate on payment of adjusted-service certificates and final vote on H.R. 9870, 74th Cong., 2nd Sess., Congressional Record (20 January 1936), 685-703. The Democrats who changed their votes were: Ashurst (AZ), Bailey (NC), Barkley (KY), Dieterich (IL), Guffey (PA), Harrison (MS), Lonergan (CT), Radcliffe (MD), Robinson (ARK), and Walsh (MA); "To Rush Bonus Bill to the President," New York Times, 22 January 1936, 12:1.

¹²⁶"Bonus Bond Bill Passed and Rushed to President; Veto Action is Uncertain," New York Times, 23 January 1936, 1:8; Congress, House. Final debate and vote on H.R. 9870, 74th Cong., 2nd Sess., Congressional Record (22 January 1936), 837-848. The 59 negative votes consisted of 29 Democrats and 30 Republicans.

Roosevelt declined to comment largely because he was unsure what action to take. By promising the previous year to veto any bill demanding premature payment of the certificates, the President had committed himself to stand with the Economy League and the Chamber of Commerce of the United States. On January 22, Roosevelt received a telegram from Henry Curran, Director of the National Economy League, advising the President to "give them the same good veto message you gave them a year ago. That was a bad bonus bill and a good message. This bonus bill is just as bad, so make the message just as good."¹²⁷

Counsel similar in content but different in reasoning was offered by one of Roosevelt's most trusted friends, Felix Frankfurter. While the Economy League wanted Roosevelt to write a strong veto and remain eternally opposed to payment of the certificates, Frankfurter advised the President to face political reality and veto the bill in as mild a manner as possible. Frankfurter then explained the logic of his suggestion:

I have been mulling over in my mind ever since Sunday the bonus situation. The Conviction becomes stronger and stronger that on the balance there would be clear loss in doing anything except to stand pat on your last year's veto, doing it as gently as possible, and also, promptly after the veto is overridden, to work out with the Legion leaders a cordial and vigorous cooperative method for carrying out the legislation. . . . My friends report that, now that the men are convinced that the bonus in some form will go through Congress, their feelings have greatly changed. They don't expect you to sign the bill, they understand your position, and will feel, once the fight is over, that there was an honest difference of conviction which grew not at all out of any unfriendliness on your part to them or their needs. And they will admire a fighter who stuck by his guns in a friendly way. On the other hand, any retreat now will only stimulate new demands and continue

¹²⁷"Bonus Bill Passed and Rushed to President; Veto Action is Uncertain," New York Times, 23 January 1936, 1:8.

to keep alive the issue which, so far as you are concerned, you can now bury.¹²⁸

While pondering Frankfurter's and Curran's advice, Roosevelt followed standard procedure by referring the bill to the Veterans' Administration, Secretary of the Treasury Morgenthau, and to the Director of the Bureau of the Budget for consideration. Having already studied every detail of the bill, Morgenthau and Frank Hines completed their appraisals in only a few hours, counseling the President to veto the bill by using excerpts from his 1935 message.¹²⁹

On January 24 Roosevelt vetoed H.R. 9870, Working on drafts until one o'clock in the morning before sending a halfhearted hand-written message to the House consisting of only seven sentences, most of which referred congressmen to the stand he had taken eight months earlier. More important than the message itself was Roosevelt's lack of effort to garner support for his veto. He gave no interviews presenting his wishes for a sustaining vote because he was finally prepared to accept the inevitable. Exactly forty-five minutes after the veto had been read to the House body, the veto was overridden by a vote of 324 to 61.¹³⁰

Businessmen, merchants, and other members of the Economy League and

¹²⁸Frankfurter to Roosevelt, 17 January 1936 in Freedman, Roosevelt and Frankfurter, 312-313.

¹²⁹Congress, House. Roosevelt's veto of H.R. 9870, 74th Cong., 2nd Sess., Congressional Record (24 January 1936), 975; "Roosevelt Orders Bonus Bill Study," New York Times, 24 January 1936, 1.

¹³⁰"House Swiftly Overrides Bonus Veto by Roosevelt," New York Times, 25 January 1936, 1:8; Schlesinger, Jr., The Politics of Upheaval, 504; Congress, House. Roosevelt's veto message and subsequent House vote to override, 74th Cong., 2nd Sess., Congressional Record (24 January 1936), 975-976. Partisan votes on the bill: Democrats- 248 for, 32 against; Republicans- 66 for, 29 against.

Chambers of Commerce immediately sent a deluge of telegrams to the Senate Office Building urging Senators to sustain the President. Administration leaders in the Senate were in a particularly difficult position, favoring the Vinson bill yet not wanting to embarrass their President. One veterans' supporter compared the senior Democrats' plight to the decision offered to death row inmates in Utah, where "you have your choice of electrocution or hanging." Either choice would bring a harmful result, and in the end the Senate elected to inflict the pain on Roosevelt.¹³¹

On January 27 H.R. 9870 became law when the Senate voted 76 to 19 to override the President's veto, with Roosevelt's party members abandoning him by a count of 57 to 12. Veterans' organizations were elated that victory had been achieved, and they acted quickly to console Roosevelt in his defeat. As a show of good faith, the national commanders of the American Legion, Veterans of Foreign Wars, and Disabled American Veterans, were sent to the White House to assure the President that they would "do everything within their power" to persuade veterans to hold onto their bonds rather than demand cash, "unless they expected to use the cash for some permanently useful purpose," such as homes or repayment of debts.¹³²

The President never accepted the argument that the majority of veterans would

¹³¹"Many Telegrams Urge Senate Back Veto of the Bonus," New York Times, 26 January 1936, 1.

¹³²"Bonus Bill Becomes Law; Repassed in Senate, 76-19," New York Times, 28 January 1936, 1:8; Congress, Senate. Concluding remarks and final vote on veto override of H.R. 9870, 74th Cong., 2nd Sess., Congressional Record (27 January 1936), 1007-1015; "White House Statement on the Advisability of Preserving Soldiers' Bonus Bonds, 27 January 1936," in Rosenman, Public Papers and Addresses of Franklin D. Roosevelt, 69-70.

hold their bonds, believing instead that June 15, the day adjusted-service certificates would begin to be exchanged for baby bonds, would bring a strong demand for immediate cash. Illustrating his fears, Roosevelt requested that Congress appropriate \$2.2 billion, a figure representing the total face value of all veterans' certificates. Congress quickly agreed to the appropriation and thus avoided the increased taxes that Roosevelt had long predicted would be an inevitable result of payment of the certificates.¹³³

Roosevelt need not have worried about a rush to cash the certificates. On June 15 over three million veterans lined up to exchange adjusted-service certificates for government bonds, exactly as the American Legion had predicted. Only one million veterans, twenty-five percent, demanded immediate cash payment of their certificates, creating a much smaller drain on the treasury than Roosevelt had projected. The "good wives" of veterans, as Senator Harrison anticipated, encouraged husbands to hold onto their certificates as insurance of financial survival.¹³⁴

Veterans' organizations united in declaring that "the bonus fight has ended," settling the issue of adjusted compensation twelve years after its introduction in Congress. For combatants on both sides, 1936 signalled a new opportunity to resolve one dispute, allowing Congress to address other pressing matters. Wright Patman, a strong Roosevelt supporter prior to the 1933 Economy Act cuts, resumed the loyalty he had shown during

¹³³"Roosevelt Demands Sum of \$2,249,178,375 for Bonus to be Voted by Congress," New York Times, 30 January 1936, 1:8.

¹³⁴Richard Morris, Encyclopedia of American History, (New York: Harper & Brothers, 1953), 353.

the banking crisis by joining the administration's fight for New Deal farm subsidies and other important policies. In 1936 and again in 1940, Patman campaigned enthusiastically for Roosevelt's second and third terms, helping to deliver the key electoral state of Texas. Felix Frankfurter's argument that Congress would respect Roosevelt for standing firm on the issue was later justified by the actions of Patman, Vinson (whom Roosevelt later appointed to the Supreme Court), and Harrison, all of whom supported the President on every issue except the adjusted-service certificates. Vinson proved an important ally during Roosevelt and Morgenthau's battle for an undistributed profit tax. As a member of the House Ways and Means Committee, Vinson led the administration fight and won passage of the bill in the House. Harrison provided similar support for the tax bill in the Senate Finance Committee, although he was unsuccessful in gaining final approval for the proposal.¹³⁵

By October 1936 the battle over payment of the certificates was a distant memory for the President. The cash distributed to veterans, a disbursement Roosevelt had so long opposed, pumped a much needed \$2 billion into the economy, "even more than the substantial WPA outlay of 1936." Veterans were spending their newly acquired compensation exactly as Patman and Vinson had predicted, paying off debts, purchasing a variety of consumer products, and stimulating local economies nationwide. Although the debt to veterans had merely been transformed into a debt to banks, the increase in

¹³⁵Schmelzer, 143; Schlesinger, Jr., 507-509.

monetary circulation restored much confidence in the economy.¹³⁶

Despite his emphatic vetoes of veterans' benefits and the publicity given to the battle over payment of adjusted compensation, in October 1936 Roosevelt attempted to rewrite public memory by taking credit for the economic growth spurred by H.R. 9870. Delivering a speech at Forbes Field in Pittsburgh, Pennsylvania, the President jovially remarked, "A baseball park is a good place to talk about box scores. Tonight I am going to talk to you about the box score of the Government of the United States." Defending the use of billions of dollars to fund New Deal recovery programs, Roosevelt listed the achievements of his administration, detailing the benefits received from increasing the national debt. The first item mentioned by the President was the expenditure of \$1.5 billion "for the payment of the World War veterans' bonus this year instead of 1945. That payment is now out of the way and is no longer a future obligation of the government." Roosevelt, who had so vehemently argued against any prepayment of the certificates because doing so would be a "violation of the veterans' contract with the Government," now spoke as though his policies deserved credit for securing the early payment.¹³⁷

A superior politician in many respects, Roosevelt did not demonstrate his leadership abilities in his efforts to prevent passage of veterans' legislation. By encouraging a handful of House and Senate leaders, including Speaker Henry Rainey of Illinois, and Senators Harry Byrd of Virginia and William Bankhead of Alabama, to

¹³⁶Freidel, *Franklin D. Roosevelt: A Rendezvous With Destiny*, 192.

¹³⁷"Roosevelt's Defense of His Use of Billions for Recovery," *New York Times*, 2 October 1936, 2:5.

initiate gag rules on important New Deal measures, Roosevelt alienated the majority of his own party, many of whom repeatedly joined the Republicans in opposition to the President. After the final vote on H.R. 9870 Roosevelt faced a strong coalition of liberal and conservative Democrats united in opposition to the President's relief programs, a group which began forming during the debates to override the veto of the Independent Offices Appropriation bill in 1934. Gag rules, veto threats, and personal pressure garnered Roosevelt a temporary victory in 1935 with the sustaining of his veto of the Patman bill, but these tactics infuriated Democrats who felt as though the administration did not desire their input, assuring a resounding final defeat of the President's position on veterans' legislation in 1936.¹³⁸

¹³⁸Martha H. Swain, Pat Harrison: The New Deal Years, (Jackson: University of Mississippi Press, 1978), 102-103; Freidel, Franklin D. Roosevelt: A Rendezvous With Destiny, 169, 232-233.

Table 1. Cuts to Veterans' Benefits in Roosevelt's Economy Act, 10 March 1933. Source: Bronson Cutting Papers, Washington File, Box 41, "Veterans' Legislation, Correspondence, 1932-34."

	Appropriations 1933	Roosevelt 1934 Bill	Difference (Budget Reductions)	Reduction (Percentage)
Administration, medical, hospital and domiciliary care	\$115,000,000	\$85,273,000	\$25,265,514	23
Disability Compensation	\$204,620,000	\$64,902,000	\$156,837,875	71
Disability Allowance	\$104,277,000	\$9,884,000	\$91,758,010	90
Dis. Emergency Officers	\$11,046,000	\$3,300,000	\$6,729,826	67
World War Death	\$36,284,000	\$25,700,000	\$13,689,836	35
Totals	\$356,250,000	\$103,786,000	\$269,015,000	72
Pensions:				
Civil War	\$97,221,000	\$74,141,390	\$8,392,456	10
Span-Amer War	\$116,396,000	\$41,659,644	\$83,113,833	67
Other Wars	\$5,116,000	\$4,070,966	\$762,250	16
Regular Estab.	\$7,127,000	\$8,072,000	+ \$282,026	+4
Totals	\$225,850,000	\$127,944,000	\$91,986,513	42
Insurance	\$117,000,000	\$123,000,000	\$11,000,000	8
Hospital Constr.	\$12,877,000	\$1,000,000	\$4,000,000	80
Adj. serv. certif. fund	\$100,000,000	\$50,000,000	\$50,000,000	50
Grand Totals	\$927,849,000	\$493,988,000	\$452,000,000	48

Table 3. House and Senate Votes on Bills Providing for Immediate Cash Payment of the Adjusted-Service Certificates. Source: Congressional Record, 73rd and 74th Congresses; New York Times, 1934-36.

	Democrats For Bill	Democrats Against Bill	Republicans For Bill	Republicans Against Bill
Patman Bill (H.R. 1) 1935				
HOUSE	247	55	61	35
SENATE	43	21	10	12
Vinson Bill (H.R. 9870) 1936				
HOUSE	265	29	72	30
SENATE	56	9	15	7

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