

Thirdly, contraceptive information will remove the recurrent anxieties and uncertainties of the mother. The repeated fear lest she conceive before she is ready for it physically and economically is a source of serious mental and emotional strain to every mother. This anxiety is responsible for an amount of family unhappiness, misery, and maladjustment which we are only now beginning to realize. Anyone who comes in contact with the intimate problems of married life, realizes that thousands upon thousands of marriages are broken up and disrupted primarily because of a lack of sufficient knowledge concerning the regulation of births in the family. There can be no doubt that efficient scientific contraceptive advice will contribute immensely to the physical and mental well-being of millions of families.

Fourthly, contraceptive advice will reduce the number of illegal abortions. It is a well-known fact that a very large number of our women resort to abortions for the purpose of controlling the size of their families, and that nearly 1,000,000 such operations are performed annually in this country. Abortion is an ancient method of population control, but it is a brutal, cruel, dangerous, and costly method. The death rate from abortions is high, and the amount of physical illness and mental injury to which it leads is untold. Yet statistics show that 1 out of every 3 or 4 pregnancies in this country is terminated by abortion. Can anyone calculate the amount of misery, chronic sickness, and even premature loss of life which this practice leads to? The only way to effectively reduce the number of abortions is to provide women with safe, scientific, and reliable contraceptive information. Those of us actually familiar with the problems of maternal and infant health and welfare feel very strongly that the greatest contribution which can be made toward the conservation of the health of mothers and children would be to provide contraceptive advice to the women who come for aid and relief to the Government and State agencies. We appeal to you to face this problem frankly, openly and realistically.

When you appropriate money for maternal and child health you must see that it is used wisely. I am very sure you do not wish to pour water into a bucket that leaks. Money spent for prenatal and postnatal clinics is indeed worth while but it is futile to encourage births when common sense tells you deaths will be the result. Therefore it is important that "other aspects of maternal and child health service", as mentioned in this bill, definitely include contraceptive advice and I respectfully suggest, gentlemen, that on page 51, line 12, after the words "child health service" you specify "including the establishment of clinics giving birth-control information to those who desire it."

I also submit a resolution adopted at a meeting held in Washington last night, representing every State in the Union, and attended by approximately 800 people. The resolution reads as follows:

"Whereas in the present crisis confronting the American people, the national purpose to relieve suffering and conserve human life finds expression not only in a Nation-wide relief program, but also in steps toward a comprehensive program of social security; and

"Whereas proposed Economic Security Act contemplates among other features, the special protection of dependent mothers and children: therefore, be it

*Resolved*, That we urge that such protection include, as a basic feature, making available to all families on relief, information as to where they may obtain contraceptive medical advice, so that they may properly space and limit the number of their children according to their ability to provide for them; be it further

*Resolved*, That this group recommends the creation in the Federal Government of a population bureau or department for further scientific study of the trends and problems of population, based on primary considerations of public health and racial conservation, to the end that a sound and permanent policy may be formulated in the interests of protected motherhood, healthy children, better family life, and greater economic and social security."

I thank you.

The CHAIRMAN. Mr. Filene.

#### STATEMENT OF LINCOLN FILENE, BOSTON, MASS., WILLIAM FILENE'S SONS CO,

Mr. FILENE. I should like to say, Mr. Chairman, before I read this very short paper, that I am in very deep sympathy with the general purposes of this legislation, and any criticism that I have to make I simply am making in the hope that it may be constructive.

I want to speak particularly on the unemployment compensation sections of the Wagner-Lewis-Doughton bill. Before giving you my views I want to say one thing about the bill as a whole. It is my belief that you are endangering the passage of all this social-security legislation, with whose general purposes I am heartily in sympathy, by having an omnibus bill. It may not be too late to separate the different subjects in the bill so that they can be dealt with individually and thus, I believe, more effectively.

In regard to the unemployment compensation sections of the bill let me call your attention to the fact that the Wagner-Lewis bill, which was introduced last year, and whose excise tax principle is a vital part of the present bill, was drawn in such a simple way that its passage would have accomplished two things absolutely necessary, in my opinion, to enable the country to make a sound start in this field.

In the first place, the Wagner-Lewis bill, like similar provisions in the present bill, made it to the self-interest of every State to set up some form of unemployment compensation. In the second place, differing from the present bill, the Wagner-Lewis bill left it to the States to determine whether they should establish insurance plans or reserve plans.

The Wagner-Lewis bill gave the States freedom to set up the type of law they wanted, provided it met with certain minimum requirements. I am not suggesting endorsement of the 5-percent tax in that bill which evidently was too large to meet with general approval. As I and many of my associates read the present bill as introduced, it is made impossible for the State to set up its own system of unemployment compensation unless it desires a system after the pattern of that proposed in the bill. I think that this is a great mistake because I think that all will admit that in this new field of law it is necessary for us to have plenty of experimentation by the individual States. Only from experimentation can we develop the types of unemployment compensation best suited to the different sections of the country.

I am speaking from several years of personal experience. I served on the interstate commission on unemployment insurance, appointed by Franklin D. Roosevelt when Governor of New York, and for some years I have been in very close contact with the studies made by the King commission on stabilization of employment in my own State of Massachusetts.

I feel that the most practical approach to the problem is to get started in the simplest way with the least confusion as to administration, methods, and form. That simplest way, as I see it, is to attack the basic cause of unemployment, namely, irregularity of work. This is true of prevention, not mere remedy. This is what we are trying to do in Massachusetts. Some other States want to attack the problem in a different way. But as I read the present bill the States do not have freedom to set up their own plans, and this applies particularly to those States which desire unemployment reserves instead of unemployment insurance.

The very fact that there are so many differences of opinion leads me to urge on this committee that we go back to the simple principle and structure of the Wagner-Lewis bill. That principle is, through the Federal excise tax, to make it imperative that every State shall

set up an unemployment-compensation plan but to leave it to the States to set up the kind of plan that their legislators determine upon.

I realize that your committee is under a great deal of pressure and for this reason I have confined my remarks to this simple basic statement. In order that I may be on record a little more fully as to certain general aspects of the problem and unemployment reserves: in particular, I am leaving with you a paper which I prepared recently, and which was circulated generally among the distributive trade of the country. I hope that this may be of some help to you in your work on this bill.

(The paper referred to is as follows:)

#### UNEMPLOYMENT RESERVES

By Lincoln Filene

We are at a time when we can postpone no longer some constructive action on the question of unemployment compensation. It is a foregone conclusion that this whole question, together with other allied questions of economic and social security, will be placed before Congress by the President with definite recommendations which will unquestionably result in definite national action. It is, therefore, necessary for us business men to give the most careful study to the subject of unemployment compensation and determine in our own minds where we stand, and what we propose to do about it.

For a great many years we have been misled into believing that those countries that started unemployment-compensation plans many years ago were suffering under a severe handicap because of them. We now know that the contrary is the fact and that in Great Britain, for example, the unemployment-insurance system has been a buffer against want and distress and has saved both much needless misery and vast sums of money on demoralizing doles.

The unemployment compensation systems in Europe have had the effect of maintaining a certain minimum level of purchasing power for the masses of the community. Thus, some of the worst effects not only of seasonal unemployment but of the very great unemployment of the depression itself were cushioned and society thereby protected.

At this point I want to state emphatically that while the European unemployment-compensation plans were undoubtedly of the utmost value to European populations, it does not necessarily follow that we should copy European laws. Our own economic and social conditions are not those of Great Britain, for example. We have a different type of population; we have different methods of doing business; we are still a relatively young country with opportunity before us; we have the reputation for doing things in new and efficient ways.

It is said that we should have further study of this whole question of unemployment compensation before we take any action. I am impatient with this position. It may be that some individuals require further time to study the question and to make up their minds, but this is not a subject which has been at all neglected, and the essential basic studies necessary to give us the information on which to form a considered opinion have been made. For 15 years, under the leadership of John R. Commons, of Wisconsin, there has been thorough and painstaking research into the whole question. In the East, the seven-State commission on unemployment insurance, appointed in 1931 by Franklin D. Roosevelt, then Governor of New York, made studies and investigations of its own. In my own State of Massachusetts, a special commission on stabilization of employment, appointed by the governor in 1931, also studied the underlying principles which should be written into an unemployment compensation law, and the legislature now has before it the King unemployment-reserve bill, based on those investigations. The State of Wisconsin is the first to have an unemployment-compensation law, and although it is still early, preliminary reports of experience under this law are available.

Broadly speaking, two types of unemployment compensation plans are being considered. One is employment insurance with contributions by employer, employee, and, as a rule, the State, modeled after European laws. The other is unemployment reserves, the so-called "American plan" and, as I have already said, the basis of the only law in this field now on our statute books, in Wisconsin.

I favor compulsory unemployment reserves by State law with individual, separated company funds, administered by the State, with no compulsory contributions by employees, and with no contribution by the State except the cost of administration. I favor the underlying principle of the Wagner-Lewis bill which imposes a Federal excise tax on pay rolls. This seems to me the best practical method of securing uniform State action, uniform minimum standards among the States, and the elimination of the disadvantage which the progressive States would have if they enacted laws and added to their expense while other States enacted no laws.

There is, I believe, a great danger confronting us at this moment. The danger is that we shall fail to see the basic simplicity of this whole problem and that because of the present necessity of providing through community funds for the millions out of work, we shall get ourselves involved in an attempt to establish a complex system. I have said that we do not need further studies. It is, however, true that we do lack information about the actual extent of unemployment during normal times, and even today. Because we lack this information it is impossible for us to formulate a plan of unemployment insurance which will be actuarially sound. Even if we could formulate such a plan it would not, in my opinion, be the proper way to begin enacting laws on this subject.

The basic principle back of unemployment reserves is to attack unemployment at its source. This means attacking it in the individual business and attacking it by attacking irregular employment. Many American industrialists have experimented voluntarily with this method of attacking unemployment and have had notable success. The experience of these industrialists is a matter of record. The practical working of the reserve theory is that the employer by focusing his attention on irregularity of employment and by penalizing himself for such irregularity does everything that he can to prevent it.

Reserves are preventive, not a remedy. Unemployment insurance, on the other hand, is admittedly a remedy, not a preventive. One of the foremost American advocates of unemployment insurance has defined it as a method of "alleviating the social and economic consequences of unemployment." I believe that the proper approach to this problem is, instead of accepting unemployment as inevitable and providing a new community chest at expense of all, to localize the cost to the employer directly instead of to the employee and to the community, and hence to attack, as I have said, the evil at its very source.

Instead of enumerating the many sound reasons against unemployment insurance, I prefer to discuss here the constructive reasons for unemployment reserves.

In the first place, I repeat that the underlying principles and purpose of reserves is prevention. Reserves direct the attention of the employer to the problem of stabilizing employment. This means cutting out seasonal unemployment as far as possible, providing as steady work week in and week out as possible, approaching the ideal of a guaranteed job from year to year. Unemployment reserves are therefore constructive in underlying purpose rather than palliative. Reserves are in accordance with the whole spirit of American business and industry which has overcome so many apparently insuperable obstacles.

The unemployment reserve principle places upon the shoulders of the employer the sole responsibility for contributions to the reserve fund. Arguments in favor of this are, to my mind, inescapable. In the first place, it is the employer, not the employee, who can exercise control over conditions of employment. In the second place, it is the employer, not the employee, who can plan and put into effect measures regularizing employment. In the third place, it is the duty of the employer to write into his business costs the cost of unemployment, and by so writing this into his costs, to give himself every incentive to reduce this charge. In the fourth place, the employer, not the employee, can absorb this cost and can and will pass it on to the public.

Under the unemployment reserves principle the widest room is left open for experiments, for voluntary plans, for the practice of individual thrift and savings by the employees, for guaranteed annual wage plans, providing employers and employees wish to work them out together. In other words, the reserve principle promotes constructive experimentation which I believe is in line with the best thought and practices of American industry and business, and sets up legal minimum standards below which no plans may go.

The reserve principle prohibits employee contributions to the fund except on a voluntary basis. Again the reasons for this seem to me inescapable. The underlying principle is that unemployment is a business cost and should be so charged and hence paid by business, not by the employee. Precisely this same principle is successfully operating in workmen's accident compensation laws throughout

the country, and results in giving employers the incentive to make their places of business safe.

It is said that labor will have more self-respect if it contributes to an unemployment reserve fund. As a matter of fact, labor will bear without direct contributions to the reserve fund a heavier share of the burden of unemployment than the employer. In the waiting period before compensation is paid, under most plans at least a week, the employee must finance himself. If unemployment is longer than the short period during which compensation is paid, again the employee must finance himself. Lastly, since compensation is usually figured at about 50 percent of wages, the employee must make up the difference to maintain his standard of living. Looked at in this way it is easy to figure that the employee will contribute directly by his own loss of wages, under even the shortest out-of-work period, at least 3 percent of his annual pay.

The unemployment principle appeals to thoughtful business men, lastly, because it properly allocates the costs of unemployment where they belong. Under the reserve plan the employer with little or no unemployment, after having built up his reserve fund, will make no further contributions. Under every unemployment insurance plan the employer contributes to a general community pool which is used to take care of the unemployed from every source. The reserve principle stands strongly against indiscriminate charges on the efficient or fortunate industry to pay, in ordinary times, for the unemployed in the inefficient or unfortunate industry.

The Wisconsin unemployment reserve bill became law on July 1, 1934. The unemployment funds are in process of accumulation. According to reports from that State, "by July 1, 1935, it is estimated that they will aggregate nearly \$5,000,000, but although payments under the reserve fund may not begin for 6 months the effects of the law in stabilizing employment have already been felt. Some 70 companies in Wisconsin have already guaranteed their employees for the current year two thirds of full time work and wages for at least 43 weeks. As a direct result of the act also many other workers are now employed on a year's salary contract."

The same report on the Wisconsin law contains this significant statement: "It is effect the new law requires every concern employing labor to assume certain obligations toward its employees and toward the community in which it operates. Henceforth it cannot with impunity hire (and often import) workers and then leave them without resources, to be supported by the public whenever it does not need their services. In this way the Wisconsin act addresses itself primarily to the kind of unemployment that is most readily preventable. With only a few months' experience to go on, some evidence is already accumulating in Wisconsin on this point. Those who are administering the new law find that its company-reserve feature has started many employers on a study of their employment problems. They are beginning to figure out how to run their businesses to keep their men as steadily at work and their reserves as nearly intact as possible. With similar laws enacted in other States, regularization might tend to advance and spread at a geometric rate of progress, since every concern that operates steadily thereby steadies the markets in which it buys and sells. Steadier year-round operation by the automobile industry, for instance, would make greater stability possible in many related industries."

There are many other reasons for the reserve plan. One of the most important of these reasons to my mind is its simplicity. We are today laying the foundation for a great advance in legislation looking to social security. It is vitally important that we build the foundation in such a way that this legislation can grow safely and successfully. Employer contributions are common to all unemployment compensation proposals. I believe that we can avoid dangers and mistakes if, at the beginning of our practical experience in this field, we confine ourselves to this common principle, namely, employer contributions, and build from them on. Essential to the success of any legislation of this type is honest and efficient administration. Again this means that we must have as simple and as easily administered law as we can write.

I, therefore, repeat, let us attack the problem at its one most vital point, namely, irregularity of work, and with a law that will meet with the approval of the two parties most directly concerned, the employer and the employee.

The cost of unemployment will finally be paid by the consumer of goods and services, not by the employer. This is as it should be. But for this reason, we business men have the responsibility of seeing to it that we eliminate all waste and all unneeded items in that cost. The reserve principle automatically gives the incentive to reduce waste and hence to reduce, not to add to, costs that the con-

sumer must pay. From every point of view, then, as well as from the point of view of building consumer purchasing power, the reserve principle is the soundest.

I want to leave with you the idea that if we attack irregularity of work, we shall make a start in a road to a system of unemployment compensation that will be solidly grounded in American experience and adapted to American psychology and economic needs.

The CHAIRMAN. Mr. Elbert.

STATEMENT OF ROBERT G. ELBERT, AIRY HALL PLANTATION,  
GREEN POND, S. C.

The CHAIRMAN. I wish you would, for the record, state to the committee your business and what study you have made with reference to this particular subject matter, Mr. Elbert.

Mr. ELBERT. Mr. Chairman, my name is Robert G. Elbert. My residence is Airy Hall Plantation, Green Pond, S. C. I have developed in my statement, if I may be permitted to read it, more about my background, and so forth.

The CHAIRMAN. Very well.

Mr. ELBERT. Mr. Chairman and gentlemen of the committee, I have prepared a statement which I would like to read, as it is written for the sake of form and continuity.

In reading the testimony that has so far been presented to the committee, I notice that most of those who have appeared here have been concerned chiefly with the old-age pension feature of the bill. I believe the unemployment-insurance feature should be equally important, and the major part of what I have to say will be on that line.

I shall point out some vicious features of the bill as it now stands. I am convinced that the unemployment-insurance features embody a complete surrender to big business, and by that I mean it would be captured by the big business man and the big farmer, to the exclusion of most of the smaller people whom it should be designed to help.

In the course of my remarks I shall develop the proposal to put all these social-welfare activities under one head, namely, to create a Department of Social Welfare, which should have equal rank with other governmental departments, and be presided over by a Secretary of Social Welfare.

Mr. Chairman, with your permission, may I read the statement I have prepared?

The CHAIRMAN. You may go ahead.

Mr. ELBERT. My interest in this matter of social security goes back for some considerable time. Long ago I realized that, in our economic system, too much emphasis was given to finance and mechanism, and too little attention given to the security of the worker, who is an integral part of the cycle of production and consumption. Social security simply means economic stabilization.

In appearing before you today I may say that while I am interested, as a citizen, in the entire purport of the bill that is being considered, my special interest is in its unemployment-insurance features,

I am a member of the Business Advisory and Planning Council, and last year I served as a member of the Industrial Advisory Board. While on the Industrial Advisory Board, Mr. W. E. Woodward and I were appointed by the chairman as a committee to investigate various