Seventy-Fourth Congress

Jan. 3, 1935-June 20, 1936

First Administration of Franklin D. Roosevelt

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Historical Background

When the 74th Congress assembled in January 1935, President Franklin Delano Roosevelt proposed a radical legislative program of social reform perhaps best typified by the Social Security Act enacted that August. Meanwhile, Congress, working with the President, continued to seek short term policies and initiatives aimed at mitigating the nation's economic turmoil. In April, Congress enacted the Emergency Relief Appropriation Act of 1935. The Act was an ambitious public works program that reflected a shift in the philosophy underpinning the policies governing Roosevelt's relief programs. Whereas in previous years relief programs took the form of direct relief, Roosevelt began to favor programs that put unemployed Americans who were otherwise able to work into jobs with salaries paid by the Federal government.

In August, amidst a mountain of proposals, a raft of major new laws was enacted, including the Revenue Act of 1935, the Bituminous Coal Conservation Act, and the Farm Mortgage Moratorium Act, among others. These provided for the reorganization of the Federal Reserve Board, elimination of monopolies in public utilities, a 3 year farm mortgage moratorium for debt-ridden farmers, establishment of a railroad retirement system, and increase in taxes on incomes over \$50,000, and creation of the Bituminous Coal Labor Board and National Bituminous Coal Commission.

After the Administration's Agricultural Adjustment Administration was declared unconstitutional on January 6, 1936, Congress quickly returned with a new idea on how to achieve crop limitation. The Soil Conservation and Domestic Allotment Act achieved its goal not by contracting with farmers to restrict their agricultural output as the AAA had, but instead subsidized famers who agreed to plant their fields with soil-conserving crops.

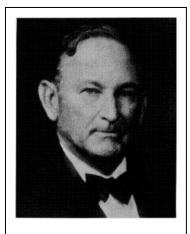


President Franklin D. Roosevelt

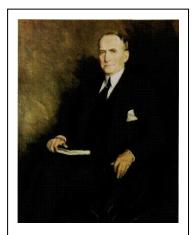
House	Senate
Majority Party: Democrat (321 seats)	Majority Party: Democrat (69 seats)
Minority Party: Republican (104 seats)	Minority Party: Republican (25 seats)
Other Parties: Progressive (7 seats) Farmer- Labor (3 seats)	Other Parties: Farm-Labor (1 seat) Progressive (1 seat)
Speaker of the House: William B. Bankhead	Majority Leader: Joseph T. Robinson

In May, Congress enacted the Rural Electrification Act of 1936. The Act provided statutory authorization for the rural electrification program ordered by President Roosevelt in Executive Order 7037 of May 11, 1935. At the time the order was issued, the United States lagged well behind other industrialized nations in providing electricity to farms and rural areas. The order called for the establishment of the Rural Electrification Administration (REA), to "initiate, formulate, administer, and supervise a program of approved projects with respect to the generation, transmission, and distribution of electric energy in rural areas." In practical terms, the REA provided loans for the establishment of rural electric cooperatives, which purchased power on a wholesale basis and developed the infrastructure for delivering that power to farms and other rural customers.

Congress continued its furious pace throughout the 74th Congress, approving several new laws in June 1936 alone. The Federal Anti-Price Discrimination Act, enacted June 19, empowered the Federal Trade Commission (FTC) to abolish price discrimination that tended to favor large retail concerns to the detriment of smaller businesses. The Revenue Act of 1936, enacted June 22, established an undistributed profits tax on corporations over and above regular corporate income taxes. The Merchant Marine Act of 1936, enacted June 29, dissolved the United States Shipping Board Merchant Fleet Corporation, transferring all records to the new United States Maritime Commission, an independent regulatory agency with a mandate to distribute Federal aid to develop an American merchant marine. The Commission's mandate included developing a domestic merchant shipbuilding program to build 500 modern merchant cargo vessels to replace the World War I-era ships that dominated U.S. merchant shipping, and administering a system of subsidies to offset any additional costs associated with manufacturing ships domestically and operating them under the U.S. flag. And the Government Contracts Act (Walsh-Healey Act), approved June 30, established a minimum wage and 8-hour workday/40-hour workweek standard for all persons employed by contractors working for the Federal government, and restricted the use of child labor in Federal contracts.



Senate Majority Leader Joseph T. Robinson



Speaker of the House William B. Bankhead

Source:

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War or Peace?

Growth of the Nazi Party and European Unrest

In 1935 the United States was still at peace and President Roosevelt stated that the "maintenance of international peace is a matter in which we are

deeply and unselfishly concerned." While economic troubles continued to preoccupy the public and policymakers at home, the growing crisis in Europe prompted President Roosevelt to state in 1936 that the policy of the United States was to continue to seek "with earnestness in every possible way to limit world armaments and to attain the peaceful solution of disputes among all nations."

Throughout this period, the unpredictable moves made by the new Nazidominated regime in Germany and its mercurial Führer, Adolf Hitler, continued to baffle and unsettle policymakers throughout Europe, exacerbating the myriad crises besetting the continent. Almost immediately after the document was signed, the successive governments in Germany followed a policy of secretly rearming in direct violation of the Treaty of Versailles. Early in 1935, Hitler, who had consistently railed against the terms of the Treaty as threats to Germany's very existence, decided to eschew the furtiveness of his predecessors, publicly announcing his intention to reinstate the German air force, the Luftwaffe, as just one facet of a wholesale German rearmament. Amidst this burgeoning crisis, British uncertainty regarding the new Nazi regime's intentions and a desire, above all, to prevent another war convinced the government in London that a negotiated accession of German demands was preferable to confrontation over violations of the Versailles Treaty. Negotiations between the two governments through the Spring of 1935 culminated in the Anglo-German Naval Agreement of June 18, 1935. According to the agreement, Germany was allowed a naval force with a combined tonnage equal to 35% of that of the British Navy.

Though Hitler viewed the new Anglo-German pact as a resounding victory, representing the first step towards a long-cherished goal of a German-British alliance, he was facing problems domestically in 1935 that threatened to undo much of what his government had wrought. As Hitler assumed the office of Chancellor in 1933, followed by his consolidation of the offices of Chancellor and President later that year, an upturn in the German economy provided some relief from the privations that gripped the country since the end of the war. This albeit brief economic reprieve coupled with Hitler's promise to reassert German power and reclaim Germans' squandered pride led the public to afford the new Führer considerable latitude as he executed his wholesale transformation of the German state. In 1935, however, renewed economic downturn coupled with the government's policy of privileging imports of raw materials for rearmament over the agricultural commodities required to meet domestic demand led to chronic food shortages across Germany. As the food crisis continued into 1936, public opinion toward Hitler's government soured. Rather than adapting to emergent circumstances by realigning German import priorities, Hitler sought a quick, superficial foreign policy victory to shore up public support without interrupting his remilitarization program.

In the pre-dawn hours of March 7, 1936, 19 German infantry battalions supported by *Luftwaffe* planes entered the Rhineland in direct violation of the Treaty of Versailles, as well as the Locarno Treaties of 1925. The French military, which, at the time, greatly outmatched the German forces in numbers and strength of arms, massed along the Franco-German border,

leading Hitler and some in his government to briefly second guess the provocation. As it happened, the French never crossed the border to challenge the German incursion, handing Hitler—not to mention the rest of Europe—a *fait accompli*. The move was wildly popular in Germany and Hitler, seizing the moment, called for a plebiscite on remilitarization of the Rhineland, in which an improbable 99% of voters ratified the *Führer*'s bellicose reassertion of German might. This dubious statistic notwithstanding, it was clear that Germans in overwhelming numbers supported the Nazi regime's assiduously provocative foreign policy.

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Economic Trends and Conditions

During his 1935 Address to Congress, President Roosevelt spoke of a "new economic order, rising from the disintegration of the old." He continued to push for reform aimed at engineering economic recovery in the U.S. and made recommendations for public welfare security programs. The President also continued to lay out plans for emergency public employment projects such as rural electrification, reforestation to prevent soil erosion, improving existing road systems and constructing a new national highway system.

The 74th Congress also approved the law that has become the cornerstone of the U.S. welfare program, the Social Security Act. Enacted in August 1935, the Social Security Act aimed to provide a measure of security for some of the most vulnerable Americans, including the disabled, the very old, and the very young. The Act appropriated monies largely to fund state programs for old-age assistance and relief for the unemployed. Amended numerous times in the decades since its original enactment, the Social Security Act is the structural foundation of the U.S. welfare state.

By 1935 the country had already begun to feel the effects of a restored agricultural system. Moreover, for the third successive year national income increased, prompting Roosevelt to argue that the morale of the nation was improving. The unemployment rate in 1935 had dropped a few percentage points to 20.1 percent and by 1936 it had fallen to 16.9 percent. President Roosevelt used these modest gains as means of arguing for the continuation of the current policies and suggested that "under these policies [the nation could] approach a balance of the National Budget."

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Roosevelt, Franklin D. <u>Address of the President of the United States Delivered Before a Joint Session of the Two Houses of Congress January 3, 1936.</u> House, Jan. 3, 1936. 74th Congress, 1st Session, H.doc.382. ProQuest Congressional, 10031 H.doc.382

Landmark U.S. Supreme Court Decisions

Panama Refining Co. v. Ryan, held that section 9(c) of the National Industrial Recovery Act of 1933, which granted the President the authority to set interstate petroleum quotas violated Constitution's nondelegation doctrine by vesting the President with insufficiently delimited legislative powers, 293 U.S. 388 (1935)

Schechter Poultry Corp. v. United States, holding that the National Industrial Recovery Act was an unconstitutional delegation of legislative power to the Executive under the commerce clause, 295 U.S. 495 (1935)

Louisville Bank v. Radford, ruled the Frazier-Lemke Act unconstitutional because it deprived secured creditors of their property rights in violation of the Fifth Amendmentto the United States Constitution to the Constitution, 295 U.S. 555 (1935)

Humphrey's Executor v. United States, holding that the President may not remove any appointee to an independent regulatory agency except by Congressional approval, upholding the separation of powers 295 U.S. 602 (1935)

Fox Film Corp. v. Muller, Holding that where an independent question of state law which is adequate to support the state court's judgment, the U.S. Supreme Court has no jurisdiction, 296 U.S. 207 (1935)

United States v. Butler, holding that the Agricultural Adjustment Act is unconstitutional, 297 U.S. 1 (1936)

Grosjean v. American Press Co., Held that corporations were 'persons' for purposes of analysis under the Equal Protection and Due Process clauses of the 14th Amendment; Louisiana tax on newspapers unconstitutional, 297 U.S. 233 (1936)

Carter v. Carter Coal Co., striking down the Bituminous Coal Conservation Act holding that Congress's power to regulate interstate commerce does not extend to regulating manufacturing, even if the goods are intended for interstate commerce, 298 U.S. 238 (1936)

United States v. Curtiss-Wright Export Corp., holding the implicit supremacy of the executive branch of the federal government when conducting foreign affairs, 299 U.S. 304 (1936)

Gold Clause Cases:

Norman v. Baltimore and Ohio Railroad, The Gold Clause Cases were a series of actions brought before the Supreme Court in which restrictions on gold ownership promulgated by the Roosevelt administration were challenged and ultimately upheld. Congress has power expressly to prohibit and invalidate contracts, although previously made and valid when made, when they interfere with carrying out any monetary policy Congress is free to adopt, 294 U.S. 240 (1935)

U.S. v. Bankers Trust Co., Congress has power expressly to prohibit and invalidate contracts, although previously made and valid when made, when they interfere with carrying out any monetary policy Congress is free to adopt, 294 U.S. 240 (1935)

Nortz v. United States, Congress has power expressly to prohibit and invalidate contracts, although previously made and valid when made, when they interfere with carrying out any monetary policy Congress is free to adopt, 294 U.S. 240 (1935)

Perry v. United States, Congress has power expressly to prohibit and invalidate contracts, although previously made and valid when made, when they interfere with carrying out any monetary policy Congress is free to adopt, 294 U.S. 240 (1935)

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1935 Events

- **Jan. 1:** The Italian colonies of Tripoli and Cyrenaica are consolidated as a single territory, Libya
- **Jan. 11:** Amelia Earhart becomes the first person to fly solo from Hawaii to California
- **Feb. 13:** Bruno Richard Hauptmann is convicted and sentenced to death for the kidnapping and murder of Charles Lindbergh, Jr.
- **Feb. 26:** *Nazi Germany* <u>Adolf Hitler orders reinstatement of the</u> air force, the Luftwaffe, in violation of the Treaty of Versailles
- Mar. 16: Nazi Germany Adolf Hitler announces German rearmament in violation of the Versailles Treaty
- **Mar. 19:** Riots breaks out in Harlem, New York after rumors of police beating a teenage shoplifter, the first of Harlem's race riots
- Mar. 21: Shah Reza Pahlavi officially changes the preferred style for his domain from "Persia" to the more inclusive ethnogeographical endonym "Iran"
- Apr. 14: A great dust storm, nicknamed "Black Sunday" by reporter Robert Geiger, hits eastern New Mexico and Colorado,

- and western Oklahoma the hardest helping to coin the term 'Dust Bowl'
- May 6: Executive Order 7034 creates the Works Progress Administration (WPA)
- **May 31:** Balochistan earthquake: A 7.1 magnitude earthquake destroys the Balochistan capital city Quetta
- **June 12:** End of the Chaco War between Paraguay and Bolivia
- **June 18:** *Nazi Germany* Anglo-German Naval Agreement: Britain agrees to a German navy equal to 35% of her own naval tonnage
- Aug. 15: <u>Humorist Will Rogers and aviator Wiley Post are killed</u> when Post's plane crashes shortly after takeoff near Barrow, Alaska
- **Sept. 2:** <u>Labor Day Hurricane of 1935: The strongest hurricane</u> ever to strike the United States landfalls in the Upper Florida Keys as a Category 5 storm with 185 mph winds, killing 423
- **Sept. 15:** *Nazi Germany* The Nuremberg Laws, which prohibited marriages and extra-marital sexual congress between Jews and non-Jewish Germans, go into effect in Germany
- Sept. 30: President Franklin D. Roosevelt dedicates Hoover Dam
- Oct. 12-19: <u>Seventh Pan-American Child Congress held in Mexico</u>
 <u>City</u>

1936 Events

- **Jan. 20:** <u>King George V of the United Kingdom dies. His eldest son succeeds to the throne, becoming Edward VIII</u>
- Mar. 1: Construction of Hoover Dam is completed
- Mar. 7: Nazi Germany Nazi Germany reoccupies the Rhineland in violation of the Treaty of Versailles
- Mar. 9: Pro-democracy militarist Keisuke Okada steps down as Prime Minister of Japan and is replaced by radical militarist Koki Hirota
- Apr. 19: <u>The 1936–1939 Arab revolt in Palestine against the British government and in opposition to Jewish immigration begins</u>
- May 9: <u>Italian East Africa is formed from the Italian territories of Eritrea, Ethiopia, and Italian Somaliland</u>
- **June 29**: United States Maritime Commission formed
- **July 17:** The Army of Africa launches a coup d'état against the Second Spanish Republic, beginning the Spanish Civil War
- **Aug. 3:** African-American athlete Jesse Owens wins the 100-meter dash at the 1936 Summer Olympics in Berlin
- Aug. 19: First of the Moscow Trials begins in the Soviet Union
- **Sept. 7:** The last known thylacine (Tasmanian Tiger), named Benjamin, dies at the Hobart Zoo in Tasmania
- Oct.: <u>Joseph Stalin's Great Purge begins in the Soviet Union</u>
- Oct. 25: Nazi Germany Rome-Berlin Axis is formed
- **Nov. 1:** <u>President's Special Commission on Farm Tenancy</u> established by President Franklin D. Roosevelt

- **Nov. 26:** *Nazi Germany* <u>The Anti-Comintern Pact is signed by Germany and Japan</u>
- Dec. 5: The Transcaucasian Socialist Federative Soviet Republic is dissolved and Armenia, Azerbaijan, and Georgia become full Republics of the Soviet Union
- Dec. 10-11: King Edward VIII of Great Britain signs an instrument of abdication. The following day the British Parliament passes His Majesty's Declaration of Abdication Act 1936 and Prince Albert, Duke of York, becomes King, reigning as King George VI
- **Dec. 29:** The United Auto Workers begins the Flint Sit-Down Strike against General Motors in Flint, Michigan

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<u>Press releases, Sept. 28, 1935.</u> Department of State. Sept. 28, 1935. Vol. XIII: No.313, Publication No. 788 (S1.25:313) ProQuest Congressional, S1.25..313

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Major Acts

Emergency Relief Appropriation Act of 1935. Signaled the withdrawal of the Federal Government from the arena of direct relief, which was left to the States and local communities, and provided for the establishment of a large-scale national work program for the jobless employables, who were required to meet a means test in order to qualify for work relief. Also established the Works Progress Administration (WPA) as the major agency of the program,

which, beginning in 1939, was renamed the Works Projects Administration. Approved Apr. 8, 1935. (49 Stat. 115; PR74-11)

Soil Conservation Act. Established the Soil Conservation Service within the Department of Agriculture for the control and prevention of soil erosion. Approved Apr. 27, 1935. (49 Stat. 163, Chap. 85; PL74-46) (Regulatory History)

Neutrality Act of 1935. Prohibited the export of arms, ammunition, and implements of war to belligerent countries, the transportation of arms, ammunition, and implements of war by vessels of the United States for the use of belligerent states; and proved for the licensing and registration of persons engaged in the business of manufacturing, exporting, or importing citizens on belligerent ships in wartime. Established the Office of Arms and Munitions Control within the State Department to enforce the provisions of the Act. Approved Aug. 31, 1935. (49 Stat. 1081, Chap. 837; PR74-67)

Wagner-Connery National Labor Relations Act. Created a National Labor Relations Board (NLRB) empowered with the authority to determine appropriate collective bargaining units subject to elections it supervised at the request of the workers, to certif. the duly chosen trade union, to receive testimony about unfair employer practices, and to issue cease and desist orders. Approved July 5, 1935. (49 Stat. 449, Chap. 372; PL74-198) (Regulatory History)

Motor Carrier Act. Placed buses engaged in interstate commerce under the authority of the Interstate Commerce Commission, which was empowered to regulate finances, labor, and minimum and maximum rates. Approved Aug. 9, 1935. (49 Stat. 543, Chap. 498; PL74-255) (Regulatory History)

Social Security Act. Instituted a national system of social insurance, including old age pensions. Created the Social Security Board as a general administrative agency and provided for the following: establishment of a cooperative Federal-State system of unemployment compensation; a tax for old-age and survivors' insurance to be levied in equal amounts upon all employers and employees (with specified exceptions); authorized grants to States to help in meeting the cost of old-age pensions allowed under State law; authorized grants to the States to assist in relief of the destitute, blind, homeless, dependent and delinquent children, and in services such as public health, vocational rehabilitation, and maternity and infant care. Approved Aug. 14, 1935. (49 Stat. 620, Chap. 531; PL74-271) (Regulatory History)

Banking Act of 1935. Amended the deposit insurance provisions of the Banking Act of 1933. Provided for a reorganization of the Federal Reserve Board and changed the name of the body to the Board of Governors of the Federal Reserve System. Certain changes were also made in the management of the Federal Reserve System. Certain changes were also made in the management of the Federal Reserve Banks. Powers over discount and open market operations of the Federal Reserve banks were increased and centralized in the Board of Governors, and the discount base was materially broadened. Approved Aug. 23, 1935. (49 Stat. 684, Chap. 614; PL74-305)

Public Utility Act of 1935. Granted authority of the Federal Power Commission and the Federal Trade Commission to regulate interstate transmission of electric power and gas. Charged the Securities and Exchange Commission with supervising the financial transactions of such companies; restricted electric and gas hold companies to operations as single and concentrated systems confined to a single acre. Approved Aug. 26, 1935. (49 Stat. 803, Chap. 687; PL74-333) (Regulatory History)

Farm Mortgage Moratorium Act. Provided a 3-year moratorium against seizure for famers who paid the mortgage via rental payments fixed by the courts. Also secured creditors the opportunity to force a public sale, although a farmer could redeem the sale by paying the same amount. Passed following the Supreme Court decision invalidating the Federal Farm Bankruptcy Act of 1934. Approved Aug. 28, 1935. (49 Stat. 942, Chap. 792; PL74-384)

Railroad Retirement Act of 1935. Established a retirement system for all railroad employees except those who worked on street, interurban, or suburban electric railways. Created a 3-member Railroad Retirement Board appointed by the President to administer the law. Approved Aug. 29, 1935. (49 Stat.967, Chap. 812; PL74-399) (Regulatory History)

Bituminous Coal Conservation Act of 1935. Created the Bituminous Coal Labor Board and the national Bituminous Coal Commission to administer production quota, price-fixing, and labor regulations based on the NRA soft coal code. Approved Aug. 30, 1935. (49 Stat. 991, Chap. 824; PL74-402) (Regulatory History) Certain provisions of the Act were subsequently held unconstitutional in *Carter v. Carter Coal Co.*, 298 U.S. 238 (1936)

Revenue Act of 1935. Increased surtax rate on individual incomes over \$50,000 and individual estates of descendants over \$40,000. Taxes on individual incomes above \$1 million were graduated to 75 percent of income in excess of \$5 million. Estate and gift tax rates increased. Tax rates on small corporations lowered from 13 percent to 12.5 percent; rates on all corporation incomes above \$50,00 raised to 15 percent; additional taxes of 6 percent levied on profits in excess of 10 percent; additional taxes of 6 percent levied on profits in excess of 10 percent, graduated to 12 percent on profits in excess of 15 percent. Approved Aug. 30, 1935. (49 Stat. 1014, Chap. 829; PL74-407) (Regulatory History)

Adjusted Compensation Payment Act, 1936. Authorized the insurance of 9-year interest-bearing bonds convertible into cash at any time. Approved Jan. 27, 1936. (49 Stat. 1099; PL74-425) (Regulatory History)

Soil Conservation and Domestic Allotment Act. Designed to achieve crop limitation, which was ended when the Agricultural Adjustment Administration was declared unconstitutional on January 6, 1936. Achieved this goal not by contracting with famers to restrict their agricultural output, but by subsidizing farmers who agreed to plant part of their lands with soil-conserving crops, such as alfalfa, rather than with more marketable staples, such as wheat, corn or cotton. Approved Feb. 29, 1936. (49 Stat. 1148, Chap. 104; PL74-461) (Regulatory History)

Rural Electrification Act of 1936. Provided statutory authorization for creation of Rural Electrification Administration (initially established by an Executive order issued by President Franklin D. Roosevelt on May 11, 1935) empowered to make loans to electrical cooperatives and nonprofit organizations engaged in bringing power and lights to rural localities. Approved May 20, 1936. (49 Stat. 1363, Chap. 432; PL74-605) (Regulatory History)

Federal Anti-Price Discrimination Act. Prohibited large companies from setting prices so low that smaller competition, unable to sustain the temporary loss, was driven out of business. Aimed primarily at chain stores engaged in interstate commerce. Empowered FTC to abolish price discrimination tending to promote monopoly or reduce competition. Approved June 19, 1936. (49 Stat. 1526, Chap. 592; PL74-692)

Revenue Act of 1936. Included among its provisions an undistributed profits tax on corporate income that added to the normal corporation income tax a scale of surtaxes ranging from 7 percent to 27 percent. Approved June 22, 1936. (49 Stat. 1648, Chap. 690; PL74-740) (Regulatory History)

Virgin Islands Organic Act. Provided for limited self-government for the Virgin Islands through an elected legislature composed of two municipal councils, one from the island of St. Croix and one from the islands of St. John and St. Thomas. Required that the naval governor obtain the approval of the municipal councils before making local government appointments. Also provided that the local government would retain the Federal income taxes for local use. Islands were to receive direct appropriations annually from the Federal Government. Approved June 22, 1936. (49 Stat. 1807, Chap. 699; PL74-749)

Merchant Marine Act of 1936. Dissolved the United States Shipping Board Merchant Fleet Corporation and transferred all records to the United States Maritime Commission, and independent regulatory agency empowered to carry out a program to develop an American merchant marine through governmental aid. Also eliminated subsidies in the form of ocean mail contractors and provided instead outright subsidies based on differentials between foreign and domestic labor standards for seamen. Approved June 29, 1936. (49 Stat. 1985; PL74-835; PL74-835) (Regulatory History) With passage of the Maritime Act of 1981, the Maritime Administration of the Department of Commerce was transferred to the Department of Transportation. Approved August 6, 1981. (95 Stat. 151; PL97-31)

Government Contracts Act (Walsh-Healey). Provided prevailing minimum wage and maximum hour standards of 8 hour days and 40 hour weeks for all persons employed by contractors dealing with United States Government, and restricted use of child labor. Approved June 30, 1936. (49 Stat. 2036, Chap. 881; PL74-846)

Source:

Dell, Christopher and Stephen W. Stathis. *Major Acts of Congress and Treaties Approved by the Senate, 1789-1980*. Government Division (CRS), Sept. 1, 1982. 97th Congress, 2nd Session, 82-156 GOV. ProQuest Congressional, CRS-1982-GOV-0005

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