

LECTURE

By REV. CHAS. E. COUGHLIN

LATERAL AND FRONTAL ATTACK!

Sunday, October 22, 1933

4 P. M. EASTERN STANDARD TIME

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The Radio League of *the* Little Flower

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✠ Bishop of Detroit

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by

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LATERAL and FRONTAL ATTACK!

Broadcast by

REV. CHAS. E. COUGHLIN

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After an absence of six months it is my privilege to renew the Golden Hour broadcast which for over a period of seven years has been associated with the Shrine of the Little Flower.

At the outset may I express deep gratitude to this national radio audience composed of Catholics, Protestants, Jews and non-religionists for their magnanimous approbation which in the past as well as in the present renders possible this presentation.

Moreover, I wish to thank my illustrious Bishop, the Right Reverend Michael James Gallagher for granting me permission to carry on this work. Without his loyal and unswerving support it were morally impossible for a priest in his diocese to undertake any such work as that which I am endeavoring to accomplish.

I.

The nature of the broadcasts which I propose to continue for the following six months will be similar in content, in style and in purpose to my former utterances over this network of radio stations.

Although I shall be called radical, my radicalism shall not exceed the doctrine of Jesus Christ nor its developments as found in the official writings of Pope Pius XI.

Although I shall be termed a clerical dabbler in economics and politics, nevertheless, I shall rest undisturbed, fortified by the pronouncement of that same Pius XI that this present social question with its concentration of wealth in the hands of a few, its unbridled mass-production, its gold worshipping, its poverty in the midst of plenty, its usurious bonds, is a question not so much related to economics as to morals and to religion.

Previously—as far back as 1891—Leo XIII scouted once and for all the vicious, specious and indefensible theory that starvation wages, undue wealth, unreasonable taxation, forced idleness are matters to be dealt with solely by politicians and by journalists.

To quote this immortal Pontiff: "The error is already very common that the social question is merely an economic one, whereas in point of fact it is above all a moral and religious matter, and for that reason must be settled by the principles of morality and according to the dictates of religion." And he adds: "The ministers of holy religion must bring to this struggle the full energy of mind and the full power of endurance which they possess."

My friends, I am neither Republican nor Democrat nor Socialist in politics.

However, I do glory in the fact that I am a simple Catholic priest endeavoring to inject Christianity into the fabric of an economic system which was woven together upon the loom of greed by the cunning fingers of those who manipulated the shuttles of human lives and human happiness for their own selfish purposes.

I glory in the fact that I shall endeavor to let the downtrodden of every creed and of no creed realize that this pulpit does not and will not maintain a craven silence in the presence of protected iniquity.

My program for the next twenty-five weeks, therefore, is predicated upon the hope that there is still freedom of the printed word and of the spoken word within the confines of our distracted country. Therefore, if through some direct or indirect cause these broadcasts shall be suddenly terminated, their discontinuance shall not be of my own choosing. For in the midst of this present crisis I do not intend to shout from the pulpit "peace, peace, when there is no peace."

Moreover, I shall not content myself to mouth innocent generalities and pious platitudes. I plan to be specific with the mention of names, of figures and of facts.

But where does the virtue of charity find place in such a program? The charity which is meek; the charity "that seeketh not her own", to quote St. Paul.

My friends, charity is the chiefest virtue in the entire scheme of Christianity. But charity essentially means to love God with your whole heart and soul and mind and your neighbor as yourself.

Now the doctrine of charity was not intended to be a rampart behind which a mentally diseased miscreant can take his stand and, like the devil, quote Scripture for his purpose to intimidate criticism of those who protest against the modern

bandits of exploitation; against those who seek not only what is their own but under subterfuge of legality, devour the houses of widows and of orphans; breed poverty amongst the masses, close factory gates and feed the slimy serpent of communism with the bread of discontent, while in the meantime they practice loving their neighbors less than themselves, not as themselves.

Charity does not prevent us from turning the searchlight of publicity upon social and public malefactors.

Remember the story of St. Peter. It was he who designated by name the pious scoundrels—Ananias and Sapphira—for defrauding the early Christians of a promised gift.

And, if necessary, we must continue to point out by name and by fact those who have allied themselves to defraud the laborer, the farmer, the small business man, the home owner, not of promised gifts but of rightful possessions.

They, too, must be carried out dead, if necessary—dead socially, dead politically, dead financially—rather than that we suffer a continuance of the evils which have resulted from their practiced deceit.

II.

I have touched upon these points, my friends, simply to assure you that insofar as I am capable there shall be no compromise on this Golden Hour with the injustice, with the false principles and with the pharisaical policies which have been in vogue in this nation.

III.

My friends, we are entering upon the fifth winter of our so-called depression, of our man-made misery.

A lateral attack has been organized against it. As yet our Government, in my mind, has not ventured to make the frontal attack which alone can successfully arrest the spread of poverty and get men and industry back to work on a profitable basis.

This afternoon, may I say a few words both about the lateral attack and the frontal attack.

By the lateral attack I refer to the National Recovery Act. At present it is not humanly possible to gage its complete results. Time alone will tell.

But there are certain facts available on the credit side of the N R A.

First: It has eliminated child labor.

Second: It has set a minimum wage for adult laborers in all trades and forms of labor.

Third: It has succeeded in creating temporarily approximately one and one-half million jobs.

Fourth: It has increased the national payroll.

Fifth: It has limited the hours of human labor.

Sixth: And by all means the most important fact to be considered—it has given laborers the right to organize independent of their employers and independent of any existing labor union.

All this is on the positive, the credit side of the N R A.

It is now the duty of every working man to organize. It is expected of the unions not to attack the unorganized but to enroll them in their ranks, remembering always, however, that unions must purge and keep clean as far as possible their organizations from the muddy taint of the racketeer before they can accomplish anything. The laboring man does not propose to sustain a government within a government. The labor unions of the future must excel those of the past.

In a future discourse I shall return to this point, simply stating this afternoon that I shall do all in my power to assist in the legitimate organization of labor. Today approximately 2,800,000 men are organized. Today about 40,000,000 men are unorganized. Our efforts must be bent towards amalgamating these 40,000,000 into a solid phalanx who are prepared to work only at a living and a profitable wage or not work at all.

The facts available on the debit side of the N R A to my mind, are the following:

First: The N R A was ushered in with too much optimism and thereby misled millions of Americans into believing that 6,000,000 men would be back to work by Labor Day. People's confidence should not be played with that way.

Second: While probably more workers are employed in October; while the aggregate payroll is larger than it was in any previous ten months, nevertheless, industrial production is lower than it has been during any of the four previous months.

Third: The N R A has lessened the purchasing power of this nation. Both wholesale and retail prices are advancing while agricultural prices have fallen drastically. The 11,000,000 unemployed are worse off today than they were last winter and so are the farmers.

Fourth: From March to July business increased with unusual rapidity. Since July business has decreased.

The index of business according to the New York Times rose from sixty points to almost one hundred points in seven-teen weeks, but in the ten following weeks half that advance has been lost.

Fifth: Strikes have so multiplied—and many of them justifiable—that they have subtracted more than one-half the advantage gained by re-employment.

Sixth: While the N R A limited the hours of human labor it forgot to limit the hours of mass-production machine operation. It is the machine rather than the man that needs to be curtailed.

In its last analysis the N R A up to the present has not broken the back of the depression. It has lessened purchasing power. In many cases it has simply shared the minimum wage. It is not the frontal attack against the disease of debt and the famine of money which afflict us. Because this is so, the N R A cannot destroy the advance of the depression. It can merely impede it temporarily.

Its great asset, its memorable contribution rests upon the fact that it has legalized the organization of labor—provided the workers have enough intestinal fortitude to stand together; provided the farmer—the forgotten man of the N R A—joins hands and hearts with the industrial laborers of the city.

General Johnson is to be commended. He has managed the N R A as well as it is humanly possible. He has made the best lateral attack possible against the depression. If there is any grave fault, blame not the N R A or General Johnson. Blame the lack of a frontal attack.

The N R A is like a fine motor car, but it is equipped with flat tires. A capable driver is in the seat. The motor of supply and demand is wired to perfection. The fuel of confidence is in the tank. The roadway to prosperity is clear. But—! Well let me tell you of the flat tires.

IV.

During the four previous winters of depression we witnessed the values resident in this nation melt before our eyes. Stocks were decimated. Bonds depreciated. Real estate upon which the stability of this nation rests became a liability rather than an asset as taxation increased. Business house after busi-

ness house, factory after factory closed their doors. Export trade was destroyed.

Our national income was quartered. Our national debt mounted by leaps and bounds.

The only frontal tactics employed to cure these ills appeared to be the asinine policy of endeavoring to borrow ourselves out of debt. Instead of an attack it has been a surrender to the old guard policy of international bankers. Credit expansion, more Government bonds, millions of dollars loaned promiscuously to bankrupt railroads and tottering banks while we experimented with the fabulous theory of lifting ourselves by our bootstraps!

During the past few months, if you remember, despair gave way to hope. We thought that the deflationists who controlled the dishonest dollar and whose religion was identified with the god of gold—we thought that they were about to be driven from the Temple of American life.

A devoted Congress almost unanimously voted a plenitude of power to the President to restore financial honesty to the American dollar so that values of agricultural products and of industrial products could be so increased that men could begin working at a profit instead of laboring at a loss.

For the past five months we have waited in vain to see an actual revaluation of our dollar. But today the same deflationary activities are in vogue as were last April. The same efforts to borrow ourselves out of debt are being practiced in a milder but no less inhumane degree than was experienced under our former President, Mr. Hoover. The same international bankers who opposed our going off the gold standard are opposing the revaluation of the dollar. The same financial policies control our Treasury Department.

Our sympathy is extended to Mr. Roosevelt for the activities practiced in this Department of Government.

It haggles and haggles over the eleven billion dollars owed to us chiefly by France and by England—money that never will be paid at fifty cents on the dollar. And in the meantime—last week alone—its deflationary activities succeeded in melting another eight billion dollars, not from gamblers but from the investing American public whose money had purchased stock to run the industries of this country.

We appear to be interesting ourselves excessively in the restoration of English and French financial stability despite the

fact that these abler financial geniuses know how to reevaluate their gold, know how to fund their debts and hire the smartest banker in this country, J. P. Morgan, to help them out and put the hobble on us.

France and England were too sensible to attempt borrowing themselves out of debt. They borrowed from us to pay for their wars. They borrowed from us to arrange for their restoration. Now they pay us in token money—and are seeking, if not the entire cancellation of debts, at least, mark my words, a 50% cut in them. If our Treasury Department can be so generous to the Frenchman and Englishman, is it beyond decency for the debtors of this nation to expect a fair remittance of national debts?

But our Treasury Department refuses to face the local debt question. Its generosity is to the foreigner, not to the citizen. It still follows the policy of protecting the creditor to the detriment of the debtor. It assumes that it is a creditor's government and not the government of the debtor class—a class who are totally unable and unwilling to pay back honest debts with dishonest dollars. More than fourteen billion dollars actually canceled abroad! Our own national debts are made twice as hard to bear because of our unpayable debts and famine dollars!

Our Treasury Department evidently thinks that the money which we spent on the Great War was for a productive purpose. It refuses to admit that every one of us participated in the greatest blunder of history. Now the taxpayer, the poor man, the farmer, can pay for that mistake. But the war profiteers and the war bondholders in this nation can keep on profiting by it!

Recently the propaganda was spread among the veterans and the American Legion to the effect that if honest dollars are restored; that if we cut in half the value of the present dollar, then veterans will suffer. Ask the President of the American Legion for the truthful story of this so-called resolution against controlled inflation. He is willing to testify that the resolution was merely to study the question. He is willing to testify that he did not authorize the hundreds of telegrams sent out by the Legion purporting to show that the Legion was opposed to controlled inflation. Moreover, the identity of the man—the faker—who signed the telegrams cannot be learned.

To what depths of iniquity will Wall Street stoop? They rob the soldiers of their bonus and then use them as catspaws for their dirty work. Then they cry "suffering"!

I ask you, can the American Legionnaires' suffering be any worse than it is?

Do they want to go on forever protecting the bonds in the hands of the wealthy bankers—bonds that when cashed will buy two hours labor instead of one, two bushels of wheat instead of one, two bales of cotton instead of one? Bonds that guarantee a bonus for the international banker but none for the soldier!

Actual and not mythical revaluation of the dollar is the debtor's salvation, the laborer's, the soldier's, the farmer's demand.

There was never prosperity in this or in any other country without high prices and plenty of currency dollars to pay these prices.

Low prices and a famine of currency dollars always mean double effort to meet old debts.

Ladies and gentlemen, we must rid ourselves of this borrowing-out-of-debt policy, of this favoring-the-bondholder policy, of this famine-of-money policy. The Liberty Bond holders have profited long enough on the white crosses, the broken bodies and the disappointed hopes of the American soldiers and American citizens. Their policy of deflation or of bond protection must stop before we begin practicing repudiation.

Let us work ourselves out of debt at higher wages and higher prices.

V.

Now if our Treasury Department is determined to borrow this nation out of debt, our Agricultural Department has invented a new theory of starving us into prosperity. We have too much cotton. We are surfeited with wheat. There is more pork than we can eat. Therefore, plow up the cotton. Destroy the wheat and slaughter the pigs without even "de-hairing" them so that six million or more of their carcasses will be used *not* for food but for fertilizer.

Who informed the Agricultural Department that we had too much wheat when there are millions starving in China and millions in our own bread lines?

When did we discover that there was too much cotton when other millions of children, of women and of unemployed men will be tramping through the snows of this winter half-clad?

From Malthus to Wallace is a far cry. In the year 1798 this Anglican clergyman feared that England and Europe

would be overrun with population. Therefore, he suggested birth control to avert starvation.

But in the year 1933 his disciple in the Agricultural Department has advocated pig control and bread control because there is too much production.

This is harsh criticism both of the Treasury Department and of the Agricultural Department. No one realizes it more than do I.

But today as of old, according to the Scriptures, man is more precious than gold.

Today as on the birthday of our Constitution, we are still dedicated to regulate the value of money instead of fixing it to please the money-changers of international repute.

How counter to the teachings of Almighty God is this destructive, deflationary policy!

"Increase and multiply" spoke the Creator to our first parents as opposed to the Malthusian concept of decrease and decimate.

What discord exists between the policies of our Agricultural Department and the prayer of our Lord Jesus Christ, Who taught us to say "give us this day our daily bread", as now amended by the deflationary-minded Agricultural Department to read: "take back your daily bread".

Now that this policy has been weighed in the balance and found wanting, we still have confidence in our President to rectify the wrongs unconsciously and with no malice committed by his well-intentioned secretaries.

Deflation, bankruptcy, defeatism—these have run the gamut.

Destructionism as a suitable policy for agriculture stands indicted before God and before man.

Two million farmers from twenty-seven agricultural States have leagued together to protest against profitless farming.

Not since 1776 and including that date has there been such a renunciation of the Treasury policy and the agricultural policy in these United States. The farmers are not petitioning for doles of loaned money. They want an honest dollar, not through credit inflation which means more debts, but through currency inflation which means fewer bonds. The farmers are an honest, God-fearing people who want to work themselves out of debt with honest dollars.

VI.

There must be a frontal attack made upon this depression. We dare not dodge the monetary issue any longer.

Ladies and gentlemen, may I introduce a few remarks on the disease of debt and the famine of money against both of which our frontal attack must be made? First: We still have our old debts with us—debts accumulated from Wilson to Hoover.

These debts are represented by your mortgages, by your municipal, county, state and federal bonds, by insurance policies, by industrial bonds and by stocks, by your taxes—approximately 235-billion dollars worth of them.

Our national income this year will not exceed 34-billion dollars—not one-half of what it should be to enable us to meet the interest on those debts and even eke out a living.

Now at least 20-billion dollars of the bonds to which I refer are Government war bonds—bonds issued to make the world safe for the depression. They are non-productive bonds, destructive bonds which bear interest and which for the most part are held in the vaults of the mighty banks.

Now this is only half of the story of what is in the banks!

The other half is almost unbelievable. Nevertheless, it is true.

There is much talk both in public and in private about currency inflation.

Really I do not know of any sane person who wants uncontrolled inflation. That word is the invention of the Wall Street bankers and of their kept publications. It was invented to fool the public into believing that the "big bad wolf" of unsound money would huff and puff on our house of straw. Then the nation would be devoured by bankruptcy. Like Germany our dollars would sell by the truck load.

As a matter of fact we happen to live in a house of gold. Germany's was the straw house after England and France had despoiled her.

Gold! We have plenty of it. All we want is the normalization of our currency dollar. Today our dollar is the flat tire. Reflate it so that we can travel along the highway of Christian-American prosperity. We want sound money. It is the Morgans, Mellons, Baruchs, Achesons, Douglasses and Wallaces who want unsound money and by wanting it also want your

farm, your business and your job, your cheap wheat and your high debts.

Thus, the Federal Reserve Bank awoke one fine morning with four and one-third billion dollars of gold dumped into its vaults.

Let me turn to this Federal Reserve Bank and read for you an excerpt of an act of Congress passed in the year 1913 known as the Federal Reserve Act and compare it with another act of Congress passed in the year 1933 known as the Banking Act.

In 1913 we read in section seven of the Federal Reserve Banking Act the following law:

"After all necessary expenses of a Federal Reserve bank have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of six per centum on the paid-in capital stock, which dividend shall be cumulative. After the aforesaid dividend claims have been fully met, all the net earnings shall be paid to the United States as a franchise tax, except that one-half of such net earnings shall be paid into a surplus fund until it shall amount to forty per centum of the paid-in capital stock of such bank."

That is the 1913 law.

Note that the law reads that all the net earnings of the Federal Reserve Bank shall be paid to the United States as a franchise tax after the dividends have been met.

Now, and this is the surprise of the century, let me compare for you the Banking Act of 1933 which amends in section four the law which I have just read.

In section four (1933) of the Banking Act we read:

"After all necessary expenses of a Federal Reserve bank shall have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of six per centum on the paid-in capital stock, which dividend shall be cumulative. After the aforesaid dividend claims have been fully met, the net earnings shall be paid into the surplus fund of the Federal Reserve Bank."

Ladies and gentlemen, our Treasury Department has not succeeded in driving the money-changers from the Temple. By this amendment to the law of 1913 as contained in the Banking Act of 1933 we have delivered the Temple over to them in fee simple. Henceforth, the profits derived from the Fed-

eral Reserve Bank do not go to the United States Government. They go into the vaults, into the reserve funds of the Federal Reserve Bank itself which pays no taxes except on real estate.

Need I do simple arithmetic for you to figure out the profits?

The four billion three hundred some odd million dollars which have now grown to more than six billion dollars of solid gold (due to the fact that after they got the gold they boosted the price of the ounce of gold), goes into the reserve fund of the Federal Reserve Bank, a private corporation over whose destinies practically the same personnel holds sway today as under the Hoover and Coolidge administrations.

I am reciting these things to you, my friends, for the purpose of intimating what a gigantic task lies before the President of the United States in his endeavor to drive the money changers out of the Temple. He must recapture the Temple. He can only succeed by quick, forceful, fearless action, which will choose once and for all between Wall Street and Main Street.

Up to date the international bankers have been acolytes and thurifers, deacons, and high priests at the altar of our national life.

No one is impugning their personal character. But despite the "new deal" that needs new men, they can no more mold their minds to its philosophy than a leopard can change his spots.

They have served their day. Tomorrow they must be driven from the Temple and leave behind them the gold bullion which belongs to this nation.

We have every confidence as firm now as on March 4th, in the ultimate success of our President's program.

But meanwhile, let us not be deceived upon this point: The Federal Reserve Bank, not content to make their millions on war bonds; not satisfied with the six billion of gold now in their possession are disturbing the nation with their wolf cry of currency inflation after they have flooded the country with their paper Federal Reserve Notes.

VII.

My friends, we have but five billion, seven hundred million currency dollars in actual circulation.

The Federal Reserve Bank Act passed in 1913 legalizes two and one-half times as much currency as there is gold.

Actually we have 110 gold dollars for every 100 paper dollars in this country. And according to their own admission as legalized in 1913 we can have 250 paper dollars for every 100 gold dollars in this country.

Were we to print 10-billion more paper dollars and add them to our currency circulation we would still be on the safe side of inflation.

We do not want uncontrolled inflation. We are surfeited with the false, misleading and erroneous propaganda of those who use that word in this controversy.

All we ask is the normalization of the dollar.

We are growing weary of suffering needlessly from flat tire money. Equipped with nothing better than what we have spells danger to our Government.

VIII.

In his Inaugural Address President Roosevelt said: "There must be provision for an adequate but sound money."

Today circulation money is unsound because the dollar buys twice as much as it did in our normal year of 1926. It is inadequate because there are not one-half enough circulation dollars in the hands of our people. The old banker's trick!

It is time for the Federal Reserve bankers and the Morgans who control them to cease talking about printing press money as if every paper dollar that is manufactured is a financial crime while they themselves cling jealously to an unconstitutional right of printing their own money and handing it out for gold money—a right which our Constitution says belongs to Congress.

While we are opposed to uncontrolled inflated currency, we are likewise opposed to the flat tire currency doled out to us by the Federal Reserve bankers. No longer can we endure the policy of these flat tire money deflationists which will result in further bankruptcy or in further forced liquidation as we play the game of the international bankers in trying to uphold the English pound and the French franc.

Most certainly we have confidence in the integrity, I repeat, of the President, who in his Inaugural also said of the money changers that: "Faced by failure of credit they have proposed only the lending of more credit."

On March 4th, President Roosevelt realized that we could not borrow ourselves out of debt any more than we could lift

ourselves by our bootstraps. This was the great failure of his predecessor in office; for from his policies we learned the bitter lesson that credit inflation through the Federal Reserve Bank or any other source simply piles debt upon debt with the result that we are setting for ourselves a trap of socialism.

Today the debts are unpayable. More debts will force the Government to take over all banks, all insurance companies, public utilities and railroads.

Thus, we can begin at no better point than by recalling the war bonds and in their place issuing good United States Treasury notes that bear no interest.

Both the bond and the dollar bill are paper money. The vast difference between them lies in the fact that the bond is interest-bearing. The dollar is not. The bond is the bankers' graft and gold mine. You work and slave and sell at a loss to pay his interest money.

For fifteen years we have been doing this thing. Fat salaries for the Wigginses. Idleness for the unemployed. No bonus for the soldiers but plenty of bonus for the Federal Reserve banksters and international bank racketeers.

Ladies and gentlemen, the graft has lasted long enough. Give the banker dollar bills for his war bonds. Make him put them to work in honest industry. It is high time that the Great War be terminated and that the money-changers be really driven from this country.

This is the frontal attack upon the depression.

It is fulfilling the Scripture which tells us that gold must not be more precious than men.

It is the real attempt to drive the money-changers from the Temple—and if necessary, from the Treasury Department presided over, according to the Pecora investigation, by an amiable gentleman of the old school whose purse was fairly well stocked by the gifts of the Morgans.

Sound money is honest money, is normal money.

Today we are suffering from unsound money—from flat tire money—manipulated by the arch-deflationists of Wall Street.

In fine, human rights must be preferred to financial rights, although the financiers must be deprived at the same time of their questionable income derived from the non-productive bonds and from the increase of gold values through the metal which they illegitimately hold in their vaults.