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Ickes's Oqpu— The Secret "600"



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As the Administration prepares to spend the "4 billion 8," largest single Government appropriation ever made, the writer tells for the first time the inside story of Secretary Ickes's secret police organization which protected the "3 billion 3." Is this why Mr. Ickes is no longer our No. 1. Spender of the Public Funds?

IN MANY RESPECTS the bee is an admirable insect. His industry is proverbial. His hive is orderly; spick-and-span clean it is, and well disciplined. His courage is of the never-say-die order. But it must be admitted that he lacks political acumen. He should know that if he goes on laying up treasure in the form of honey sooner or later smoke will be blown into his hive and the honeycombs scraped bare. Perhaps he does know. It may be that he is merely bull-headed in doing what he believes to be his duty.

This pleasing excursion into entomology—I trust it is pleasing—was prompted by an examination into the case of Harold L. Ickes. Mr. Ickes is Secretary of the Department of the Interior at Washington. In 1933 President Roosevelt put him in charge of the largest sum ever given to one man to spend in a hurry. Three billion three hundred million dollars were put in his hands to be expended in public works and for the relief of the workless destitute. Mr. Ickes had been reared in a bee tradition. He determined to get full value for every dollar of the government money:

"Not a dollar shall be unwisely expended," said he. "And not a dollar shall be stolen. So help me!"

He came as near making good as one man could in an atmosphere of unrest, politics, greed and ordinary red-eyed graft. He set up an investigating division under Louis R. Glavis which is quite the equal of the more publicized bureau of investigation of the Department of Justice. J. Edgar Hoover's men hunt more violent criminals than do Glavis's. That is the principal difference. Hoover's men say it with six-shooters and Glavis's men use subpoenas and affidavits. A secondary difference is that Hoover's men hunt morons and Glavis's agents track down men who have been successful because they are anything but morons and who are able to hire the more expensive lawyers. Now and then Ickes was forced to yield to political pressure. Not all the projects financed by the Public Works Administration would have been approved by Ickes if he had had his way about it. Some of them must reduce him to a state of helpless wrath. But he has done his best to keep the PWA straight.

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He has been rewarded by having the honey scooped out of his hive. The public works bill of 1935 carries a total appropriation of four billion eight hundred and eighty million dollars. Some one has figured that this amounts to five dollars for every minute since the Christian era began. The calculation may be inaccurate. No one knows or cares, for when one deals with sums of such immensity the head spins like a flywheel. In the spending of it Mr. Ickes has been dropped back to third place. Mr. Harry Hopkins, administrator of the FERA, inventor of the statement that:

"Those who oppose eurhythmic dancing and boon-doggling for the relief of the white-collared classes are just damned dumb——"

The freest spender in an administration which is well manned with free spenders is to be the head froth blower for the four billion dollar fund. Mr. Hopkins has acted on the theory that the more rapidly he can spend money the better every one will be pleased. He has distributed his FERA millions to state organizations and announced that he would hold the state organizations to account for its wise and honest expenditure. From a politician's point of view this is practically perfect.

The second man in the spending of the four billion dollar fund is to be Dr. Rexford Guy Tugwell. He is to be given one billion dollars, more or less, and it will be more if Tugwell is not beaten off with a club, for the protection of the washed areas of the United States from erosion, the purchase of sub-marginal land, the removal of the sub-marginal farmers even if they kick and squeal about it and the erection of subsistence homestead communities in picturesque spots in the hope that factories will be attracted by the view. Dr. Tugwell is a handsome, admirable, likable enthusiast who refuses to worry about the taxpayer if he can get the money needed to carry out the reforms he plans. He thinks in broad areas and higher mathematics. He plans to make trees grow on the Llanos Estacados where even God has never succeeded in that worthy endeavor. By that means he would eliminate dust storms, drouth, and a large hunk of that billion dollar appropriation.

A Kick For the Faithful

THE REWARD of the bee is to lose his honey. Mr. Ickes has shown himself sternly honest, almost indecently practical, hideously immune to the assaults of politicians, and he is to be put in third place among the money spenders in consequence. Even that forlorn third place may be disputed by Admiral Christian J. Peoples. This seadog is a hard bargainer, a big-time debater for the ultimate dime when he buys for the Navy, but when he considers relief measures he has displayed a broad mindedness that has endeared him to an open pocketed people. It was Peoples who is said to have suggested building six track national highways across the continent and financing them by the rental of hot-dog stands and filling stations along their fringes. It is possible that he proposed this short cut to prosperity out of an impish desire to see Mr. Ickes caper. When a banderilla of extravagance pierces Mr. Ickes's economical hide he bellows superbly.

The conclusion is inescapable that Mr. Ickes's treatment of the three billion three hundred million dollar fund of 1933-34 was distasteful except, perhaps, to a few million taxpayers. If he had been a success he would have been retained as the almoner of the four billion eight hundred million dollar fund of 1935. Mr. Ickes and his methods

may then be examined in that spirit of unimpassioned ruthlessness with which Maeterlinck considered the amours of his bees. An inquiry will be made into the reasons why he became so intensely unpopular with the governing classes. First, however, the fact that he is unpopular must be demonstrated.

The Melon of 1935

WHEN the Works Bill of 1935—the four billion, eight hundred million dollar monster—was introduced in Congress, Mr. Roosevelt was using a slightly different delivery than the one which had proven so successful during the preceding series. Congressmen had proclaimed themselves as irked because editorial writers had referred to them as rubber stamps. They had obeyed all of Mr. Roosevelt's orders instant and had then laid on their backs and offered their stomachs to the soothing caresses of the master's hand. Mr. Roosevelt had the wholly humane inspiration to relieve them of the rubber-stamp stigma. He suggested the legislation he wished passed, an important item being the four billion dollar plus works bill, but he did not openly urge anything on Congress at the beginning of the session of 1935. He was ostentatiously aloof. He was prepared to permit the legislative branch to proceed as such.



The trouble was that this treatment went to the legislative body's collective heads. Congress actually capered. In its delight at being off the leash it ran rabbits through the adjacent fields. The original draft of the four billion dollar bill had been intentionally vague. All power of spending had been vested in the President. The unleashed Congress reflected that if Mr. Roosevelt were to be the sole dictator of expenditure the possibility of nice little jobs at home would be curtailed. Crumbs would fall from Mr. Roosevelt's table, of course, but the constituents would realize that they were Mr. Roosevelt's crumbs. Congress could feel its stature diminishing like an ersatz suit in the rain. Hence for a brief period it rebelled. It threatened to put the executive power in its place:

"We will earmark this four billion dollar find so that we will have the spending of it" said Congress to itself. "Not President."

Of course, that would not do. President Roosevelt, in Hugh Johnson's hallowed words, cracked down on Congress. But when he cracks down he does it inaudibly and almost invisibly. Compromises were arranged by which Congress had the speaking part and the Administration the body, soul and breeches. Vague amendments to the works bill left him his original freedom to spend four billion dollars plus just as he wishes. Another even vaguer amendment provided in effect that the Senate had the power to refuse confirmation to all administrators of the new works fund who drew more than \$5,000 a year except those President Roosevelt wished to have confirmed. A sop was offered in the announcement on apparent authority that Mr. Ickes would play a minor part in 1935's spending. Congress had wished this heartily. But if Ickes is out, it is because Mr. Roosevelt wishes him out. Congress is as helpless in the matter as a kitten locked in a closet.

The fact is that the local boy had not made good. He had not shown that generous spirit in disbursing his three billion, three hundred million dollar fund in 1933-34 which every one had a right to expect from a public almoner. He had lived up to his declaration that no money should be stolen from the government if he could prevent it, and that the government should get a dollar in value for every dollar spent. He had so slowed up spending that when Congress delayed for four months in its new found but synthetic independence in passing the four billion dollar bill, he was able to advance perhaps a billion dollars to the relief agencies out of the remainder of the original fund. He still had money in his pocket. He was financing through the PWA innumerable enterprises designed to make the United States a better and brighter place in which to live, but he was paying only on delivery. The manner in which he operated should next be examined. Other Secre-



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aries of the Interior have no doubt been as desirous of holiness in the management of their departmental affairs as Ickes has been. But none of them achieved beatification. More than one of them have heard scandals humming around their heads.

When Ickes took his post as Secretary of the Department of the Interior he found himself in charge of three associated and yet distinct activities. The Department itself has innumerable functions. Public lands, mines, forests, Indians, the reclamation service, and literally scores of other trusts are grouped in it and it spends hundreds of millions of dollars a year. His second responsibility was that of Oil Administrator. Crude oil was being marketed at ten cents a barrel, "hot" oil was running like a Fourth of July fountain in half a dozen states and the ownership of an oil well was considered a capital loss which should properly be charged off on the income tax blanks. The third and most observed cell in his official asylum was that of Administrator of the Public Works Three Billion Dollar Fund. He was under instructions to spend this as rapidly as possible. To that he added his own clause: "No theft. No graft."



Glavis Gets the Commission

THE first thing he did was to send for Louis R. Glavis. Glavis is that hard-boiled investigator, once of the Interior Department, who could not be compelled to keep quiet about the rape of certain Alaska coal lands in 1906 and consequently lost his job. It is some consolation to Glavis that Secretary of the Interior Ballinger also lost his job and that the Alaskan scandal is remembered by name even by those who have forgotten what it was all about. For almost a quarter of a century Glavis had practised law and handled big-time investigations, but when the President offered to put him back on the rolls of the Civil Service he came with a shout. It was a richly deserved vindication of an honest and efficient man who had been grossly mistreated.

"I want you to create a Secret Service in my department," said Ickes. "If I never do anything else in this world, I'm going to make good as Secretary of the Interior. I want you to see to it that no money is stolen. More than that, I want you to see that we get a dollar's worth whenever we spend a dollar."

Yeomen of the Guard

THAT HAD become an obsession with Ickes. He could smell graft in the air everywhere, but he had no time to go out and look for it himself. He had too many other things to do. There were forty-three men at work investigating in the Department of the Interior when Glavis took charge. He began to build up a service. He wanted young men, ambitious, who knew something of law and accountancy, or as an alternative something of engineering. *They must be tireless.* He is tireless. When he gets out of his office chair after a week or two of sixteen-hour days he plays thirty-six holes of golf. At night he plays bridge. He is one of the first at his desk in the morning. *They must be honest.* He is honest. No man who took the beating he did in the Alaskan coal lands cases need trouble himself to prove his honesty. *They must be capable.* Glavis is not only capable but impersonal. He does not care one pin feather for anything but the facts. He does not judge the men he investigates. He merely gets the facts.

In one year's time he built up his investigating bureau to more than six hundred persons in num-

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ber. More than two hundred are employed in the headquarters and the various field offices. There are four hundred agents in the field. Eighty are under Civil Service, and work for the Interior Department in the four divisions into which the United States has been mapped for the Department's purposes. The Oil Administration has eighteen divisions in which 135 agents are kept busy at a man-killing pace. The Public Works honey pot, stuffed with three billion dollars, was divided into ten regions in which 185 are employed. In their first year, Glavis spent \$800,000. He can show on the books that the actual saving to the government, in real cash, was \$63,000,000. The cost of saving a dollar was a little more than a cent. That looks like a bargain.

That depends on the way you look at it, of course.

When Ickes took charge the public emphasis was all on speed in spending. He was under direct orders to shovel out three billion three hundred million dollars as rapidly as possible. It would give work to the workless, get money into circulation and encourage business. The truth is that he did not succeed in this. I do not know how much of the original fund remains in his hands, but it is certain that a very considerable sum must remain unexpended, without considering his advances to other funds during Congress's brief impersonation of an independent body. He was vigorously criticized for his slowness. He was charged with holding back recovery. He was called unreasonable and arbitrary because he refused his assent to projects which had been sentimental pets in many localities for a generation, but in which no business man would have invested a dime.

Ickes Irks the Inmates

NO DOUBT all of these charges were well founded. But Ickes realized that every spent dollar must be paid for some time. The Tennessee Valley Authority may for its own purposes value the works at Muscle Shoals at twenty million dollars, but the taxpayer is still paying interest on the \$60,000,000 they cost the government. More than 100,000 projects were submitted to the PWA alone. Some of these were able to command so much political influence that Ickes was compelled to accept them unless their economic impossibility could be too plainly shown. Nine out of ten of the more than 100,000 were either turned down before they reached Ickes, or were thrown into the basket by him. Glavis's men examined the remaining 12,246 in detail. The evidence against many of them was so convincing that on Glavis's recommendation they were refused further consideration. If they were accepted the work started all over again;

"Get the facts," is Glavis's order. "Just the facts. That's all."

That order covered a lot of territory. The successful contractors were not permitted to indulge in those gentlemanly arrangements with their rivals which sometimes ameliorate the hardships of life. At the least suspicion of collusion in bidding all bids were thrown out. One low bidder forgot to enclose a certified check with his bid. He got the business because he was able to prove to one of Mr. Ickes's Secret 600 that the oversight was unintentional. A low bidder on another project enclosed the check; but Glavis's agents had looked into his affairs and doubted that he was in a position to get it certified, in spite of the evidence of the bank's stamp. They found he had forged the stamp. A certain promoter was found in the background of another project;

"He has been trying to put this over as a private project for years," they reported. "No one would invest any money in it. If the PWA accepts it his cut will be \$60,000." A cut to Ickes is a cold cut.

Out it went. One man jubilantly appeared with a contract signed by the mayor and clerk of a little village and asked for a PWA grant for what was undoubtedly a meritorious scheme. An agent drove down to see the mayor. It seemed a work of supererogation. There were the signatures. But the

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further inquiry disclosed that the contractor had burglarized the village offices and stolen the contract and affixed the official signatures without the aid of the officials.

A city asked for help in building a needed boulevard. The agents found the boulevard had already been built and so the city did not get the money. Two PWA agents, "A" and "B", were discharged.

"A" and "B," reported the agent who kept an eye on his departed brethren, "are now trying to sell a scheme for making rubber out of poinsetta blossoms."

They were not trying to sell this to the government, and the scheme may be good, but out of an excess of precaution Glavis watches his own men even after they cease to be his men. He learned that they were representing themselves as being the PWA agents they had been. They were turned over to the Department of Justice.

A contractor put bars in prison cells. A Glavis agent went around with a hacksaw and cut through them in twenty seconds by the watch. A university devised a plan for keeping books with the PWA that did not suit that organization's regulations. No dishonesty was involved and the men in charge of the university were persons of consequence. But the university was ordered to turn the money back.

In these hard times contractors find it difficult to make a living, not to speak of profits. Time-honored custom has been for a distressed contractor to make the workmen "kick back." On pay-day they sign receipts for the full amount they should receive. Either they do not receive it or they walk around the corner and hand a couple of bills to a pleasant stranger. Thousands of dollars were recovered for the men who had been defrauded. Sometimes skilled workmen were classified as semi-skilled or as ordinary labor. Either the contractor pays up all arrears or he is indicted. Sometimes he both repays and is indicted. A little skimping now and then has been practised by the best of men. Glavis's men have crumbled so much concrete between their fingers that their thumbs are calloused. They hang around and watch jobs. If not enough cement goes into the making of a wall that wall is torn down.

Oil Under Pressure

IN HIS CAPACITY as Oil Administrator, Secretary Ickes learned that 300,000 wells were potential sources of "hot oil." He asked the oil men to co-operate with him in conserving the production of oil and thereby raising the price to a living level. Most of them did and the price did go up to a dollar a barrel, which would be wealth and happiness for the oil men except that the quantities they were permitted to withdraw were extremely limited. Those whose consciences were fairly well protected went into bootleg production. They were able to do so, notably in Texas, because of the defects of the Federal law. Oil could only be controlled in interstate commerce and "contraband" oil was defined as oil which had not been certified by the state regulatory bodies. Most of it was certified whether the state's quota had been exceeded or not.

They Rode the Oil Lines

Glavis's men kept on riding the oil country. They found mazes of pipe lines where no pipe lines should be, and invented a "doodlebug," which, operating on the principle of the radio transmitter and receiver, enabled them to trace these hidden lines. They found distilleries stealing oil outright from wells owned by honest men. Now and then they were forced off the roads by oil trucks or warned off premises by armed guards, or driven out of railroad yards. They had no legal authority to make arrests or enter posted premises or look at books. But they built up such a case that the recently enacted Connally law will enable them to hold the oil producing states to their quotas. And oil is now a dollar a barrel in spite of the persistent bootleggers.

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Now all these activities have built up a legend around Glavis. It is firmly believed that his men steam open envelopes and tap telephone wires and that a Glavis thumb is in every plate of soup served during Washington's official dining-out season. Perhaps these things are true. A question was asked in the Senate whether Glavis had investigated Postmaster General Jim Farley's private affairs. No evidence was secured that he had done anything of the kind. Glavis said nothing. He never does. He is a smiling, diffident, pleasant man who avoids publicity of all kinds as though it were the manifest work of Satan. All he wants is facts.

Secrets

"How did he know who I dined with that night?" asked an indignant young man who was a junior member of what used to be the Brain Trust before he was purged. "How did he know what was in that letter? No one saw it except the man who wrote it and I burned it as soon as I had read it. How is it that he could tell me what I said over the telephone?" Of course, by "he" was meant Glavis.

Sure enough, how could he know these things? There is no answer, so far as I know. Certainly Glavis does not volunteer one. But it may be seen that under the system as he works it, the government does not lose as much money as it would normally lose on contracts. It may also be seen that money did not flow out from that three billion, three hundred and thirty million pool as rapidly as might have been desired. A politician who must show proof that the project he is backing will fill a real public need, or failing that, will be able to pay the government back the invested money in thirty years or so must spend his days in an atmosphere of discouragement. Hence the elevation of Harry Hopkins, genial, open-handed free speaker to the position of Spender Extraordinary, and the acceptance of Dr. Rexford Tugwell as Chief Mate on the good ship Four Billion Eight, and the relegation of Harold L. Ickes to the position of bos'n's mate. As Secretary of the Interior Ickes has undoubtedly made good his ambition to be a good Secretary of the Interior. But he is morally unfitted to throw his cap over the windmill. Some time ago I asked at Harry Hopkins' Federal Emergency Relief Administration how many different devices were being utilized in the various states to get the money out to the people.

The Bee Gets It in the End

"We do not know," was the reply. "Matters of that sort are put in the hands of the state administrators. Then we hold them strictly to account."

Hopkins is all right. He is as honest as any man could be. He is sincere in his belief that the one way to relieve is to relieve. He is convinced that it is far more important to get the money into circulation than to worry about the details. He is genuinely furious when he finds that one of his administrators has betrayed his trust. He would hang him by the thumbs and set a slow fire under him if he could. Yet it is emphatically true that his method is distinctly different from that which Secretary Ickes has pursued. Ickes wants to know what he gets for every dollar. Glavis finds it out for him.

It has been pointed out that the bee is an admirable insect. But some one else gets his honey.

A statement of fact that needs no diagram.