

shall be based on (1) the population of the State; (2) an estimate of the number of persons covered by the State law and of the cost of proper administration of such law; and (3) such other factors as the board finds relevant. The board shall not certify for payment under this section in any fiscal year a total amount in excess of the amount appropriated therefor for such fiscal year.

(b) Out of the sums appropriated therefor the Secretary of the Treasury shall, upon receiving a certification under subsection (a), pay, through the Division of Disbursement of the Treasury Department and prior to audit or settlement by the General Accounting Office, to the State agency charged with the administration of such law the amount so certified.

PROVISIONS OF STATE LAWS

Sec. 303. (a) The board shall make no certification for payment to any State unless it finds that the law of such State, approved by the board under title IX, includes provisions for—

(1) Such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are found by the board to be reasonably calculated to insure full payment of unemployment compensation when due; and

(2) Payment of unemployment compensation solely through public employment offices in the State; and

(3) Opportunity for a fair hearing, before an impartial tribunal, for all individuals whose claims for unemployment compensation are denied; and

(4) The payment of all money received in the unemployment fund of such State, immediately upon such receipt, to the Secretary of the Treasury to the credit of the unemployment trust fund established by section 904; and

(5) Expenditure of all money requisitioned by the State agency from the unemployment trust fund in the payment of unemployment compensation, exclusive of expenses of administration; and

(6) The making of such reports, in such form and containing such information, as the Board may from time to time require, and compliance with such provisions as the Board may from time to time find necessary to assure the correctness and verification of such reports; and

(7) Making available upon request to any agency of the United States charged with the administration of public works or assistance through public employment, the name, address, ordinary occupation, and employment status of each recipient of unemployment compensation, and a statement of such recipient's rights to further compensation under such law.

(b) Whenever the Board, after notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that in the administration of the law there is—

(1) a denial, in a substantial number of cases, of unemployment compensation to individuals entitled thereto under such law; or

(2) a failure to comply substantially with any provision specified in subsection (a);

the Board shall notify such State agency that further payments will not be made to the State until the Board is satisfied that there is no longer any such denial or failure to comply. Until it is so satisfied, it shall make no further certification to the Secretary of the Treasury with respect to such State.

Mr. LORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LORD: Page 18, after line 18, insert the following new title:

" TITLE IV—UNEMPLOYMENT COMPENSATION  
" DEFINITIONS

" SECTION 401. As used in this title, the term or terms—  
" 'Employer' shall mean any person, partnership, association, corporation, or the legal representative, trustee in bankruptcy, receiver, or trustee thereof, or the legal representative of a deceased person, who or whose agent or predecessor in interest has, within each of 20 or more calendar weeks in the taxable year, employed at least 10 persons in employment subject to this act, except that the term 'employer' shall not include the Federal Government, the governments of the several States, municipal corporations, or other governmental instrumentalities. In determining whether an employer employs enough persons to be an 'employer' subject hereto, and in determining the amount of a tax or contribution hereunder, he shall, whenever he contracts with any subcontractor for any work which is part of his usual trade, occupation, profession, or business, be deemed to employ all persons employed by such subcontractor on such work, and the tax or contribution hereunder shall be measured by wages paid to such persons for such work, except as any such subcontractor who would, in the absence of the foregoing provision, be liable to pay any part of such a tax accepts exclusive liability for the contractor's portion thereof under an agreement with such contractor made pursuant to regulations promulgated by the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury.

" 'Employment' shall mean any employment in which all or the greater part of the person's work is or was performed within the continental United States under any contract of hire, oral or written, express or implied, whether such person was hired and paid directly by the employer or through any other person employed by the employer, provided the employer had actual or constructive knowledge of such contract; except that for the purposes of this act it shall not include—

SOCIAL-SECURITY BILL

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 7260) to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 7260, with Mr. McREYNOLDS in the chair.

The Clerk read the title of the bill.

The Clerk read as follows:

TITLE III. GRANTS TO STATES FOR UNEMPLOYMENT-COMPENSATION ADMINISTRATION  
APPROPRIATION

SECTION 301. For the purpose of assisting the States in the administration of their unemployment-compensation laws, there is hereby authorized to be appropriated, for the fiscal year ending June 30, 1936, the sum of \$4,000,000, and for each fiscal year thereafter the sum of \$49,000,000, to be used as hereinafter provided.

PAYMENTS TO STATES

SEC. 302. (a) The board shall from time to time certify to the Secretary of the Treasury for payment to each State which has an unemployment-compensation law approved by the board under title IX such amounts as the board determines to be necessary for the proper administration of such law during the fiscal year in which such payment is to be made. The board's determination

"(1) Employment as an agricultural laborer;  
 "(2) Employment in the domestic service of any family or person at his home;

"(3) Employment as a teacher in any school, college, or university for the regular annual term for which such school, college, or university is in session;

"(4) Employment as a physician, surgeon, interne, or nurse in a hospital, sanatorium, or other similar private endowed institution not operated for profit;

"(5) Employment of a physically handicapped person by an institution financed largely by charitable donations and organized not for profit but primarily for the relief and rehabilitation of such handicapped persons;

"(6) Employment of the father, mother, spouse, or minor child of the employer;

"(7) Employment in the service of a common carrier subject to the provisions of the Emergency Railroad Transportation Act of 1933 (48 Stat. 211);

"(8) Any employment for which unemployment compensation shall have been provided directly by act of Congress.

" 'Pay roll' shall mean the total amount of all wages paid by the employer during the taxable year to persons employed by him in employment subject to this act; except that pay roll shall not include the wages paid to a person employed by the employer within such year on a minimum fixed salary basis of \$250 or more for each month in which the person was thus employed.

" 'Wages' shall mean every form of remuneration for employment received by a person from his employer, whether paid directly or indirectly by the employer, including salaries, commissions, bonuses, and the reasonable money value of board, rent, housing, lodging, payments in kind, and similar advantages.

" 'Compensation' shall mean the cash benefits payable under this act to employees for their unemployment.

" 'Employee', as used in this act, shall mean any employed person who is or may become eligible for compensation hereunder.

#### " UNEMPLOYMENT INSURANCE FUND

" Sec. 402. A Federal unemployment insurance fund is hereby created to consist of the taxes levied by this act on employers and employees and contributions hereunder by the United States Government. The Commissioner of Internal Revenue shall collect or receive such taxes and contributions and pay them into such fund, which shall be in the custody of the Secretary of the Treasury who shall invest them in such liquid securities that the amount of compensation chargeable at any time to such fund under this act shall be immediately available for payment thereof.

#### " ADMINISTRATION OF FUND

" Sec. 403. The Department of Labor shall administer the unemployment relief fund, and payments therefrom shall be made on its order. Such Department also shall carry out the provisions of this title and may make all needful rules and regulations therefor, which shall have the force and effect of law.

#### " TAXES AND CONTRIBUTIONS

" Sec. 404. (a) There shall be levied, assessed, and collected monthly from every employer subject to this act, for the taxable year beginning July 1, 1935, and for each taxable year thereafter, an excise tax measured by 1 percent of the employer's pay roll, as defined by section 402.

"(b) There also shall be levied, assessed, and collected, from and after July 1, 1935, from every employee eligible for compensation hereunder, an income tax of 1 percent of the wages paid him from time to time. The amount thereof shall be deducted, whenever the wages are payable, by the employer, who is hereby constituted an agent of the Commissioner of Internal Revenue for such purpose. This subdivision shall not be construed to apply to an employee whose wages are not included in the pay roll, as defined by section 2, on which the employer is required to pay a tax.

"(c) The tax imposed on the employer and the tax collected by him from his employees shall be paid into the unemployment insurance fund at the close of each taxable month, except that the tax due from the employer may be so paid in quarterly installments, under rules promulgated by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury.

"(d) The United States shall contribute to such fund, annually, at the close of each taxable year, an amount equal to 1 percent of each pay roll on account of which a tax is due hereunder from any employer.

#### " COMPENSATION FOR UNEMPLOYMENT

" Sec. 405. An employee eligible to compensation hereunder shall be paid from such fund, while out of work through no fault of his own, seven or more dollars each week, and at least his average wage earnings for 20 hours of work while he had employment, but such payments shall not extend over a total period of 30 weeks in any taxable year, nor begin prior to July 1, 1936.

#### " DEFICIT IN FUND; HOW MET

" Sec. 406. If, during any taxable year, such fund becomes exhausted, by withdrawals for payment of compensation, the United States shall contribute such additional amounts to such fund, from time to time, as may be necessary to pay compensation accruing during the remainder of the year.

#### " ELIGIBILITY FOR COMPENSATION

" Sec. 407. An employee who shall have been on a pay roll or on pay rolls for an aggregate period of 10 weeks, within any period

of 12 months after June 30, 1935, shall be eligible to compensation hereunder. If the employment period shall be less than that above required, he shall be paid from such fund the amount of any tax he shall have paid hereunder during such 12 months."

Mr. COOPER of Tennessee. Mr. Chairman, I make a point of order against this amendment on the ground that it is not germane to the title to which it is offered.

Mr. SNELL. Mr. Chairman, will the gentleman withhold his point of order to permit the gentleman from New York to be heard?

Mr. COOPER of Tennessee. Mr. Chairman, I reserve the point of order if it will be any accommodation to the gentleman.

Mr. LORD. Mr. Chairman, the proposed amendment is a bill I introduced on the 16th of January to provide for unemployment insurance. It varies with the plan set forth in the pending bill in that my amendment assesses the tax equally on the employer, the employee, and the Federal Government; each bears one-third of the expense of administering this insurance benefit.

I believe that if we leave it to the States one State may provide a 3-percent contribution by the employer, another State may provide a 1-percent contribution on the part of the State, 1 percent by the employee, and 1 percent by the employer, and still another State may provide a different rate of contribution; or they may provide 1 percent to be contributed by the employer and 1 percent by the employee. So we shall find a difference of expense on manufacturers in different States which, of course, will have to be added to the price of their product. So as between manufacturers in different States we shall have one manufacturer assessed perhaps 1 percent, another 2 percent, and still another 3 percent. The manufacturer that pays only 1 percent will have a 2-percent advantage in price over the one that is paying 3 percent when he comes to sell his goods. The great trouble with the plan in the pending bill is the inequality between manufacturers. I believe, therefore, Mr. Chairman, that we should change this provision in order that the burden will fall equally on all manufacturers throughout the Nation so that when they come to sell their goods as between manufacturers in the different States they will have an equal chance. I believe that my amendment to the bill has many other features that are much better than the bill before us and should be adopted. The employee should, to my mind, contribute to the unemployment insurance and in that way help build up an annuity for the time when he is out of work.

Insurance providing an annuity for old age has become very popular and should be and is being encouraged. This is being built up by the individual at his own expense and should be carried by everyone that can afford to carry it.

This bill provides for an old-age pension that is to be built up over a term of years with contributions coming in part from the person that is to receive the benefit, and while it will be a great expense in the total, it will also be a lasting benefit to all in after years when it is expected to be self-supporting.

There are many bad features like the one that I am trying to amend in this bill, and I believe that this bill should have been in three separate measures, yet there are many good features in it and perhaps the good predominate. It can be amended later and is a start at any rate that has been too long neglected.

Mr. COOPER of Tennessee. Mr. Chairman, I make the point of order against the amendment.

The CHAIRMAN. The Chair sustains the point of order. Titles III, IV, V, and VI do not deal with taxation.

The Clerk read as follows:

#### TITLE IV—GRANTS TO STATES FOR AID TO DEPENDENT CHILDREN APPROPRIATION

SECTION 401. For the purpose of enabling each State to furnish financial assistance assuring, as far as practicable under the conditions in such State, a reasonable subsistence compatible with decency and health to dependent children without such subsistence, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of \$24,750,000, and there is hereby authorized to be appropriated for each fiscal year thereafter a sum sufficient to carry out the purposes of this title. The

sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Board, State plans for aid to dependent children.

#### STATE PLANS FOR AID TO DEPENDENT CHILDREN

Sec. 402. (a) A State plan for aid to dependent children must (1) provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them; (2) provide for financial participation by the State; (3) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan; (4) provide for granting to any individual, whose claim with respect to aid to a dependent child is denied, an opportunity for a fair hearing before such State agency; (5) provide such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are found by the Board to be necessary for the efficient operation of the plan; and (6) provide that the State agency will make such reports, in such form and containing such information, as the Board may from time to time require, and comply with such provisions as the Board may from time to time find necessary to assure the correctness and verification of such reports.

(b) The Board shall approve any plan which fulfills the conditions specified in subsection (a), except that it shall not approve any plan which imposes as a condition of eligibility for aid to dependent children, a residence requirement which denies aid with respect to any child residing in the State (1) who has resided in the State for 1 year immediately preceding the application for such aid, or (2) who was born within the State within 1 year immediately preceding the application.

#### PAYMENT TO STATES

Sec. 403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to dependent children, for each quarter, beginning with the quarter commencing July 1, 1935, an amount, which shall be used exclusively for carrying out the State plan, equal to one-third of the total of the sums expended during such quarter under such plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds \$18, or if there is more than one dependent child in the same home, as exceeds \$18 for any month with respect to one such dependent child and \$12 for such month with respect to each of the other dependent children.

(b) The method of computing and paying such amounts shall be as follows:

(1) The Board shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than two-thirds of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, (B) records showing the number of dependent children in the State, and (C) such other investigation as the Board may find necessary.

(2) The Board shall then certify to the Secretary of the Treasury the amount so estimated by the Board, reduced or increased, as the case may be, by any sum by which it finds that its estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter, except to the extent that such sum has been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Board for such prior quarter.

(3) The Secretary of the Treasury shall thereupon, through the Division of Disbursement of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Board, the amount so certified.

#### OPERATION OF STATE PLANS

Sec. 404. In the case of any State plan for aid to dependent children which has been approved by the Board, if the Board, after notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds—

(1) that the plan has been so changed as to impose any residence requirement prohibited by section 402 (b), or that in the administration of the plan any such prohibited requirement is imposed, with the knowledge of such State agency, in a substantial number of cases; or

(2) that in the administration of the plan there is a failure to comply substantially with any provision required by section 402 (a) to be included in the plan; the Board shall notify such State agency that further payments will not be made to the State until the Board is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until it is so satisfied it shall make no further certification to the Secretary of the Treasury with respect to such State.

#### ADMINISTRATION

Sec. 405. There is hereby authorized to be appropriated for the year ending June 30, 1936, the sum of \$250,000 for all necessary expenses of the Board in administering the provisions of this title.

#### DEFINITIONS

Sec. 406. When used in this title—

(a) The term "dependent child" means a child under the age of 18 who is living with his father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, step-sister, uncle, or aunt, in a residence maintained by one or more of such relatives, as his or their own home;

(b) The term "aid to dependent children" means money payments with respect to a dependent child or dependent children.

Mr. JENKINS of Ohio. Mr. Chairman, I wish to propound a parliamentary inquiry, but I will do that more appropriately after amendments are offered, if there are any.

Mr. TAYLOR of Tennessee. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I offer this pro forma amendment for only one purpose, and will perhaps not occupy all of the time allotted to me. I take this opportunity to develop a point which I do not think was given sufficient emphasis in the discussion on yesterday or during general debate on the bill. It is perfectly apparent to everyone that with the exception of only a few wealthy States, the rest of the States of the Union will not participate in the old-age benefits of this bill. The tragedy of this situation, Mr. Chairman, is that the indigent aged in these States which have made no provision to comply with the plan outlined in this measure—and my State is in that category—will receive no benefits whatsoever pending such qualification and yet the taxpayers of the States thus discriminated against will have to bear their share of the \$15 contribution which the Federal Government will make to the favored States. To me this is a rank and unwarranted discrimination, and that was my reason for supporting the various amendments offered yesterday to correct these evils.

In the course of a debate yesterday, someone, referring to this hardship, said it was a case of "robbing Peter to pay Paul." I think a much more appropriate comparison might have been made if the speaker had said that it is a case of "robbing Lazarus to pay Dives."

Mr. Chairman, the more I contemplate the consequences that will follow the enactment of this bill as is, without provision for the discontinuance of the discrimination I have just mentioned, the more I am horrified. Each day I am receiving an increasing number of letters from indigent aged constituents, asking me when they may expect to receive their first check, and some of them, doubtless thinking the bill has already become a law, ask me how to proceed to apply for pension and requesting the necessary blanks. Mr. Chairman, it is a melancholy situation which appeals to my sense of justice and humanity!

We can get some conception of the magnitude of the problem of misery when we take into consideration that according to data compiled by actuaries of the United States Government and the large life insurance companies of America that, out of the average 65 persons who attain the age of 65, only 1 is well-to-do, 4 are able to support themselves in ordinary comfort, 5 are able to maintain themselves only partially, and 54 are totally dependent on public or private charity or upon relatives or friends. In other words, four-fifths of the people who reach the age of 65 are wholly unable to support themselves. These figures speak for themselves and clearly exemplify the tremendous gravity of the problem.

Mr. Chairman, I have exerted every means in my power to help amend this bill so as to eliminate its hardships, its injustices, its inequities, but without avail. My conscience is clear. The blood is not on my hands. Whatever glory or ignominy that may attach to this measure belongs to the Democratic administration, because in all of my legislative experience I have never seen a steam roller operate with such facility and precision. Having failed in my efforts, along with others, to enact a just and equitable old-age-pension law that would be a blessing to the indigent aged of every State in the Nation, I shall, with more or less misgivings, vote for the bill, for two reasons: First, I shall vote for it in the hope that when it reaches the Senate that body will correct the unconscionable evils perfectly manifest to me. And second, I shall vote for it in the further hope that, if

the Senate shall not substantially change its provisions and the bill becomes the law of the land, that at an extra session of the Tennessee Legislature, which, I understand, will certainly be called by the Governor of my State within the next 60 or 90 days, the necessary legislation will be enacted to comply with the requirements of this measure to the end that the aged of Tennessee may participate on an equal footing with the aged of other States of this Union.

Mr. SAUTHOFF. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. SAUTHOFF: Page 20, lines 21, 22, 23, 24, and 25, page 21, lines 1 and 2, after the word "plan", strike out "not counting so much of such expenditure with respect to any dependent child for any month as exceeds \$18, or if there is more than one dependent child in the same home, as exceeds \$18 for any month with respect to one such dependent child and \$12 for such month with respect to each of the other dependent children."

Mr. SAUTHOFF. Mr. Chairman, my purpose in offering this amendment is on the theory that \$18 a month for a mother with a minor child which she must look after is entirely inadequate. This means \$9 a month for the mother and \$9 for the minor child. That is apparently so insufficient that it seems to me it ought to be amended.

We are giving in this bill a maximum of \$30 a month to people over 65 years of age. If there are two old people, this would mean \$60 a month. Why give only \$18 for a young mother with a minor child? The theory of aid to dependent children in my State and in other States that have this legislation, and Wisconsin has had it for years, is that we want to preserve the mother and keep her in the home with her young child, so she will not have to go out into industry in order to try to earn her own living.

I appreciate the fact, Mr. Chairman, the argument is made that this is based on the allowances under the Veterans' Act, but may I call attention to the fact that there is a pension of \$30 a month for the mother in the Veterans' Act also. You will note that there is an additional \$12 in case there is a second child, which means \$30 a month for 3 of them, namely, the mother and the 2 infant children. This is \$1 a day to take care of three people. To me it is inconceivable that such an amount could be considered adequate.

Mr. Chairman, I appreciate the fact that perhaps in some of the Southern States it might be possible to do that, although I do not know. You must remember, however, that we of the Northern States have to contend with about 5 months of the year when fuel must be had.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. SAUTHOFF. I yield to the gentleman from Kentucky.

Mr. VINSON of Kentucky. What is the average grant to a child in Wisconsin?

Mr. SAUTHOFF. The average?

Mr. VINSON of Kentucky. Yes. We were told in committee that for 1933 and 1934 the average monthly grant per child in Wisconsin was \$10.13.

Mr. SAUTHOFF. Yes.

Mr. VINSON of Kentucky. I may say to the gentleman that there is only one State in the Union that has more than \$18 and that is Connecticut. It runs from this amount down to a minimum of \$1.99 per child, with a number of States not having any dependent children statutes at all.

Mr. SAUTHOFF. May I say in answer to the gentleman that in my own State I aided in administering the first law in the county in which I reside back in 1915. We ran as high as \$60 a month. I live in a wealthy county. We perhaps were more fortunately situated than other less fortunate counties. I also appreciate the fact that in my State there are northern counties that are today insolvent and could not pay. I presume this situation is true in many other States. I take it that States like Mississippi and Arkansas, for instance, would have the greatest difficulty in meeting any kind of payment, either under the old-age-pension plan or for dependent children.

Mr. VINSON of Kentucky. They have no dependent-children statutes in those States.

Mr. SAUTHOFF. Mr. Chairman, I merely offer the amendment as a suggestion, because I feel that the present provision is inadequate, just like I felt that \$30 a month for the aged people was inadequate. I am trying to get a little more benefit.

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think the gentleman overlooked the fact in the discussion of these various titles, I, III, and IV, the present one being IV, that they are simply grants in aid to the States, the primary duty being upon the States to take care of the unfortunates within their own boundaries. The Federal Government proposes to help to the extent set out in this bill.

The committee has given a great deal of time and consideration to this particular phase of the subject, and it was the unanimous opinion of the committee that we were very liberal in this allowance. The money provided in this bill is in addition to what the States themselves must put up if this aid is intended, and we ask that the amendment be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SAUTHOFF].

The question was taken; and on a division (demanded by Mr. Morr) there were—ayes 19, noes 100.

So the amendment was rejected.

Mr. CARMICHAEL. Mr. Chairman, I am not conscious of favoring all the provisions of the bill under consideration. Probably I would not have initiated it. It is not for me to know who prepared the bill. The distinguished and very able Chairman of the Committee on Ways and Means assures the House that the President did not do it. Probably I would have been better pleased with it and more sanguine in my support if I knew that he did it with his own hand. In a high degree the President is responsible for all of this legislation. It is his responsibility. He will have stars in his crown if there be a crown and if there be any stars.

I have not forgotten the three departments of government under our Constitution—executive, legislative, and judicial—but all over the world in every nation and every clime the executive is most important. The legislature rejoices if it can work in harmony with the Governor and the Congress is buoyant as it follows the President's lead. Thomas Carlyle said in his Heroes and Hero Worship:

If we will think of it, no time need have gone to ruin could it have found a man great enough, a man wise and good enough wisdom to discern truly what the time wanted and valor to lead it on the right road. This is the salvation of any time.

It seems to me that the President is that man. The people of the United States found him. "The common people hear him gladly." They have a definite good wish for him. In this great emergency they are not so much interested in the Constitution, though, for one, I believe in it as I do in the Apostles' Creed. They are not so much interested in the Democratic Party, nor the Republican Party, nor in the personnel of their Congressmen, much as we think of ourselves and of each other, but they are tremendously interested in a system of relief and of government that will guarantee life, liberty, and the pursuit of happiness, a system that will justify the continued existence of a government that was not built "in dim eclipse nor rigged with curses vile." This house was not built on the sand. We have millions of panicky people. They have wiped out the Indian trails. They have cast the mountains into the sea. They have left their homes. The church chimes no longer call them into their places of worship. They are hungry. They are transients. They have fallen among thieves, but this does not mean a dissolution of our indestructible union of States. It calls for a reenactment of the Golden Rule, another Good Samaritan, a going back home—

Mild pleasures and palaces though we may roam,  
Be it ever so humble, there's no place like home,  
A charm from the sky seems to hallow us there,  
Which, seek through the world is ne'er met with elsewhere.  
An exile from home, splendor dazzles in vain,  
Oh, give me that lowly thatched cottage again,  
The birds singing gaily, that come to my call  
And that peace of mind dearer than all.

We need a rededication of our lives and all that we are to the simple life, to the permanent and paramount doctrine of self-help. I never expect to see equality of men and women or of wealth or of achievement. "One star differeth from another star in glory", I do expect to see equal opportunities. Infinite "wisdom, a word that all men love", gave us the planets and stars, the mountains and valleys, the magnificent magnolia and the humble azalea, blondes and brunettes, all different, all the perfect product of His divine handiwork. All of these are beautiful in groups, in regimentation, if you please, but the milky way is blurred, let me see Venus. The Follies are alluring, but please let me see Janet Gaynor.

The Prince of Denmark was the creation of a lone worker. The Madonna smiles at the great painter who breathed into her the deathless life. I believe in groups and armies, but after all our country is the lengthened shadow of men, of one man if you please. I want every man, every woman, every child, and every corporation to have an opportunity to pluck fruit in a lawful way from the tree of life. But what are we going to do with these thousands of young men and women just out of college who are seeking destiny? What with these young men and women not college bred, who yield easily to temptation? What with these men and women who stand here in the market places all the day idle because no man hath hired them? What with these men and women of three score years and five, who have lived by the sweat of their brows, sons and daughters of toil, who have drunk the bubbling draft down to the dregs? What with these washed-out ones, who, without sin, have come on the stage without even a crutch? What with these prattling babes who are on the stage, some of them unattended? Whence came all of these? Like sheep without a shepherd. Who has sinned, who will be the good Samaritan, who will carry them to the inn?

Is it possible that our Government has been so conducted as that we have accumulated all of these sick ones, all of these naked ones, all of these hungry ones? Is this constitutional government?

My friends, the responsibility is that of the Democratic Party, that of patriots without regard to party. We can, as I believe, under the Constitution and without violating a jot or tittle of it, put all of these on this great Ship of State.

Sail on, thou Ship of State,  
Sail on, oh Union, strong and great;  
Humanity, with all its fears,  
With all its hopes of future years,  
Is hanging, breathless, on thy fate.

Mr. Chairman, I have not given this bill the careful and long thought and consideration which it has had by the very able Ways and Means Committee, and, for this reason and others that I might mention, my opinion of it is not so important. Let me say, however, in all candor, that I would not have initiated it in all its terms. Without any effort at all, it makes me happy to concur in many of its provisions; some of them give me pain. For lack of vision and courage, I would have made a poor record had I been cast into the den of lions, or into the fiery furnace; and yet the Book says that the angel locked the lions' mouths, and that the fourth man in the furnace chilled its fires. For the same reason, I would have been most unhappy had I been called on to follow Moses across the Red Sea; but the waters banked up and there was a safe, dry way into the land of Canaan. I would have been slow to have moved in a covered wagon with the forty-niners to the far West, but the gold that these pioneers uncovered still glitters in dollars and on diamonds. I would not have enlisted with Christopher Columbus in making that long voyage over the trackless seas, and yet his incomparable courage and sovereign imagination gave mankind a new world, a new heaven, and a new earth.

"All's well that ends well." I do not see any beaten tracks. I do not see any signboards; but President Roosevelt says in a loud voice, as did Emma Sansom when she was guiding the Confederate troops under the command of the great leader Forrest over swollen streams, "I will show you the way." His voice is loud and clear. I am following him. The responsibility is his. I shall vote for the bill in all its

substantial provisions, remembering the language of the immortal Lincoln when he was suffering the agony which comes from the unrequited love of friends and the hate of enemies, "This, too, will pass." [Applause.]

Mr. MASSINGALE. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I wish to say a few words regarding this proposed bill. I do not believe this Congress ought to send out any message to the depressed people in America that they are getting an old-age-pension bill that will be of any service to them, at least for the coming year, or the fiscal year beginning July 1.

This bill figures, on the assumption that every person estimated to be of the age mentioned in the bill is eligible, \$6.63 per person for the year ending June 30, 1936. In my State of Oklahoma I estimate there are 150,000 people over the age limit of this bill. This means that we will get probably \$1,000,000 out of the \$49,750,000 provided, and, of course, the people in my State, if they all qualify—and they cannot all qualify—will receive the princely sum of \$6.63 for the first year of the operation of this bill.

We ought to be frank about it. We ought not to try to deceive these people. The distinguished Chairman of the Rules Committee got up here yesterday and made the statement that there were a lot of decent, destitute, but deluded people in America—those who favor the Townsend plan. I do not think the chairman ought to have made that statement. He does not know the people in my country. They are not deluded. I will tell you what he might have said. He might have said that they are denuded, because they have not anything to eat or anything to wear, and you can see how Dr. Townsend can get the immense following throughout the Nation that he has aroused in support of his pension plan.

A great deal of derision has been cast upon Dr. Townsend, and I think it should not have been done. He has aroused the public conscience of America and he has brought more forcefully to this Congress than anybody else that I know the articulate demands of the poor people of this country, and I will say this to you: I voted for the modified Townsend plan or the McGroarty plan, and I did it intentionally, and I did it for the purpose of trying to provide something for the people who are now hungry, without clothes, and in distress throughout this Nation.

I do say this about the pending bill: I think in all probability, after this coming year, there may be some relief for these people, but we ought not to deceive them.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I ask unanimous consent that all debate on this title and all amendments thereto do now close.

Mr. KENNEY. Mr. Chairman, a parliamentary inquiry. The CHAIRMAN. The gentleman will state it.

Mr. KENNEY. Mr. Chairman, I just sent to the desk an amendment to title IV. I understand it is in order, and I would like to be heard on the amendment.

Mr. DOUGHTON. Mr. Chairman, I modify my request and ask unanimous consent that all debate on this title and all amendments thereto close in 15 minutes.

Mr. JENKINS of Ohio. Mr. Chairman, reserving the right to object, I think this is an appropriate time for me to submit my parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JENKINS of Ohio. At the conclusion of the debate on this title I wish to offer the amendment which I referred to 2 or 3 days ago, making provisions for the blind. I wish to offer this amendment as a new title to the bill and I wish to ask whether the proper time to offer this amendment will be after the vote on title IV?

The CHAIRMAN. Yes; if it is offered as a new title.

Mr. JENKINS of Ohio. It should be offered at the conclusion of the consideration of title IV?

The CHAIRMAN. Yes.

Is there objection to the request of the gentleman from North Carolina [Mr. DOUGHTON]?

There was no objection.

Mr. GIFFORD. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, very briefly, speaking for a portion of the minority, it is difficult, indeed, to know how to vote on this measure. It is useless to talk about the constitutionality of it, as many have, including the gentleman from Ohio [Mr. JENKINS] and the gentleman from New York [Mr. REED], but we will leave that for the Supreme Court to possibly give its approval as to its constitutionality—not like the gold decision, place a curse upon it.

It is useless for the gentleman from New York [Mr. WADSWORTH] to talk about the fund of \$33,000,000,000 and how it may be wisely used or manipulated by the fiduciary of such a tremendous power for the good or evil of our Government.

I pay tribute to the chairman of the committee and the gentleman from Washington [Mr. HILL], whose arguments I have read, regarding State responsibility, which has been disappearing rapidly.

I am considerably troubled as to whether industry must absorb this expense or hand it along to the consumer. Secretary Wallace, in his insulting speech on Wednesday, declared that our textile plants did not absorb the processing tax, but does hand it on, as all other expenses are included in the selling price.

Certainly we should now thank the farmers of the country. Wonderful indeed is their willingness to sanction section II. They are not included in this section, and if industry can hand on the 6 percent as a part of the expenses, the farmers of the country will loyally pay the bill, and, of course, the farmers' Representatives here must know and apparently approve of it.

That very fact that the farmers will now come to the aid of industry and will willingly pay higher prices for their purchase, brought about by the taxation features of this bill, makes me willing to vote for this measure, but great is my surprise that it is being endorsed by those usually so watchful of their interests.

But what will the farmers say to their Representatives? Are you prepared to tax them to this extent to keep industrial workers only?

I should thank you cordially for this action, because it appears to be a measure that will pay a very great price.

The thought I want to convey is this: State responsibility is rapidly disappearing. Massachusetts has an old-age pension and many other social-relief measures. Wisconsin also has many such progressive laws. The Milwaukee Journal, however, says that Wisconsin has already gone too far in these matters.

Like Massachusetts, Wisconsin has made the belated discovery that social legislation may proceed too rapidly for the common good. Wisconsin has enacted a great many laws which are beneficial in themselves, but, as a whole, have handicapped her industries in their competition with those elsewhere. The consequences have been similar to those in Massachusetts. As the Milwaukee Journal expresses it:

"We have a preposterously inflated ambition to apply locally what can only be applied, without crippling ourselves, on a national scale. . . . Wisconsin isn't competent to move forward or backward, alone or independent, too far in advance of the American parade. . . . A steady stream of additional uncertain forms . . . is bringing confusion and a creeping paralysis in Wisconsin industry. . . . Industry slowly is disintegrating under this onslaught . . . is oozing out of the State. We can "kid" ourselves all we want, but the overtures of these other more favorable localities are being given more consideration as the depression continues and the selling competition in the national market continues harsh."

For many years our Commonwealth has been enacting social laws more advanced than those of our New England and southern competitors. Local industry is now suffering from the cumulative effects. As in Wisconsin, it is seeking fields where the rules of the game apply equally to everybody. In considering new social legislation, therefore, our general court will do well to act with extreme care and to examine the statutes of our rivals.

The Wisconsin discussion centers on the enactment of a 30-hour-week bill. The argument applies equally to measures in our own legislature.

Mr. Chairman, Wisconsin says that, like Massachusetts today, she is now in dire straits in her industries. The National Government must now do it. Our poor old Federal Government! With a ceiling of \$50,000,000,000 debt already in sight! But, if industry can really pass this on to the

farmer, why should we from the industrial States vote against this measure? During the last several years we have tried to do much for the farmer. Also, I repeat, and in spite of the warning of our friend Mr. HUBLESTON on yesterday—who wants now to speak plainly about it—that this is only another long step toward a central government. Let us get ready to give up our statehood rights. Consider the Florida situation: Fifty-five million last year without matching a dollar! She exempts homes from any taxation up to \$5,000! Practically all municipal treasuries are empty!

Of course, the Federal Government will take care of Florida, but Florida's Senators will still desire to write the tariff bill for New England, will they not? [Applause.]

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. JENKINS of Ohio. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. JENKINS: Page 23, after line 23, insert the following new title:

"TITLE V—GRANTS TO STATES FOR AID TO BLIND INDIVIDUALS

"APPROPRIATION

"SECTION 501. For the purpose of enabling each State to furnish financial assistance assuring, as far as practicable under the conditions in such State, a reasonable subsistence compatible with decency and health to blind individuals without such subsistence, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of \$9,950,000, and there is hereby authorized to be appropriated for each fiscal year thereafter a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Board, State plans for aid to blind individuals.

"STATE PLANS FOR AID TO BLIND INDIVIDUALS

"Sec. 502. (a) A State plan for aid to blind individuals must (1) provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them; (2) provide for financial participation by the State; (3) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan; (4) provide for granting to any blind individual, whose claim for aid is denied, an opportunity for a fair hearing before such State agency; (5) provide such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are found by the Board to be necessary for the efficient operation of the plan; and (6) provide that the State agency will make such reports, in such form and containing such information, as the board may from time to time require, and comply with such provisions as the board may from time to time find necessary to assure the correctness and verification of such reports.

"(b) The board shall approve any plan which fulfills the conditions specified in subsection (a), except that it shall not approve any plan which imposes as a condition of eligibility for aid to blind individuals, a residence requirement which denies aid with respect to any blind individual who has resided in the State for 5 years immediately preceding the application for such aid.

"PAYMENT TO STATES

"Sec. 503. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to blind individuals, for each quarter, beginning with the quarter commencing July 1, 1935, an amount, which shall be used exclusively for carrying out the State plan, equal to one-half of the total of the sums expended during such quarter under such plan, not counting so much of such expenditure with respect to any blind individual for any month as exceeds \$30.

"(b) The method of computing and paying such amounts shall be as follows:

"(1) The board shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than one-half of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, (B) records showing the number of blind individuals in the State, and (C) such other investigation as the board may find necessary.

"(2) The board shall then certify to the Secretary of the Treasury the amount so estimated by the board, reduced or increased, as the case may be, by any sum by which it finds that its estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter, except to the extent that such sum has been applied to make the

amount certified for any prior quarter greater or less than the amount estimated by the board for such prior quarter.

"(3) The Secretary of the Treasury shall thereupon, through the Division of Disbursement of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the board, the amount so certified.

#### " OPERATION OF STATE PLANS

" Sec. 504. In the case of any State plan for aid to blind individuals which has been approved by the board, if the board, after notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds—

"(1) that the plan has been so changed as to impose any residence requirement prohibited by section 502 (b), or that in the administration of the plan any such prohibited requirement is imposed, with the knowledge of such State agency, in a substantial number of cases; or

"(2) that in the administration of the plan there is a failure to comply substantially with any provision required by section 502 (a) to be included in the plan;

the board shall notify such State agency that further payments will not be made to the State until the Board is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until it is so satisfied it shall make no further certification to the Secretary of the Treasury with respect to such State.

#### " ADMINISTRATION

" Sec. 505. There is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of \$50,000 for all necessary expenses of the board in administering the provisions of this title.

#### " DEFINITIONS

" Sec. 506. When used in this title—

"(a) The term 'blind individual' means a blind person over the age of 16 and under the age of 65;

"(b) The term 'aid to blind individuals' means money payments to blind individuals."

Mr. JENKINS of Ohio. Mr. Chairman, this amendment which I have offered is worthy of the most careful consideration of all of you and also of your espousal and of your vote. This is an amendment to title IV. Title IV, as you know, provides \$25,000,000 for aid to dependent children. This is, in effect, a relief for widows and children. This amendment that I am offering is in the same language and provides the same system of administration in every detail that is provided for dependent children. It provides for an appropriation of \$10,000,000 for aid to the poor and needy blind of our whole country. This is the most deserving class of people that we know anything about and I am appealing to the sense of fairness of the Democratic leaders to permit their membership the freedom to vote as their conscience dictates for once at least. My friends, I ask you, Who comes under the glance of your eye that needs assistance any more than the poor blind man that holds out the tin cup on the street corner? Who is it that elicits your sympathies more than the poor blind beggar? I am sure that you agree with me that there is no affliction worse than blindness when accompanied with poverty. All my life I have maintained that there should be no poor blind. In this great land of plenty we should see to it that no man afflicted with blindness is compelled to beg for his morsel of bread or for the pennies with which to buy his food. In this bill relief is extended to the aged and to the crippled children and to the mothers, but the poor blind man is the forgotten man. God pity us if we do not on this, one of the greatest days in the year—Good Friday, feel some of that compassion that the Savior showed toward the poor blind with whom He came in contact. With the rich man flying by in his limousine, with the athlete skipping by in the full flower of health, with the grand lady in her rustling silks passing by with her vain superiority complex, with the happy care-free children, and with the great concourse of humanity, some care-free and some care-encumbered passing and re-passing, in sunshine and in shadow, there sits the poor blind man with his little tin cup extended. Are you going to leave him on the street or will you assist me to put him upon his feet?

Should there be any prejudice because this amendment is offered by a Republican I am perfectly willing to ask unanimous consent to withdraw my name from it and insert the name of any Democrat that you select.

There is no doubt that you have all had sympathy for the blind man with the tin cup on the street corner, and no doubt you have resolved if the time ever came that you could relieve his poverty or his affliction you would like to do

something for him in a big way. Here is your chance. Include him within the provision and protection of this bill. What is it going to cost? Just a little measly \$10,000,000. There was a time when this would be considered a large sum but not since Franklin D. Roosevelt came upon the scene. If the experts say that is too much, we will cut it down one million or two million and if they say that is not enough, we will add a million or two. All I want to do is to do something for the poor blind man and the poor blind woman.

Let them have a little bit of consideration from the time they are 18 years old until they are 65. We are not even asking that this bill carry them beyond 65, because then we feel that they will then be eligible to an old-age pension. Surely they are entitled to that when they get to be 65 years of age. What can be wrong with this amendment? Why not vote for it? Why not pass it? I know that those charged with the responsibility of securing the passage of this bill have great pride in their skill and technique in parliamentary maneuvering, but that should not be enough to keep you from doing your duty by the poor blind man who holds out the tin cup to you today. Pride of a capable congressional leader in his handiwork does not restore the sight of the poor blind man nor appease his hunger. I, too, have pride in this bill. I spent many weeks in the committee hearings working on it. I think this bill is put together from the standpoint of English and correct legal language better than any bill that has ever come into this House. It is almost a perfect bill in that respect. As you know, I have been on the floor for days as we have been considering this bill, and I have fought two titles of this bill as vigorously as I could, and I have no apology to make to anybody in the world for that. If I had any more capacity, I would use it against title II and title VIII, but I am going to vote for this bill regardless of title II and title VIII. Why do you leaders not have some consideration? Why can you not go along and give the blind man a chance? Why not add this amendment and give the blind man the same consideration that is given all others?

This amendment is drawn exactly like the amendment for widows and children. There are no parliamentary obstacles. You cannot challenge it on a point of order. It appeals to your sense of fairness and justice. It grips your heart in the vise of sympathy. It will meet with the universal approval of the people. Why then, in the name of common sense, cannot we put an amendment like this into this bill? Is there any reason why you cannot provide a substitute for the nickel or the dime for the tin cup of the blind man on the street corner? I am going to leave it to you, and if you do not raise up to meet your responsibility I am going to be deeply disappointed, because I know, in your hearts, that you have compassion. I also know that you have the votes, and I know that the President in the White House will not castigate any of you for asserting yourselves and doing something on this great day—Good Friday—that will be an honor to you and to your country, and a benefit to the most pitiable group that any of us know.

Mr. MAY. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. MAY. I am going to vote for the amendment because I think a blind man is in worse shape than an old man with two good eyes.

Mr. JENKINS of Ohio. I am glad one Democrat has stood up and said he would vote for the amendment. I hope all of you will do the same.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. JENKINS] has expired. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I rise in opposition to the amendment of the gentleman from Ohio [Mr. JENKINS]. The gentleman from Ohio is a diligent, able, and faithful member of the Ways and Means Committee, as well as one of the ablest men of this House. I know he is sincere and modest in this matter, but this question was thoroughly considered in the committee, and if at that time the gentleman's sympathy had been aroused to the degree of emotion that it is at present, my memory does not serve me

well—although, of course, we always have the privilege of amending our thoughts or changing our position.

This question was discussed at length in our committee. The reason that the provision containing the substance of the amendment was not adopted in committee was that it was represented in committee that the blind people, on whom the hand of affliction for some unknown reason, has been laid so heavily and for whom we have the deepest and most profound sympathy, were, perhaps, better taken care of now, more adequately and more humanely taken care of, than any other class of people in the United States. Now, that was not disputed. That fact was not controverted. I think the gentleman from Arkansas, a member of the committee, brought up the question, and it was debated at length. It was represented that in practically all States there are homes in which the blind are humanely and adequately cared for. The gentleman from Ohio [Mr. JENKINS] knows this. The appeal which this class of unfortunate people makes to the human instincts and impulse, regardless of party, is a stronger appeal than that made, perhaps, by any other class of people. For that reason the States have taken great pains to care for and provide for this unfortunate class of people.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. JENKINS of Ohio. If I withdraw my name from this amendment and ask that the name of the gentleman from North Carolina be substituted, will the gentleman accept it?

Mr. DOUGHTON. Oh, does the gentleman think it is jealousy? That is interpreting my position on most too low an estimate. I hope the gentleman will withdraw that statement, and I hope he would not think I am opposing this only because of pride of authorship. I know the gentleman does not feel that way about it. I know the gentleman knows we cannot take care of every deserving class of people in this bill. We cannot go all the way at one journey. We are doing more than has ever been done in any piece of legislation for unfortunate people. This is one class of unfortunate people that it was explained fully to the committee were better taken care of than any other class of people. As far as concerns the State, which I have the honor in part to represent, I know the blind are well taken care of in contrast or comparison with other classes of dependent humanity.

Another thing, we do not have the data. We have no information about this. This amendment has been brought up here on the spur of the moment. To consider an amendment having this far-reaching effect, we should have all the facts. I am sure that with the influence my friend has, he can have it put on in the other body.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. JENKINS].

The question was taken; and on a division (demanded by Mr. JENKINS of Ohio) there were ayes 54 and noes 100.

So the amendment was rejected.

The Clerk read as follows:

TITLE V—GRANTS TO STATES FOR MATERNAL AND CHILD WELFARE  
PART 1—MATERNAL AND CHILD HEALTH SERVICES

*Appropriation*

SECTION 501. For the purpose of enabling each State to extend and improve, as far as practicable under the conditions in such State, services for promoting the health of mothers and children, especially in rural areas and in areas suffering from severe economic distress, there is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1936, the sum of \$3,800,000. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Chief of the Children's Bureau, State plans for such services.

*Allotments to States*

SEC. 502. (a) Out of the sums appropriated pursuant to section 501 for each fiscal year the Secretary of Labor shall allot to each State \$20,000, and such part of \$1,800,000 as he finds that the number of live births in such State bears to the total number of live births in the United States.

(b) Out of the sums appropriated pursuant to section 501 for each fiscal year the Secretary of Labor shall allot to the States \$980,000 (in addition to the allotments made under subsection (a)), according to the financial need of each State for assistance in

carrying out its State plan, as determined by him after taking into consideration the number of live births in such State.

(c) The amount of any allotment to a State under subsection (a) for any fiscal year remaining unpaid to such State at the end of such fiscal year shall be available for payment to such State under section 504 until the end of the second succeeding fiscal year. No payment to a State under section 504 shall be made out of its allotment for any fiscal year until its allotment for the preceding fiscal year has been exhausted or has ceased to be available.

*Approval of State plans*

SEC. 503. (a) A State plan for maternal and child-health services must (1) provide for financial participation by the State; (2) provide for the administration of the plan or the supervision of the administration of the plan by the State health agency; (3) provide such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are found by the Chief of the Children's Bureau to be necessary for the efficient operation of the plan; (4) provide that the State health agency will make such reports, in such form and containing such information, as the Secretary of Labor may from time to time require, and comply with such provisions as he may from time to time find necessary to assure the correctness and verification of such reports; (5) provide for the extension and improvement of local maternal and child-health services administered by local child-health units; (6) provide for cooperation with medical, nursing, and welfare groups and organizations; and (7) provide for the development of demonstration services in needy areas and among groups in special need.

(b) The Chief of the Children's Bureau shall approve any plan which fulfills the conditions specified in subsection (a) and shall thereupon notify the Secretary of Labor and the State health agency of his approval.

*Payment to States*

SEC. 504. (a) From the sums appropriated therefor and the allotments available under section 502 (a), the Secretary of the Treasury shall pay to each State which has an approved plan for maternal and child-health services, for each quarter, beginning July 1, 1935, an amount, which shall be used exclusively for carrying out the State plan, equal to one-half of the total sum expended during such quarter for carrying out such plan.

(b) The method of computing and paying such amounts shall be as follows:

(1) The Secretary of Labor shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection and stating the amount appropriated or made available by the State for such expenditures in such quarter, and if such amount is less than one-half of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, and (B) such investigation as he may find necessary.

(2) The Secretary of Labor shall then certify the amount so estimated by him to the Secretary of the Treasury, reduced or increased, as the case may be, by any sum by which the Secretary of Labor finds that his estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter, except to the extent that such sum has been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary of Labor for such prior quarter.

The Secretary of the Treasury shall thereupon, through the Division of Disbursement of the Treasury Department, and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Labor, the amount so certified.

(c) The Secretary of Labor shall from time to time certify to the Secretary of the Treasury the amounts to be paid to the States from the allotments available under section 502 (b), and the Secretary of the Treasury shall, through the Division of Disbursement of the Treasury Department, and prior to audit or settlement by the General Accounting Office, make payments of such amounts from such allotments at the time or times specified by the Secretary of Labor.

*Operation of State plans*

SEC. 505. In the case of any State plan for maternal and child-health services which has been approved by the Chief of the Children's Bureau, if the Secretary of Labor, after notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds that in the administration of the plan there is a failure to comply substantially with any provision required by section 503 to be included in the plan, he shall notify such State agency that further payments will not be made to the State until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied he shall make no further certification to the Secretary of the Treasury with respect to such State.

PART 2—SERVICES FOR CRIPPLED CHILDREN

*Appropriation*

SEC. 511. For the purpose of enabling each State to extend and improve—especially in rural areas and in areas suffering from severe economic distress—as far as practicable under the conditions in such State, services for locating crippled children, and for providing medical, surgical, corrective, and other services and care,

and facilities for diagnosis, hospitalization, and aftercare for children who are crippled or who are suffering from conditions which lead to crippling, there is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1936, the sum of \$2,850,000. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Chief of the Children's Bureau, State plans for such services.

#### Allotments to States

SEC. 512. (a) Out of the sums appropriated pursuant to section 511 for each fiscal year the Secretary of Labor shall allot to each State \$20,000, and the remainder to the States according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them.

(b) The amount of any allotment to a State under subsection (a) for any fiscal year remaining unpaid to such State at the end of such fiscal year shall be available for payment to such State under section 514 until the end of the second succeeding fiscal year. No payment to a State under section 514 shall be made out of its allotment for any fiscal year until its allotment for the preceding fiscal year has been exhausted or has ceased to be available.

#### Approval of State plans

SEC. 513. (a) A State plan for services for crippled children must (1) provide for financial participation by the State; (2) provide for the administration of the plan or the supervision of the administration of the plan by a State agency; (3) provide such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are found by the Chief of the Children's Bureau to be necessary for the efficient operation of the plan; (4) provide that the State agency will make such reports, in such form and containing such information, as the Secretary of Labor may from time to time require, and comply with such provisions as he may from time to time find necessary to assure the correctness and verification of such reports; (5) provide for carrying out the purposes specified in section 511; and (6) provide for cooperation with medical, health, nursing, and welfare groups and organizations and with any agency in such State charged with administering State laws providing for vocational rehabilitation of physically handicapped children.

(b) The Chief of the Children's Bureau shall approve any plan which fulfills the conditions specified in subsection (a) and shall thereupon notify the Secretary of Labor and the State agency of his approval.

#### Payment to States

SEC. 514. (a) From the sums appropriated therefor and the allotments available under section 512, the Secretary of the Treasury shall pay to each State which has an approved plan for services for crippled children, for each quarter, beginning July 1, 1935, an amount, which shall be used exclusively for carrying out the State plan, equal to one-half of the total sum expended during such quarter for carrying out such plan.

(b) The method of computing and paying such amounts shall be as follows:

(1) The Secretary of Labor shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection and stating the amount appropriated or made available by the State for such expenditures in such quarter, and if such amount is less than one-half of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, and (B) such investigation as he may find necessary.

(2) The Secretary of Labor shall then certify the amount so estimated by him to the Secretary of the Treasury, reduced or increased, as the case may be, by any sum by which the Secretary of Labor finds that his estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter, except to the extent that such sum has been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary of Labor for such prior quarter.

(3) The Secretary of the Treasury shall thereupon, through the Division of Disbursement of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Labor, the amount so certified.

#### Operation of State plans

SEC. 515. In the case of any State plan for services for crippled children which has been approved by the Chief of the Children's Bureau, if the Secretary of Labor, after notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds that in the administration of the plan there is a failure to comply substantially with any provision required by section 513 to be included in the plan, he shall notify such State agency that further payments will not be made to the State until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied he shall make no further certification to the Secretary of the Treasury with respect to such State.

#### PART 3. CHILD-WELFARE SERVICES

SEC. 521. For the purpose of enabling the United States, through the Children's Bureau, to cooperate with State public-welfare

agencies in establishing, extending, and strengthening, in rural areas, public-welfare services for the protection and care of homeless, dependent, and neglected children, and children in danger of becoming delinquent, there is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1936, the sum of \$1,500,000. Such amount shall be allotted for use by cooperating State public-welfare agencies, to each State \$10,000, and such part of the balance as the rural population of such State bears to the total rural population of the United States. The amount so allotted shall be expended for payment of part of the costs of county and local child-welfare services in rural areas. The amount of any allotment to a State under this section for any fiscal year remaining unpaid to such State at the end of such fiscal year shall be available for payment to such State under this section until the end of the second succeeding fiscal year. No payment to a State under this section shall be made out of its allotment for any fiscal year until its allotment for the preceding fiscal year has been exhausted or has ceased to be available.

#### PART 4—VOCATIONAL REHABILITATION

SEC. 531. (a) In order to enable the United States to cooperate with the States and Hawaii in extending and strengthening their programs of vocational rehabilitation of the physically disabled, and to continue to carry out the provisions and purposes of the act entitled "An act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment", approved June 2, 1920, as amended (U. S. C., title 29, ch. 4; U. S. C., Supp. VII, title 29, secs. 31, 32, 34, 35, 37, 39, and 40), there is hereby authorized to be appropriated for the fiscal years ending June 30, 1936, and June 30, 1937, the sum of \$841,000 for each such fiscal year in addition to the amount of the existing authorization, and for each fiscal year thereafter the sum of \$1,938,000. Of the sums appropriated pursuant to such authorization for each fiscal year, \$5,000 shall be apportioned to the Territory of Hawaii and the remainder shall be apportioned among the several States in the manner provided in such act of June 2, 1920, as amended.

(b) For the administration of such act of June 2, 1920, as amended, by the Federal agency authorized to administer it, there is hereby authorized to be appropriated for the fiscal years ending June 30, 1936, and June 30, 1937, the sum of \$22,000 for each such fiscal year in addition to the amount of the existing authorization, and for each fiscal year thereafter the sum of \$102,000.

#### PART 5—ADMINISTRATION

SEC. 541. (a) There is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of \$425,000, for all necessary expenses of the Children's Bureau in administering the provisions of this title.

(b) The Children's Bureau shall make such studies and investigations as will promote the efficient administration of this title.

(c) The Secretary of Labor shall include in his annual report to Congress a full account of the administration of this title, except section 531.

Mr. PETERSON of Florida. Mr. Chairman, I offer an amendment, which I have sent to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. PETERSON of Florida: Page 25, line 15, after the word "State", strike out the semicolon and insert the following: " or political subdivisions thereof".

Mr. PETERSON of Florida. Mr. Chairman, the proposed amendment is for the purpose of allowing participation by States which, under their constitution, cannot participate as States. There are certain State constitutions which place certain limitations and, in some instances, certain specific duties upon political subdivisions of the State. In my own particular State—Florida—section 3 of article XIII of the constitution reads as follows:

The respective counties of the State shall provide in the manner prescribed by law for those of the inhabitants that by reason of age, infirmity, or misfortune may have claims upon the aid and sympathy of society.

In certain portions of this bill it is generally stated that the local contribution will be contribution by political subdivisions, but in the plan itself, not only in this place but in the preceding title with reference to old-age pensions and in the subsequent section on page 30, line 12, it provides for financial participation by States.

Mr. McCORMACK. Will the gentleman yield?

Mr. PETERSON of Florida. I yield.

Mr. McCORMACK. I think the gentleman is properly calling to the attention of the House a very pertinent matter—whether or not some States will be precluded from participating under this bill—whether or not under their constitution they have the power to submit a State plan is a very important question. Of course, none of us want any State excluded. However, the gentleman and his colleagues

are to be complimented for calling this matter to our attention and having it rectified if necessary. I will say, however, the committee had given consideration to this question. Also, as a result of a talk which I had with the gentleman from Florida yesterday, I have looked into the matter further, and I have been assured that this does not exclude any State. I understand that while Florida cannot contribute directly to beneficiaries and that it must be done through the counties, nevertheless Florida can contribute something toward the administration, and if the State constitution precludes direct participation or direct aid to its own citizens, but provides that it must be done through the political subdivisions, yet if it can contribute something toward the administration of the plan, that, in my opinion, will meet the provisions of this law. I am assured that Florida, under those conditions, can participate. Other States are similarly situated.

I do not know how many of the present States with old-age-pension laws have similar constitutional provisions. I understand that some have, and the constitutional provisions have not prevented the passage of such legislation. The matter is being further investigated, however, and if there is any doubt I will join with the gentleman, and I know I can speak for my colleagues of the committee in seeing that an appropriate amendment is put in the bill in the Senate; but we have been assured that the present provision does not preclude any State in the Union from submitting a State plan.

Mr. PETERSON of Florida. Do I understand from the gentleman's statement that it is the intention of the committee which held the hearings upon this subject and which drafted this bill, that the verbiage of this title shall be construed as including participation even to the extent of \$1 or by local subdivisions?

Mr. McCORMACK. Exactly; if any State contributes even \$1 toward administration, it meets that provision of this bill on administration. I have been assured that if a State, the constitution of which prohibits direct contribution, contributes any amount for administration it complies with the provisions of the bill.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. PETERSON of Florida. I yield.

Mr. MAY. Does it apply equally to administrative costs and contributions to beneficiaries?

Mr. McCORMACK. My understanding is—and my information came only this morning, but it came from one in whom I have confidence and one who has advised the committee—that it applies to the administrative cost. There will be this reservation, however, so that the gentleman will not press his amendment now, that the matter is being further looked into. While I cannot speak for the other members of the committee, not having talked to them on the subject, I am sure I bespeak their favorable consideration; and I will join with the gentleman in trying to have a proper amendment put into the bill to take care of the situation in the Senate, if later we find it necessary.

Mr. PETERSON of Florida. Mr. Chairman, in view of the statement of the gentleman from Massachusetts, in view of the explanation he has given, which will, in the event of construction by the courts, throw light on the intent of the provision, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. COCHRAN. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. COCHRAN: Page 26, line 5, after the semicolon, strike out the word "and"; and in line 7, after "need", insert a semicolon and the following: "and (8) provided that the services furnished under the plan shall not extend to any child over 1 year of age."

Mr. COCHRAN. Mr. Chairman, I would like the attention of the members of the committee for just a minute. This section, of course, reminds us of the Sheppard-Towner Act; it is back here, but in a little different form. The Sheppard-Towner Act was discontinued by Congress. I was

opposed to the continuance of the Sheppard-Towner Act. It had served its purpose by stimulating action in the States. During the period that the act was in force I made quite an extensive investigation as to what the money was being spent for. So did the American Medical Association. The legal definition of "infant" or of "child" is "one under 21 years of age." Unless we provide in this bill a definition within the meaning of the act, so we can designate what the money under this section can be spent for, we shall find the same situation as we did under the Sheppard-Towner Act. For instance, the State of Pennsylvania used the money that was supposed to take care of the mother and child at the time of birth, to fix the teeth of school children 15 years of age; and other States used the money for various purposes other than those contemplated by the act, or at least what those responsible for the act thought the money was to be used for. Therefore, as in common law, any person under the age of 21 is a child or an infant. I simply seek to place in the bill a proviso that, so far as this money is concerned, it cannot be used except for the purpose intended. I know you cannot strike out the word "child." If you wish the money used for the purpose intended, adopt my amendment limiting the spending of this money on a child not over 1 year of age. That will accomplish the purpose. I think it is a good amendment; it is simply a clarifying amendment, and I hope the committee will agree to it. If there are objections to the amendment, I should like to hear from some member of the committee.

[Here the gavel fell.]

Mr. VINSON of Kentucky. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the distinguished gentleman from Missouri is one of the most capable men serving in this body. He has stated the purpose of his amendment; but the amendment, of course, is much broader than he contemplates. Part I, to which he offers this amendment, is that portion of the bill which deals with maternal and child health services; it is under the general title of grants to States for maternal and child welfare. The amendment the gentleman offers, it seems to me, quite seriously endangers the use of this money for maternal care; and I know the gentleman does not have that in mind.

Mr. COCHRAN. I am following the suggestion of the legislative counsel, the one who assisted the committee, in offering the amendment at this place.

Mr. VINSON of Kentucky. I am speaking of the language of the amendment. I do not believe the gentleman quite appreciates the extent of the effect of his amendment. The point is that part I provides for grants in aid, Federal contributions, to a State or States.

The age of the child should not be fixed by the Federal Congress. That is a matter which is left to the discretion of the legislatures of the States. In other words, there may be a difference in the age in one State from the age in other States.

Mr. Chairman, I call the attention of the committee to the fact that under section 502 (a) you have a Federal grant, \$20,000 annually per State; then you have an appropriation of \$1,800,000 that must be matched by the States. I believe that the Congress can well leave it to the discretion of the States to define who are children, and to fix in the State law the age of the children that would be affected by the money with which they match the Federal money. In section (b) you have \$980,000 that does not have to be matched. This money is distributed according to the financial needs of each State for the assistance contained in this section of the bill.

Mr. COCHRAN. Will the gentleman yield?

Mr. VINSON of Kentucky. I yield to the gentleman from Missouri.

Mr. COCHRAN. The gentleman well knows there are various States of the Union that are absolutely opposed to this class of legislation. If I am not mistaken, the State of Massachusetts took the Sheppard-Towner Act to the Supreme Court of the United States.

Mr. VINSON of Kentucky. I may say to the gentleman that any State opposed to this character of legislation does not have to provide one single thin dime to match a thin dime of Federal money.

Mr. COCHRAN. If the State of Pennsylvania, for instance, not approving of the Sheppard-Towner Act to which I just referred, used that money to take care of school children's teeth, what is going to prevent it from doing so unless there is some proviso in here limiting the age of the child to be taken care of?

Mr. VINSON of Kentucky. That is a question for the State of Pennsylvania to decide what it wanted to do.

Mr. COCHRAN. The gentleman has an objective. Does he want the State of Pennsylvania to set that objective aside and get the money to be used by them for purposes that are not intended by this bill, by the committee or Congress?

Mr. VINSON of Kentucky. We do not intend to invade the State jurisdiction and State discretion. I believe I know the gentleman and his philosophy well enough to know that he is on our end of the single tree in this respect.

Mr. COCHRAN. I agree with the gentleman as to that, but I do not think the States of the Union should be permitted to use money which the Government is going to advance for purposes other than the purposes for which this bill is passed. That is my reason for offering the amendment.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. COCHRAN].

The amendment was rejected.

Mr. PFEIFER. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. PFEIFER: On page 24, line 12, change "\$3,800,000" to "\$5,000,000"; line 19, change "\$20,000" to "\$50,000", and change "\$1,800,000" to "\$2,000,000"; and in line 24 change "\$980,000" to "\$1,000,000."

Mr. DOUGHTON. Will the gentleman yield?

Mr. PFEIFER. I yield to the gentleman from North Carolina.

Mr. DOUGHTON. Mr. Chairman, I ask unanimous consent that all debate on this title and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. PFEIFER. Mr. Chairman, this amendment does not materially change the purposes of the bill. It only increases the amount to that which is absolutely necessary to take care of unfortunate mothers and children, the real foundation of our country. The sum of money that this bill calls for, \$3,800,000, will not take care of those unfortunates who are entitled to that which is necessary for the welfare of this country.

Mr. Chairman, may I go back to the record for a minute and say that in 1933 the birthrate was 16.6. Over 2,000,000 babies were born in the United States. To be exact, the number was 2,082,000. That is less than any time since 1916. However, the death rate was 10.7. In other words, 1,342,000 babies died, more than half of the number which were born. The small amount of money that this bill calls for in order to take care of those unfortunate victims is far below that which is essential to serve the purposes of this bill. I, therefore, ask for your consideration in connection with an adequate sum of money in order to carry out the purposes set out in the bill.

Mr. COOPER of Tennessee. Mr. Chairman, I rise in opposition to the amendment, and will take only a moment.

Mr. Chairman, these amounts have been arrived at after a most careful and thorough consideration by the committee. The Chief of the Children's Bureau, and other officials connected or related with this work, gave us the benefit of the best information available on this subject, and we arrived at the amount set out in this bill after a careful and thorough consideration of all these matters. We therefore ask, Mr. Chairman, that this amendment be rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. PFEIFER].

The amendment was rejected.

Mr. KENNEY. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. KENNEY: On page 35, line 2, after the word "and", insert the word "also."

Mr. KENNEY. Mr. Chairman, the insertion of the additional word will not change the meaning of this particular part of the bill. It will, however, add emphasis, and I think that we ought to be a little more emphatic with respect to vocational rehabilitation.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. KENNEY. I yield to the gentleman from Washington.

Mr. SAMUEL B. HILL. I did not get the place where the gentleman's amendment applies.

Mr. KENNEY. On page 35, line 2.

Mr. Chairman, the insertion of the word will, I believe, bring home to the States more emphatic approbation of the wonderful accomplishments that are being had under vocational rehabilitation. Because I think it is very pertinent, I should like to read a letter which I received from the efficient, humane director of the New Jersey Rehabilitation Commission, Mr. J. J. Toohey, Jr. The letter is as follows:

STATE OF NEW JERSEY,  
REHABILITATION COMMISSION,  
Newark, N. J., April 17, 1935.

HON. EDWARD A. KENNEY,

Washington, D. C.

MY DEAR CONGRESSMAN: The New Jersey Rehabilitation Commission, as you perhaps know, comprises the following members: Dr. Fred H. Albee, Mrs. A. Harry Moore, Mr. Joseph G. Buch, Dr. Charles H. Elliott, Hon. William J. Ellis, Mr. Thomas F. Martin, Mr. Bernard Hollander, and myself.

It is the obligation of our commission to cooperate with those citizens of our State who are crippled and who may be subject to physical and vocational rehabilitation, to the end that they may ultimately become self-supporting and self-sustaining.

You undoubtedly appreciate the fact that our State has established a most favorable reputation throughout the Nation as relating to the rehabilitation of our crippled children and adults. This fine work has been due to the coordination of the efforts of the service clubs of the State, the State boards of freeholders, the medical profession, and the cooperation our commission receives from the State's crippled children's commission.

I am writing you in this regard because the New Jersey Rehabilitation Commission is intensely interested in part 4, vocational-rehabilitation section, of the general security bill, H. R. 7260.

Rehabilitation of the crippled citizens of our State has never been a controversial subject. It affects the welfare of approximately 35,000 physical handicaps in New Jersey.

The Federal Government since 1920 has cooperated with New Jersey and other States in this humanitarian field of endeavor, and in behalf of our commission I am respectfully asking your support of part 4 of the aforementioned bill.

Would you be good enough to kindly advise me in this regard?

Sincerely,

J. J. TOOHEY, JR.,

Director New Jersey Rehabilitation Commission.

I am happy right now to advise our solicitous director from the floor of this House that this part of the bill meets with my hearty approval, and I am going to vote for it along with the other worthy provisions of the bill.

In matters of vocational rehabilitation and adult and child welfare New Jersey commands a leading position, and no word of our progress in these things would be complete without paying tribute to a man who has been foremost in our endeavors along these lines and in his regard and solicitude for our crippled children—A. HARRY MOORE, United States Senator from New Jersey.

As our Governor, he has never lost interest in the little children. In his honor and for all that he has done for the afflicted little ones, there stands today in Jersey City a home which houses many of the most needy of them. It bears his name and is widely known as "The A. Harry Moore Home for Crippled Children." Senator Moore stands out for his many accomplishments as Governor of our State, and he is beloved and held in highest esteem because of what he did for those injured in industry and for the mothers and crippled children of our State. In the Senate of the United States he will, I am sure, prove to be the leading proponent of the humane works and deeds he so nobly

carried out in New Jersey and for which he holds a very warm spot in the hearts of all of the people of our State. By his presence in the Senate, this provision of the bill will be friended as will all humane legislation of its kind; and, in consequence, this country will profit. [Applause.]

The pro forma amendment was withdrawn.

The Clerk read as follows:

**TITLE VI—PUBLIC HEALTH WORK  
APPROPRIATION**

**SECTION 601.** For the purpose of assisting States, counties, health districts, and other political subdivisions of the States in establishing and maintaining adequate public-health services, including the training of personnel for State and local health work, there is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1936, the sum of \$8,000,000 to be used as hereinafter provided.

**STATE AND LOCAL PUBLIC HEALTH SERVICES**

**SEC. 602 (a)** The Surgeon General of the Public Health Service, with the approval of the Secretary of the Treasury, shall, at the beginning of each fiscal year, allot to the States the total of (1) the amount appropriated for such year pursuant to section 601; and (2) the amounts of the allotments under this section for the preceding fiscal year remaining unpaid to the States at the end of such fiscal year. The amounts of such allotments shall be determined on the basis of (1) the population; (2) the special health problems; and (3) the financial needs of the respective States. Upon making such allotments the Surgeon General of the Public Health Service shall certify the amounts thereof to the Secretary of the Treasury.

(b) The amount of an allotment to any State under subsection (a) for any fiscal year remaining unpaid at the end of such fiscal year shall be available for allotment to States under subsection (a) for the succeeding fiscal year in addition to the amount appropriated for such year.

(c) Prior to the beginning of each quarter of the fiscal year the Surgeon General of the Public Health Service shall, with the approval of the Secretary of the Treasury, determine in accordance with rules and regulations prescribed by such Surgeon General after consultation with a conference of the State and Territorial health authorities, the amount to be paid to each State for such quarter from the allotment to such State, and shall certify the amount so determined to the Secretary of the Treasury. Upon receipt of such certification, the Secretary of the Treasury shall, through the Division of Disbursement of the Treasury Department and prior to audit or settlement by the General Accounting Office, pay in accordance with such certification.

(d) The moneys so paid to any State shall be expended solely in carrying out the purposes specified in section 601 and in accordance with plans presented by the health authority of such State and approved by the Surgeon General of the Public Health Service.

**INVESTIGATIONS**

**SEC. 603. (a)** There is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1936, the sum of \$2,000,000 for expenditure by the Public Health Service for investigation of disease and problems of sanitation (including the printing and binding of the findings of such investigations), and for the pay and allowances and traveling expenses of personnel of the Public Health Service, including commissioned officers, engaged in such investigations or detailed to cooperate with the health authorities of any State in carrying out the purposes specified in section 601: *Provided*, That no personnel of the Public Health Service shall be detailed to cooperate with the health authorities of any State except at the request of the proper authorities of such State.

(b) The personnel of the Public Health Service paid from any appropriation not made pursuant to subsection (a) may be detailed to assist in carrying out the purposes of this title. The appropriation from which they are paid shall be reimbursed from the appropriation made pursuant to subsection (a) to the extent of their salaries and allowances for services performed while so detailed.

(c) The Secretary of the Treasury shall include in his annual report to Congress a full account of the administration of this title.

**Mr. SISSON.** Mr. Chairman, I move to strike out the last word.

Mr. Chairman, for several months, and during a large part of the time when this splendid Ways and Means Committee was working on this social-security bill which is now before the House and also during a large part of the time when the Committee on Economic Security, appointed by President Roosevelt, pursuant to his message to Congress of June 8, 1934, was working on this same vital subject, Members of Congress have been deluged with letters and petitions by the advocates of the so-called "Townsend plan."

The originator of the Townsend plan, Dr. Townsend, had furnished a plan whereby each of its beneficiaries would have \$200 a month for the rest of their lives, and the only condition required, in addition to their age and need, was that they must immediately spend the said \$200 a month. Hundreds of thousands of people approaching the twilight of their lives were led to believe in this as they believe in God. Many of them, in anticipation, have in their imaginations already been spending the money. The fallacy, the utter sham of the Townsend plan, is shown by the fact that the maker and proponents of the plan have had to revise it once, twice, and now, I think, three times, so that now, in the consideration of the social-security bill, we had before us a Townsend plan which its makers even are compelled to admit would not furnish \$200 a month to its beneficiaries, but would furnish only, at the most, \$50 a month and with no sound, just, and practical means provided for even raising that amount of money.

After the many able speeches that have been made by the members of the Ways and Means Committee who brought out this real social-security bill, and the explanation made by them and other supporters of the bill, there is little in the very limited time that I have been able to devote to the study of the bill and the voluminous hearings and reports made by the Committee on Economic Security and the Ways and Means Committee or in the brief space of time at my disposal today that would add anything to clarify or explain this bill or strengthen its support. I do want to congratulate the Ways and Means Committee on the splendid work they have done. Where so many have contributed so much, to single out any one person who has helped to give us this bill, or to make comparisons between them, would be idle and unjust; but I cannot refrain from speaking of a few whose labors for the benefit of the Congress and the benefit of the country stand out. Two from my own State of New York, Senator WAGNER and Secretary of Labor PERKINS, were among the pioneers. Secretary Perkins' statement before this committee was classical in its simplicity and clearness and the comprehensive grasp shown of the whole subject. On this committee the able chairman, Mr. DOUGHTON, Mr. SAMUEL B. HILL, of Washington, my good friend Mr. LEWIS of Maryland, Mr. COOPER of Tennessee, Mr. VINSON of Kentucky, Mr. MCCORMACK, of Massachusetts, have all given us a splendid service. I have read in the RECORD, after listening to them on the floor, two great speeches made by two members of the Ways and Means Committee on this bill, one by Mr. LEWIS of Maryland and one by Mr. COOPER of Tennessee. It is a good bill for the beginning of raising the structure of economic and social security. It is, of course, not the finished edifice; as Mr. LEWIS of Maryland has said, "you have to have the foundation before you can erect the building."

I have read only a small part of the several thousand pages of the report of the Committee on Economic Security and of the hearings of the Ways and Means Committee on this bill, and I can add little on the bill. There are some things, however, for the benefit of the country that ought to be said about this Townsend plan and some of its advocates. So far as I could find, there has been more sound than sense, and more oratory and rhetoric than reason and facts and figures produced by its advocates.

I have no respect for the man who will delude the people with false hopes. "Hope deferred maketh the heart sick." It was a cruel thing for Dr. Townsend to make some hundreds of thousands of people, nearing the twilight of their lives, believe that they would soon receive a comfortable living, and that all they have to do is to spend the money. The original Townsend plan, it was estimated by its advocates, would cost at least \$20,000,000,000 a year. There is only one place from which taxes can come in the last analysis, and that is from our total earnings as a people. Our total income is probably a little less than fifty billions a year. A plan that provides for taking 40 percent of our total income would, of course, have meant the end of our economic structure, and the fact that it is disguised by being a tax on trans-

actions only conceals but does not take away its utter unsoundness. I suppose a great many of the Members of Congress have been petitioned by thousands of people, honest, well-meaning, and well-intentioned, but led astray by the originator and advocates of this plan.

[Here the gavel fell.]

Mr. FITZPATRICK. Mr. Chairman, I ask unanimous consent that the gentleman from New York may proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SISSON. I am not quite sure whether the Townsend plan was simply a vague, beautiful dream or whether it was a racket designed to take money out of the pockets of those already impoverished. At any rate, I propose to make it known to my constituents and to as many of the Townsend victims as possible that I contended against a gag rule on this bill and for an open rule, and I propose to make it known, as far as tongue and pen can do it, that I would have voted against the Townsend plan or any of the other unsound plans had they come to a record vote. I thought an open rule on this bill would serve the same purpose as sometimes is served by the surgical operation necessary to remove a malignant growth from the physical body.

The people of my district elected me to represent them and to represent all the people of this country, as is the case with all the other Members of this body. And in order to do this they intended me to be governed by reason, and not by propaganda, and to use my own best judgment; and before I will fail in that duty and violate the oath I took, by voting for and helping to fasten upon my country a thing which would destroy its economic system, a thing which I know to be unsound, I will, if necessary, let the people retire me at the end of this term or any other term and go back to my little law shop and practice law.

The able Chairman of the Rules Committee of this House, Mr. O'CONNOR, of New York, said, in bringing out and explaining this very liberal and open rule on this bill which the Rules Committee reported, that he hoped that the Townsend plan would be held to be germane to this bill in order that it might be voted on and in order that he might vote against it. That was true leadership. [Applause.] I am glad to follow such leadership, because that is the way to preserve the integrity of our party, the integrity of this House, the integrity of our country and its economic structure, and to bring false prophets and unsound leadership and unsound plans out into the light of day, where the spurious may be detected from the genuine.

I claim no superior virtue. I believe what I claim for myself is true of the vast majority of the Members of this body on both sides of this aisle. But I have heard Members speak here against this bill and in support of the Townsend plan who obviously did not study the bill, or if they had, had not profited by their study, like the gentleman from California, where the Townsend plan originated, who was talking about a title of this bill which he had not even read.

But I felt more hopeful of the integrity and soundness of this body when I saw how courageously my good friend FRANK BUCK, in that same State of California, stood up in debate against this Townsend plan and racket, even though it might well be that he was sacrificing his political life to serve his country, while some Townsend advocate or orator might conceivably even succeed to this place of public trust, because he had succeeded—to paraphrase the words of Lincoln—in fooling some of the people some of the time. The debate on this bill, the result of the votes on this bill and upon the unsound plans offered in place of this bill, furnishes hope to the people of this country and will go far to allay the apprehensions of those who feared that this Congress might be either so unsound or so supine as to yield to the clamor and threats to which it has now for some months been subjected. [Applause.]

The Clerk read as follows:

TITLE VII—SOCIAL SECURITY BOARD  
ESTABLISHMENT

SECTION 701. There is hereby established a Social Security Board (in this act referred to as the "board") to be composed of three members to be appointed by the President, by and with the advice and consent of the Senate. Each member shall receive a salary at the rate of \$10,000 a year and shall hold office for a term of 6 years, except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed, shall be appointed for the remainder of such term; and (2) the terms of office of the members first taking office after the date of the enactment of this act shall expire, as designated by the President at the time of appointment, 1 at the end of 2 years, 1 at the end of 4 years, and 1 at the end of 6 years, after the date of the enactment of this act. The President shall designate one of the members as the chairman of the board.

DUTIES OF SOCIAL SECURITY BOARD

SEC. 702. The board shall perform the duties imposed upon it by this act and shall also have the duty of studying and making recommendations as to the most effective methods of providing economic security through social insurance, and as to legislation and matters of administrative policy concerning old-age pensions, unemployment compensation, accident compensation, and related subjects.

EXPENSES OF THE BOARD

SEC. 703. The board is authorized to appoint and fix the compensation of such officers and employees, and to make such expenditures as may be necessary for carrying out its functions under this act.

REPORTS

SEC. 704. The board shall make a full report to Congress, at the beginning of each regular session, of the administration of the functions with which it is charged.

Mr. SAUTHOFF. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 39, line 3, after the word "established", insert "within the Department of Labor."

Mr. SAUTHOFF. Mr. Chairman, the purpose of this amendment is simply to put all of these functions under the Department of Labor. All your employment service is under the Department of Labor, and this will coordinate with it.

Secondly, the Secretary of Labor is mentioned again and again in the bill. Therefore it seems to me that it is extremely desirable that we have uniformity and that we should place this under the Department of Labor.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The question was taken; and the amendment was rejected.

Mr. PFEIFER. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 39, line 5, after the word "members" insert "one of which shall be a member of the medical profession."

Section 701 will then read in part as follows:

"There is hereby established a Social Security Board (in this act referred to as the board) to be composed of three members, one of whom shall be a member of the medical profession, to be appointed by the President by and with the advice and consent of the Senate."

Mr. PFEIFER. Mr. Chairman and gentlemen, this amendment will not alter the bill in any way except to provide for a member of the medical profession to be placed on the board.

We realize that all through the bill the intent is for the welfare of the unfortunates. These functions call for the aid of the medical profession—providing medical, surgical, and other services and care and facilities for diagnosis, hospitalization, and everything pertaining to health.

Mr. SAMUEL B. HILL. If the gentleman will yield, titles I, II, III, and IV are under this security board.

Mr. PFEIFER. You read further and, on page 29, referring to the services to crippled children, it calls for the care of indigent by this board.

Mr. SAMUEL B. HILL. That is under the Children's Bureau of the Department of Labor. Title V is under the Surgeon General's Department of Public Health.

Mr. PFEIFER. Disregarding all that, I still maintain that section 1 is for the welfare of the unfortunates. A medical man should be placed on the board for their welfare.

Mr. COOPER of Tennessee. In addition to the statement made by the gentleman from Washington, does not the gentleman from New York feel that the President of the United States can be trusted to select the best possible available men to be placed on the board? Is he not willing that the President of the United States may exercise his discretion in selecting the proper personnel for the board. I am sure if the gentleman will present his views to the President, the President will give them full consideration.

Mr. PFEIFER. I do not question the President's good intent, but the insertion of just five words calling for the appointment of a medical man will make it certain.

Mr. MEAD. Will the gentleman yield?

Mr. PFEIFER. I yield.

Mr. MEAD. I realize that the distinguished Representative from my home State is one of the eminent surgeons of this country, and I would like to ask him what action the medical fraternity have taken in regard to this bill?

Mr. PFEIFER. They have requested the board and begged for the provision that a medical man should be placed on the board.

The medical profession recognizes the necessity under conditions of emergency for Federal aid in meeting basic needs of the indigent; the house of delegates of the American Medical Association deprecates, however, any provision whereby Federal subsidies for medical services are administered and controlled by a lay bureau. While the desirability of adequate medical service for crippled children and for the preservation of child and maternal health is beyond question, the house of delegates deplores and protests those sections of the bill which place in the Children's Bureau of the Department of Labor the responsibility for the administration of funds for these purposes.

The house of delegates condemns as pernicious that section of the bill—section 701, title VII—which creates a social insurance board, without specification of the character of its personnel to administer functions essentially medical in character and demanding technical knowledge not available to those without medical training.

Mr. VINSON of Kentucky. The present president of the American Medical Association, Dr. William L. Bierring, appeared before the committee and endorsed the health title of this bill.

Mr. MEAD. Did he represent the American Medical Society?

Mr. VINSON of Kentucky. He was speaking as its president, I understood.

Mr. MEAD. I believe the gentleman's request is a reasonable one.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. PFEIFER. Mr. Chairman, I ask unanimous consent to proceed for 1 minute more.

The CHAIRMAN. Is there objection?

Mr. VINSON of Kentucky. Mr. Chairman, I am constrained to object.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

**TITLE VIII—TAXES WITH RESPECT TO EMPLOYMENT**  
**INCOME TAX ON EMPLOYEES**

SECTION 801. In addition to other taxes, there shall be levied, collected, and paid upon the income of every individual a tax equal to the following percentages of the wages (as defined in section 811) received by him after December 31, 1936, with respect to employment (as defined in section 811) after such date:

- (1) With respect to employment during the calendar years 1937, 1938, and 1939, the rate shall be 1 percent.
- (2) With respect to employment during the calendar years 1940, 1941, and 1942, the rate shall be 1½ percent.
- (3) With respect to employment during the calendar years 1943, 1944, and 1945, the rate shall be 2 percent.
- (4) With respect to employment during the calendar years 1946, 1947, and 1948, the rate shall be 2½ percent.

(5) With respect to employment after December 31, 1948, the rate shall be 3 percent.

**DEDUCTION OF TAX FROM WAGES**

SEC. 802. (a) The tax imposed by section 801 shall be collected by the employer of the taxpayer, by deducting the amount of the tax from the wages as and when paid. Every employer required so to deduct the tax is hereby made liable for the payment of such tax, and is hereby indemnified against the claims and demands of any person for the amount of any such payment made by such employer.

(b) If more or less than the correct amount of tax imposed by section 801 is paid with respect to any wage payment, then, under regulations made under this title, proper adjustments, with respect both to the tax and the amount to be deducted, shall be made in connection with subsequent wage payments to the same individual by the same employer.

**DEDUCTIBILITY FROM INCOME TAX**

SEC. 803. For the purposes of the income tax imposed by title I of the Revenue Act of 1934 or by any act of Congress in substitution therefor, the tax imposed by section 801 shall not be allowed as a deduction to the taxpayer in computing his net income for the year in which such tax is deducted from his wages.

**EXCISE TAX ON EMPLOYERS**

SEC. 804. In addition to other taxes, every employer shall pay an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in sec. 811) paid by him after December 31, 1936, with respect to employment (as defined in sec. 811) after such date:

- (1) With respect to employment during the calendar years 1937, 1938, and 1939, the rate shall be 1 percent.
- (2) With respect to employment during the calendar years 1940, 1941, and 1942, the rate shall be 1½ percent.
- (3) With respect to employment during the calendar years 1943, 1944, and 1945, the rate shall be 2 percent.
- (4) With respect to employment during the calendar years 1946, 1947, and 1948, the rate shall be 2½ percent.
- (5) With respect to employment after December 31, 1948, the rate shall be 3 percent.

**ADJUSTMENT OF EMPLOYERS' TAX**

SEC. 805. If more or less than the correct amount of tax imposed by section 804 is paid with respect to any wage payment, then, under regulations made under this title, proper adjustments with respect to the tax shall be made in connection with subsequent wage payments to the same individual by the same employer.

**REFUNDS AND DEFICIENCIES**

SEC. 806. If more or less than the correct amount of tax imposed by section 801 or 804 is paid or deducted with respect to any wage payment and the overpayment or underpayment of tax cannot be adjusted under section 802 (b) or 805 the amount of the overpayment shall be refunded and the amount of the underpayment shall be collected, in such manner and at such times (subject to the statutes of limitations properly applicable thereto) as may be prescribed by regulations made under this title.

**COLLECTION AND PAYMENT OF TAXES**

SEC. 807. (a) The taxes imposed by this title shall be collected by the Bureau of Internal Revenue under the direction of the Secretary of the Treasury and shall be paid into the Treasury of the United States as internal-revenue collections.

(b) Such taxes shall be collected and paid in such manner, at such times, and under such conditions, not inconsistent with this title (either by making and filing returns, or by stamps, coupons, tickets, books, or other reasonable devices or methods necessary or helpful in securing a complete and proper collection and payment of the tax or in securing proper identification of the taxpayer), as may be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury.

(c) All provisions of law, including penalties, applicable with respect to any tax imposed by section 800 or section 800 of the Revenue Act of 1926, and the provisions of section 607 of the Revenue Act of 1934, shall, insofar as applicable and not inconsistent with the provisions of this title, be applicable with respect to the taxes imposed by this title.

(d) In the payment of any tax under this title a fractional part of a cent shall be disregarded, unless it amounts to ½ cent or more, in which case it shall be increased to 1 cent.

**RULES AND REGULATIONS**

SEC. 808. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall make and publish rules and regulations for the enforcement of this title.

**SALE OF STAMPS BY POSTMASTERS**

SEC. 809. The Commissioner of Internal Revenue shall furnish to the Postmaster General without prepayment a suitable quantity of stamps, coupons, tickets, books, or other devices prescribed by the Commissioner under section 807 for the collection or payment of any tax imposed by this title, to be distributed to, and kept on sale by, the various postmasters in the United States. The Postmaster General may require each such postmaster to furnish bond in such increased amount as he may from time to time determine, and each such postmaster shall deposit the receipts from the sale of such stamps, coupons, tickets, books, or other devices, to the credit of, and render accounts to, the Postmaster General at such

times and in such form as the Postmaster General may by regulations prescribe. The Postmaster General shall at least once a month transfer to the Treasury as internal-revenue collections all receipts so deposited.

## PENALTIES

SEC. 810. (a) Whoever buys, sells, offers for sale, uses, transfers, takes or gives in exchange, or pledges or gives in pledge, except as authorized in this title or in regulations made pursuant thereto, any stamp, coupon, ticket, book, or other device prescribed by the Commissioner of Internal Revenue under section 807 for the collection or payment of any tax imposed by this title shall be fined not more than \$1,000 or imprisoned for not more than 6 months, or both.

(b) Whoever, with intent to defraud, alters, forges, makes, or counterfeits any stamp, coupon, ticket, book, or other device prescribed by the Commissioner of Internal Revenue under section 807 for the collection or payment of any tax imposed by this title, or uses, sells, lends, or has in his possession any such altered, forged, or counterfeited stamp, coupon, ticket, book, or other device, or makes, uses, sells, or has in his possession any material in imitation of the material used in the manufacture of such stamp, coupon, ticket, book, or other device, shall be fined not more than \$5,000 or imprisoned not more than 5 years, or both.

## DEFINITIONS

SEC. 811. When used in this title—

(a) The term "wages" means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include that part of the remuneration which, after remuneration equal to \$3,000 has been paid to an individual by an employer with respect to employment during any calendar year, is paid to such individual by such employer with respect to employment during such calendar year.

(b) The term "employment" means any service, of whatever nature, performed within the United States by an employee for his employer, except—

- (1) Agricultural labor;
- (2) Domestic service in a private home;
- (3) Casual labor not in the course of the employer's trade or business;
- (4) Service performed by an individual who has attained the age of 65;
- (5) Service performed as an officer or member of the crew of a vessel documented under the laws of the United States or of any foreign country;
- (6) Service performed in the employ of the United States Government or of an instrumentality of the United States;
- (7) Service performed in the employ of a State, a political subdivision thereof, or an instrumentality of one or more States or political subdivisions;
- (8) Service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Mr. VINSON of Kentucky. Mr. Chairman, I offer the following committee amendment, which I send to the desk.

The Clerk read as follows:

Committee amendment offered by Mr. VINSON of Kentucky: Page 45, lines 2 and 3, strike out "the various postmasters in the United States" and insert: "all post offices of the first and second classes, and such post offices of the third and fourth classes as (1) are located in county seats, or (2) are certified by the Secretary of the Treasury to the Postmaster General as necessary to the proper administration of this title."

Mr. VINSON of Kentucky. Mr. Chairman, this is a committee amendment to which no objection was interposed. The provisions of the amendment are agreeable to the Treasury and to the Post Office Department.

Mr. TREADWAY. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. Yes.

Mr. TREADWAY. I am sure there is no objection on this side to that amendment.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. REED of New York. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Beginning on page 40, in line 10, strike out all of title VIII down to and including line 19 on page 47.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield to me for a moment?

Mr. REED of New York. Yes.

Mr. DOUGHTON. Mr. Chairman, I ask unanimous consent that all debate upon this title and all amendments thereto close in 15 minutes.

Mr. TREADWAY. Mr. Chairman, I reserve the right to object. I suggest to the gentleman that he withdraw that and let the debate run along on the amendment of the gentleman from New York, temporarily.

Mr. DOUGHTON. Mr. Chairman, I withdraw the request.

Mr. REED of New York. Mr. Chairman, I believe that a bill as important as this should demand the attention of the House, especially if there is matter in the bill with which Members should be familiar before they cast their votes. One of the most important matters contained in this bill, affecting the individual citizen, is deliberately concealed within the language of the bill. There is a portion of this bill which gives to the Secretary of the Treasury power to issue regulations for the administration of this tax. Do you gentlemen realize that this is one of the bills of regimentation of the "brain trust"? Do gentlemen realize that this tax does not go into effect until the 1st of January 1937, while the unemployment-insurance tax goes into effect in 1936? Why is that? It is political and nothing else. Do gentlemen realize that under the terms of this bill on the 1st of January 1937, 25,804,000 wage earners of this country will have to submit themselves to a Federal bureau to be fingerprinted before they can walk across the threshold of any employer of labor in this country?

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. No. Wait a minute.

Mr. SAMUEL B. HILL. There is nothing in the bill to that effect.

Mr. REED of New York. Oh, yes, there is.

Mr. SAMUEL B. HILL. Show it to us.

Mr. REED of New York. Under section 808 there is a provision giving the Secretary of the Treasury power to issue regulations. The gentleman who interrupted me, Mr. Hill, and every man on the committee knows that a member of the "brain trust" came before our committee and inadvertently dropped the word that the provisions of title II and title VIII could not be carried out without subjecting the employees to a fingerprint test. It means the setting up here in Washington of a Federal bureau with a fingerprint test of regimentation not only comparable to but greater than anything of its kind to be found in Russia, Germany, or Italy under the three dictators. It means absolute regimentation, and if you gentlemen, when you come up the Avenue, will look at the buildings on that side of the street, you will find the sign on the window the whole length of the building, "Fingerprint department."

So, you are going to fingerprint 25,804,000 wage earners after the election in 1936. You would not do it before. You delay it for a month after election, hoping that you can corrupt the electors of this country with your \$5,000,000,000 slush fund, and then put this compulsory tax and the fingerprint system into operation. Then the lash of the dictator will be felt, and 25,000,000 free American citizens will for the first time submit themselves to a fingerprint test and have their fingerprints filed down here with those of Al Capone and every jailbird and racketeer in the country. That is what it means, and it means that no man can go to an employer and get a job until he goes there with a card issued by the Bureau and can answer the questions and prove that he has been fingerprinted; and if he is not, and they employ him, he is subject to a fine of \$1,000 or 5 years imprisonment, or both. That is what you are trying to do in this bill, and it is in harmony with the dictatorship program launched under the new deal and to be carried on by it. It is carrying out a program of Karl Marx from beginning to end, the domination of the citizen and the destruction of private industry. This is only one more effort under a dictatorial program to regiment labor and make

them submit themselves to this Federal test before wage earners can go to an employer and get a job to earn their daily bread.

I was taught and the people I have the honor to represent believe that the greatest heritage of a free people is the right to transmit that freedom to their children. I loathe this attempt to deceive and betray industry and labor and further fasten upon them this foreign system of regimentation. I shall not—I will not—vote for this bill if title II and title VIII remain in this measure.

The CHAIRMAN. The time of the gentleman from New York [Mr. REED] has expired.

Mr. MEAD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the only reason for my assuming the floor at this time is to call the attention of the House and the committee to the fact that this bill imposes upon the Post Office Department a tremendous burden. By the terms of the bill it will be the collecting and distributing agency, and it will in no wise be recompensed for this added volume of work.

The Post Office Department in recent years has taken on other burdens. Only a short time ago it assumed the custodial work in connection with the Federal buildings of the country at a cost to the Department of several million dollars annually for which it is not compensated.

Under this bill, as I understand it, all the postmasters of the United States will be supplied with the necessary stamps by the Internal Revenue Bureau, and they will in turn dispose of them to their patrons who come under the provisions of this law. They will make sales of stamps, coupons, books, and so forth, and be responsible for the money from those sales while it is within their keeping and until they turn it back to the Treasury of the United States. That will entail a large added volume of work, and some arrangement ought to be made in the bill to compensate the Department.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. MEAD. I yield.

Mr. VINSON of Kentucky. I want to say to my friend, the Chairman of the Committee on the Post Office and Post Roads, that the matter to which he refers was submitted to the Ways and Means Committee, but we felt that that was completely and exclusively within the jurisdiction of the gentleman's committee, and we refrained from taking any action relative thereto. We took the same position as to the added cost incident to this work. We felt that it was a matter for the Appropriations Committee.

Mr. MEAD. I know the gentleman is very friendly to the objective I have in mind, but I recognize also the fact that if it is within the province of the committee to direct the Post Office Department to do the collecting and to have the care of this property, it is also within the jurisdiction of the gentleman's committee to provide that they be compensated for the work. In view of the fact that the gentleman's committee favors it, I want the support of the committee and the House when that legislation is reported from our committee.

Mr. VINSON of Kentucky. Of course, it was within our jurisdiction to direct the Postmaster General and the postmasters to cooperate and participate in the sale of these stamps as a tax proposition.

Mr. MEAD. And it would also be within the jurisdiction of the gentleman's committee to make a suitable allowance to the Post Office Department to compensate them for their work.

Mr. VINSON of Kentucky. That is an appropriation matter.

Mr. MEAD. However, authority for that allowance could be contained in this bill and then the Appropriations Committee could, by reason of that authorization, include in the Post Office Department appropriation bill an item sufficient to cover this added expense.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. MEAD. I yield.

Mr. SAMUEL B. HILL. Just reiterating what the gentleman from Kentucky [Mr. VINSON] said, it was within the jurisdiction of the gentleman's committee.

Mr. MEAD. I deeply appreciate that; but let me respectfully remind the members of the Ways and Means Committee that you have invaded the province of our committee frequently in the past, and again only recently. You levied a charge on first-class mail of 3 cents instead of 2 cents.

Mr. VINSON of Kentucky. And we did it with your acquiescence and your approval.

Mr. MEAD. I appeared before your committee in the first instance and asked that you leave it with our committee. I also brought to your attention the fact that our committee was in opposition to the increase; but after the matter had been reported by your committee and had been included in the emergency taxes, I told you that as long as it was but a temporary measure we would refrain from voicing our objection. However, it was certainly within the province of our committee, and the fact that you took it away from us establishes a precedent for your consideration of the minor matter I am just bringing to your attention. If you order the Post Office Department to do the work, you should order someone to pay the bill.

[Here the gavel fell.]

Mr. JENKINS of Ohio. Mr. Chairman, I move to strike out the last word.

If I could encourage this fight between these two distinguished Democrats, I would like to do it; but I am afraid that if I did they would both jump on me. But before we pass on this motion to strike out title VIII, permit me to say that my good friend and able colleague from New York [Mr. REED] was not able to discuss the question of the constitutionality of that section in the time allotted to him. I am not going to do it, but I just want the RECORD to show at this place that we still maintain as strongly as ever that this section is unconstitutional.

While I have 5 minutes, I would like to ask a question of somebody on the Democratic side with reference to the table which appears on page 6 of the committee report. I do this because I want to know. I do not ask it in any critical manner or with any critical intention in my mind or heart. You will notice that in the column showing the amount added to the reserve the amount increases until 1955, when it commences to drop and continues to drop almost to the vanishing point. If it continues at that rate, the whole colossal reserve of thirty-three thousand million would be wiped out. On the right-hand side of table 4, on page 6, the contributions are increased gradually from 1937. Those are the Government's contributions. Naturally, the interest will increase. Naturally, the benefits that will be paid will increase. They increase until the first column amounts to \$2,000,000,000. The interest amounts to \$1,000,000,000 a year, and the benefits to be paid are merely \$3,000,000,000 a year. I am worried about the last three figures in next to the last column. It will be noticed that in 1960 the amount carried over to reserve is \$1,032,000,000. In the next 5 years you lose \$400,000,000. In the next 5 years years you lose \$400,000,000 more. Now, if you carry that figure on down another 5 years at that proportion, you would be down beyond the point where the expenditures would exceed the receipts.

You would be cutting into your reserves. If this continues it will not be more than 20 or 30 years at the outside until your big reserve is greatly threatened. What is the solution; what is the answer?

Mr. SAMUEL B. HILL. If the gentleman will yield, my attention had not been called to these figures, but it occurs to me the explanation is that as we approach the period 1970, we approach the peak of those who receive benefits, so that the reserves and the accretions to the reserves will be more nearly in balance with the payments to the beneficiaries.

Mr. JENKINS of Ohio. Will not the gentleman extend his remarks in the RECORD at this point and explain the matter in more detail? It is for the benefit of all of us.

Mr. SAMUEL B. HILL. Maybe I can get the information for the gentleman right now if the gentleman will be so kind as to state his question again. I will try to get some facts and extend them in the Record.

Mr. JENKINS of Ohio. Near the end of the last column it will be observed that the loss is \$400,000,000 a year. If this is kept up it will not be many years before the reserve will be gone entirely and the whole big financial structure will bust up.

Mr. SAMUEL B. HILL. It is my opinion the reserve will take care of it; but we shall not have such a big piling up in the reserve in future years.

Mr. JENKINS of Ohio. Will the gentleman at this point extend his remarks and give an explanation?

Mr. SAMUEL B. HILL. I will see if I can get the information, but I shall not make any rash promises.

Mr. TREADWAY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think a few further observations are proper at this time in corroboration of the statement made by the gentleman from New York [Mr. REED] relative to fingerprinting. The representative of the majority, the gentleman from Washington [Mr. HILL], was correct, I think, in saying there is no direct reference to fingerprinting in the bill. There purposely is not; but there is authority in the bill for the Secretary of the Treasury to make rules and regulations:

Sec. 803. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall make and publish rules and regulations for the enforcement of this title.

I respect executive sessions of a committee. At the same time, this permission granted to make rules and regulations is the result of a request coming to us from the Treasury Department and from the Internal Revenue Bureau to set up a fingerprinting system as part of the regulations for the enforcement of the compulsory contributory annuity system set up under titles II and VIII. This is the authority of my colleague the gentleman from New York [Mr. REED] for making the statement he did.

I want, in perhaps the last remarks I shall make on this bill, to call attention once more to the effect of the tax that is contained in title VIII, which title I am in favor of striking out, and its effect on the wage earners and the taxpayers. The majority, of course, have a right to say that no evidence was submitted to us of a very definite nature in opposition to these taxes. I severely censure and blame big industries, employers of thousands of people, for not having appeared here in opposition to this tax, because we know that if they have any sense at all as business people they are opposed to it; and they should have come here and told the Ways and Means Committee they were opposed to it. You could not even get insurance companies to testify in opposition to it.

Mr. JENKINS of Ohio. Why not?

Mr. TREADWAY. Because they would be regimented out of business, just like employees are going to be regimented here. They were perfectly willing, so far as they are concerned, to allow the Government to set up an insurance scheme against them. Business did the same thing. Here is a pay-roll tax. You call it in one instance an excise tax and in another instance an income tax, but it is the same old tax. You are levying a tax to the extent of 3 percent against the pay roll of the employer, and you are levying another tax of 3 percent on that same pay roll when it gets into the hands of the employee.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I dislike to, but I will.

Mr. KVALE. In this connection title IX provides for a further tax of 3 percent which makes a total tax of 9 percent. Mr. TREADWAY. The tax provided in title VIII is a tax on employer and employee. With the additional pay-roll tax provided in title IX it makes a total tax of 9 percent.

I want to read certain figures, Mr. Chairman. They are a matter of record. I am reading from a table in the majority report on page 15, table 9. I am going to read it all:

TABLE IX.—Revenue estimates (from taxes on employees and employers imposed by title VIII, secs. 801 and 804)<sup>1</sup>

Combined rate of tax	Fiscal year received into Treasury	Estimated fiscal year receipts
2 percent.....	1937	\$278,800,000
2 percent.....	1938	560,200,000
2 percent.....	1939	565,600,000
3 percent.....	1940	714,600,000
3 percent.....	1941	864,800,000
3 percent.....	1942	873,000,000
4 percent.....	1943	1,028,600,000
4 percent.....	1944	1,185,900,000
4 percent.....	1945	1,196,000,000
5 percent.....	1946	1,359,400,000
5 percent.....	1947	1,523,300,000
5 percent.....	1948	1,536,900,000
6 percent.....	1949	1,706,300,000
6 percent.....	1950	1,877,200,000

<sup>1</sup> Each of the 2 taxes is estimated to produce one-half of the total receipts shown.

I also want to read the table showing the number of workers who will be taxed under title VIII, which is as follows:

TABLE VIII.—Estimate of number of employees covered under the tax provided in title VIII  
[Based upon 1930 census]

Total number of gainful workers.....	48,830,000
Total number of owners, operators, self-employed (including the professions).....	12,087,000
Total of workers excluded because of occupation (farm labor, domestics, teachers, and governmental and institutional workers).....	9,339,000
Total number of workers in eligible occupations.....	27,354,000
Excluded:	
Casuals.....	500,000
Over 65.....	1,050,000
	1,550,000
Estimated coverage.....	28,804,000

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. TREADWAY. You will notice there are progressive increases in the tax every year until 6 percent is reached in 1949, with a yield of \$1,706,300,000. The yield in 1950, at the same rate, would be \$1,877,200,000.

If this is not of interest to the business world and they do not want to come here and tell their Representatives in Congress to oppose such taxation on their business, they should swallow their medicine. As Andy says, "I'm regusted."

I am "regusted" at the attitude of business in that it has not shown the proper interest in protecting itself by stating its case before Congress. I cannot conceive why, unless it is because, as the gentleman from Ohio indicated a while ago, they are scared blue, but they might as well tell their story when they are scared blue as to be absolutely bankrupt before they get around to telling us. They will tell us all right when we go home and inform them that such a bill as this has been passed by the Congress. My answer to them is, "Why did you not come down and tell us while it was time to tell us?" That is going to be my answer.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Washington.

Mr. SAMUEL B. HILL. I wonder if the gentleman is not mistaken as to the attitude of business and industry toward this legislation?

Mr. TREADWAY. No; I think I am stating the case absolutely correct. They have not shown the interest they should have. I know what the gentleman is going to say. He may say that they do not mind the tax. But you tell the people they are going to be taxed to the extent of \$278,000,000 to \$1,800,000,000 more than they are being taxed at the present time and see whether they like it or not. That may be the gentleman's answer, but it is a false answer.

Mr. SAMUEL B. HILL. They are not usually modest about protecting their own interest.

Mr. TREADWAY. The gentleman thinks it is so blamed small they are not going to pay any attention to it. The gentleman should not fool himself.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Kentucky.

Mr. VINSON of Kentucky. Will the gentleman cite a single instance in his long and splendid service here when industry which was objecting to a tax did not flood Washington with personages and a lot of propaganda?

Mr. TREADWAY. That is what they should have done here, and they would have done a good job if they had continued it in this case, but that is no proof they are not going to be sadly fooled and much opposed to it when they get to paying this tax.

Mr. MAY. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Kentucky.

Mr. MAY. Perhaps the gentleman from Massachusetts thought that business may have concluded that they were killed, anyhow.

Mr. TREADWAY. Yes. I may say that New England industry feels that way today.

Mr. HOFFMAN. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from Michigan.

Mr. HOFFMAN. Is it not very possible they thought that we had good judgment and common sense?

Mr. TREADWAY. We represent them and they should tell us their views, but they have not done so.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. DOUGHTON. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from North Carolina.

Mr. DOUGHTON. Mr. Chairman, I ask unanimous consent that all debate on this title and all amendments thereto close in 10 minutes.

Mr. HOEPEL. Mr. Chairman, reserving the right to object, I tried to get the floor for 4 or 5 hours yesterday and since I have been here today. I would like to know whether the gentleman will give me 5 minutes in which to discuss this title?

Mr. DOUGHTON. Mr. Chairman, I modify my request and ask unanimous consent that all debate on this title and all amendments thereto close in 15 minutes.

Mr. WADSWORTH. Mr. Chairman, will time be allowed to discuss title IX?

The CHAIRMAN. The request of the gentleman from North Carolina applies only to title VIII.

Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. TABER. Mr. Chairman, I am not surprised that the members of the Ways and Means Committee on the majority side have not replied to the charge made by the gentleman from New York [Mr. REED], that this bill was designed to fingerprint and enslave every worker of this land. Never in the history of the world has any measure been brought in here so insidiously designed as to prevent business recovery, to enslave workers, and to prevent any possibility of the employers providing work for the people.

Mr. Chairman, is it not about time that every one of us woke up and realized our constitutional responsibility to pass on legislation intelligently, on its merits, or, as in this case, on its absolute lack of merit, throwing those things out that are absolutely vicious? Do any of you suppose that you can go back home and justify the 6-percent pay-roll tax under title VIII, and the 3-percent pay-roll tax under title IX, and the fingerprint provision under section 808? Oh, that the membership of this House might appreciate its responsibility, that it might stand for the preservation of American liberty, that it might stand for giving the people of America an opportunity to work out their salvation in-

stead of enslaving them and preventing forever an opportunity for America to rise and triumph over this trouble. I hope that the House of Representatives, represented by its Committee of the Whole here today, will vote to strike out title VIII and pass the motion which has been offered by the gentleman from New York [Mr. REED].

Mr. HOEPEL. Mr. Chairman, if a big, heavy truck passes down Pennsylvania Avenue here in the city of Washington and side swipes from one side to the other, and damages various automobiles on the highway, including your own, what would you expect? You would look forward to recovery from the owner of the truck of the amount of your loss resulting from the damage his truck inflicted upon your machine.

In this bill, we are doing just the opposite. We are proposing a tax on the employed instead of a tax on mass-production machinery which is the very vehicle which causes unemployment. The modern machine, with its resultant mass production, is forcing more people out of employment than any other agency. In this bill under discussion, in order to relieve the situation, we are proposing to tax the workmen, the very individuals who are suffering because of mass production, rather than the agency responsible for their plight.

Mr. Chairman, I have in my hand a clipping quoting a famous economist to the effect that we are going to have unemployment permanently. Mr. Hopkins, Director of Federal Emergency Relief, made the statement recently that we are bound to have at least 5,000,000 or more unemployed at all times. I vehemently disagree with the statement of the economist, as well as with the statement of Mr. Hopkins. There is no necessity for a permanent list of unemployed of 5,000,000 or more in these United States.

As a "new dealer", perhaps Mr. Hopkins might follow in the footsteps of the Secretary of Agriculture, Mr. Wallace, who ordered the destruction of pigs and crops in order to relieve the market from an oversupply of these products. I do not believe in destroying any of God's products; neither do I believe in the theory that the only way we can solve the unemployment problem would be through a similar process of destruction applied to our people, thus reducing the competition in the labor market.

The new deal has been credited with having "brain trusters" at the helm, yet none of them, to my knowledge, has yet advanced a single plan to remove the basic causes of the depression. To meet the situation I have proposed an adequate tax to control the modern machine which displaces labor and the control and extension of credit through a central Government bank, with subsidiaries in every State. These plans offer a practical and constructive means of solving our present difficulties.

The bill which we are voting on today, in my opinion, is a monstrosity and I propose to vote against it. The Townsend plan has been described as "cock-eyed" and "fantastic" but no one has ever seriously questioned the honesty and sincerity of its objective, or its efficacy as a recovery measure.

I am especially opposed to the unemployment insurance features of this bill. Mr. Stephenson, former president of the American Bankers' Association, is quoted as saying:

Unemployment insurance is, in fact, merely an industrial dole.

Speaking further, he says:

I believe industry's real contribution to this problem can, and should be one of prevention of general unemployment rather than an attempt to patch up with doles a situation created largely by lack of industrial foresight.

Lack of industrial foresight exists in this Congress of the United States. Not only have we, as Representatives, closed our eyes to the human significance of modern machine development, but the Democratic administration has failed to recognize the menace of the machine which is creating unemployment in increasing numbers.

We evidence our archaic attitude by following the old-deal methods of voting tax-exempt bonds in order to obtain funds to give a crust of bread to the unemployed and their families.

and we obtain these funds from the very agency—that is, entrenched wealth—which controls the machines and which, in this manner, constantly adds to our unemployment problem. Until we adequately tax the machine which displaces human labor we will continue to grope in the dark for a solution of our unemployment problem.

New deal! Where is the new deal in this bill? The theory and plan of this measure is predicated upon the experiences and practices of Europe. Instead of traveling to Europe last year to survey conditions there, why did not Mr. Hopkins stay here in the United States and go into the industrial centers and to the farms to investigate conditions, consult with the unemployed, and hear their stories? Instead, he journeys abroad and comes back here with a European monstrosity! The social-security bill is not a new deal, but merely a copy from European systems.

If we are going to have a new deal, let it be a real new deal! Let us tax the agency which creates unemployment and control the juggernaut which is leaving widespread destruction in its wake as it ruthlessly casts aside increasing numbers of men and women from employment.

Mr. WOOD. Mr. Chairman, will the gentleman yield?

Mr. HOEPEL. I yield.

Mr. WOOD. Is it not a fact that the gentleman, as well as most of the other Members who have spoken against this title, voted for the Railroad Men's Retirement Act, which was passed in the last session? The gentleman voted for that, did he not?

Mr. HOEPEL. Certainly, I voted for that act, because it included in its benefits one of the largest and most substantial groups in America. If this bill included in its unemployment protection everyone in these United States and if it proposed to obtain the funds for this protection from the control of the juggernaut of the modern machine, I would favor it, but I do not believe in taxing the underpaid worker to provide protection against unemployment resulting from further machine progress, the profits of which are monopolized by entrenched wealth.

Mr. WOOD. The gentleman voted for that act and this provision is practically identical with the railroad men's retirement law. It is not exactly the same as to the contributions, but it is based on the same principle.

Mr. HOEPEL. I cannot argue with the gentleman on the principles of the railroad men's retirement law, which I favor.

Mr. WOOD. One is called a regimentation of labor and the other is called the "Railroad Men's Retirement Act." Is that it?

Mr. HOEPEL. I am not in favor of reducing the purchasing power of the masses of the workers, which this bill will do, inasmuch as it will exact up to 3 percent from already inadequate pay. What we need in America is an expanded consuming and purchasing power, not a restricted or decreased purchasing power, which is called for in this bill.

Mr. WOOD. Does the gentleman know of any labor organization that is opposed to this legislation?

Mr. HOEPEL. I do not know of any labor organization which has endorsed this bill. I cannot believe that the workers would approve of a deduction from their already inadequate pay for the purpose of protecting them from unemployment while, at the same time, they are cognizant of the fact that the owner of the modern machine, which creates unemployment, takes to himself the profit, as a result of which we have the present inordinate concentration of wealth. [Applause.]

Mr. SAMUEL B. HILL. Mr. Chairman, we are asking for a vote on the amendment of the gentleman from New York [Mr. REED] to strike out title VIII. There is nothing new to be said. The Committee is opposed to the amendment and we ask that it be voted down.

The question was taken; and on a division (demanded by Mr. REED of New York) there were—ayes 65, noes 128.

So the amendment was rejected.

The Clerk read as follows:

TITLE IX—TAX ON EMPLOYERS OF TEN OR MORE  
IMPOSITION OF TAX

SEC. 901. On and after January 1, 1936, every employer (as defined in sec. 907) shall pay for each calendar year an excise tax, with respect to having individuals in his employ, equal to the following percentages of the total wages (as defined in sec. 907) payable by him (regardless of the time of payment) with respect to employment (as defined in sec. 907) during such calendar year:

- (1) With respect to employment during the calendar year 1936 the rate shall be 1 percent;
- (2) With respect to employment during the calendar year 1937 the rate shall be 2 percent;
- (3) With respect to employment after December 31, 1937, the rate shall be 3 percent.

CREDIT AGAINST TAX

SEC. 902. The taxpayer may credit against the tax imposed by section 901 the amount of contributions, with respect to employment during the taxable year, paid by him (before the date of filing his return for the taxable year) into an unemployment fund under a State law. The total credit allowed to a taxpayer under this section for all contributions paid into unemployment funds with respect to employment during such taxable year shall not exceed 90 percent of the tax against which it is credited, and credit shall be allowed only for contributions made under the laws of States certified for the taxable year as provided in section 903.

CERTIFICATION OF STATE LAWS

SEC. 903. (a) The Social Security Board shall approve any State law submitted to it, within 30 days of such submission, which it finds provides that—

- (1) All compensation is to be paid through public employment offices in the State;
- (2) No compensation shall be payable with respect to any day of unemployment occurring within 2 years after the first day of the first period with respect to which contributions are required;
- (3) All money received in the unemployment fund shall immediately upon such receipt be paid over to the Secretary of the Treasury to the credit of the unemployment trust fund established by section 904;
- (4) All money withdrawn from the unemployment trust fund by the State agency shall be used solely in the payment of compensation, exclusive of expenses of administration;
- (5) Compensation shall not be denied in such State to any otherwise eligible individual for refusing to accept new work under any of the following conditions: (A) If the position offered is vacant due directly to a strike, lockout, or other labor dispute; (B) If the wages, hours, or other conditions of the work offered are substantially less favorable to the individual than those prevailing for similar work in the locality; (C) If as a condition of being employed the individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization;
- (6) All the rights, privileges, or immunities conferred by such law or by acts done pursuant thereto shall exist subject to the power of the legislature to amend or repeal such law at any time.

The Board shall, upon approving such law, notify the Governor of the State of its approval.

(b) On December 31 in each taxable year the Board shall certify to the Secretary of the Treasury each State whose law it has previously approved, except that it shall not certify any State which, after notice and opportunity for hearing to the State agency, the Board finds has changed its law so that it no longer contains the provisions specified in subsection (a) or has with respect to such taxable year failed to comply substantially with any such provision.

(c) If, at any time during the taxable year, the Board has reason to believe that a State whose law it has previously approved, may not be certified under subsection (b), it shall promptly so notify the Governor of such State.

UNEMPLOYMENT TRUST FUND

SEC. 904. (a) There is hereby established in the Treasury of the United States a trust fund to be known as the "Unemployment Trust Fund", hereinafter in this title called the "Fund." The Secretary of the Treasury is authorized and directed to receive and hold in the Fund all moneys deposited therein by a State agency from a State unemployment fund. Such deposit may be made directly with the Secretary of the Treasury or with any Federal reserve bank or member bank of the Federal Reserve System designated by him for such purpose.

(b) It shall be the duty of the Secretary of the Treasury to invest such portion of the Fund as is not, in his judgment, required to meet current withdrawals. Such investment may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (1) on original issue at par, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Fund.

Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as of the end of the calendar month next preceding the date of such issue, borne by all interest-bearing obligations of the United States then forming part of the public debt; except that where such average rate is not a multiple of one-eighth of 1 percent, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 percent next lower than such average rate. Obligations other than such special obligations may be acquired for the Fund only on such terms as to provide an investment yield not less than the yield which would be required in the case of special obligations if issued to the Fund upon the date of such acquisition.

(c) Any obligations acquired by the Fund (except special obligations issued exclusively to the Fund) may be sold at the market price, and such special obligations may be redeemed at par plus accrued interest.

(d) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Fund shall be credited to and form a part of the Fund.

(e) The Fund shall be invested as a single fund, but the Secretary of the Treasury shall maintain a separate book account for each State agency and shall credit quarterly on March 31, June 30, September 30, and December 31, of each year, to each account, on the basis of the average daily balance of such account, a proportionate part of the earnings of the Fund for the quarter ending on such date.

(f) The Secretary of the Treasury is authorized and directed to pay out of the fund to any State agency such amount as it may duly requisition, not exceeding the amount standing to the account of such State agency at the time of such payment.

#### ADMINISTRATION, REFUNDS, AND PENALTIES

SEC. 905. (a) The tax imposed by this title shall be collected by the Bureau of Internal Revenue under the direction of the Secretary of the Treasury and shall be paid into the Treasury of the United States as internal-revenue collections.

(b) Not later than January 31, next following the close of the taxable year, each employer shall make a return of the tax under this title for such taxable year. Each such return shall be made under oath, shall be filed with the collector of internal revenue for the district in which is located the principal place of business of the employer, or, if he has no principal place of business in the United States, then with the collector at Baltimore, Md., and shall contain such information and be made in such manner as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may by regulations prescribe. All provisions of law (including penalties) applicable in respect of the taxes imposed by section 600 of the Revenue Act of 1926, shall, insofar as not inconsistent with this title, be applicable in respect of the tax imposed by this title. The Commissioner may extend the time for filing the return of the tax imposed by this title, under such rules and regulations as he may prescribe with the approval of the Secretary of the Treasury, but no such extension shall be for more than 60 days.

(c) Returns filed under this title shall be open to inspection in the same manner, to the same extent, and subject to the same provisions of law, including penalties, as returns made under title II of the Revenue Act of 1926.

(d) The taxpayer may elect to pay the tax in four equal installments instead of in a single payment, in which case the first installment shall be paid not later than the last day prescribed for the filing of returns, the second installment shall be paid on or before the last day of the third month, the third installment on or before the last day of the sixth month, and the fourth installment on or before the last day of the ninth month, after such last day. If the tax or any installment thereof is not paid on or before the last day of the period fixed for its payment, the whole amount of the tax unpaid shall be paid upon notice and demand from the collector.

(e) At the request of the taxpayer, the time for payment of the tax or any installment thereof may be extended under regulations by the Commission with the approval of the Secretary of the Treasury, for a period not to exceed 6 months from the last day of the period prescribed for the payment of the tax or any installment thereof. The amount of the tax in respect of which any extension is granted shall be paid (with interest at the rate of one-half of 1 percent per month) on or before the date of the expiration period of the extension.

(f) In the payment of any tax under this title a fractional part of a cent shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to 1 cent.

#### INTERSTATE COMMERCE

SEC. 906. No person required under a State law to make payments to an unemployment fund shall be relieved from compliance therewith on the ground that he is engaged in interstate commerce, or that the State law does not distinguish between employees engaged in interstate commerce and those engaged in intrastate commerce.

#### DEFINITIONS

SEC. 907. When used in this title—

(a) The term "employer" does not include any person unless on each of some 20 days during the taxable year each day being in a different calendar week, the total number of individuals who were in his employ for some portion of the day (whether or not at the same moment of time) was 10 or more.

(b) The term "wages" means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash.

(c) The term "employment" means any service, of whatever nature, performed within the United States by an employee for his employer, except—

(1) Agricultural labor;

(2) Domestic service in a private home;

(3) Service performed as an officer or member of the crew of a vessel on the navigable waters of the United States;

(4) Service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of 21 in the employ of his father or mother;

(5) Service performed in the employ of the United States Government or an instrumentality of the United States;

(6) Service performed in the employ of a State, a political subdivision thereof, or an instrumentality of one or more States or political subdivisions;

(7) Service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

(d) The term "State agency" means any State officer, board, or other authority, designated under a State law to administer the unemployment fund in such State.

(e) The term "unemployment fund" means a special fund, established under a State law and administered by a State agency, for the payment of compensation, all the assets of which are mingled and undivided, and in which no separate account is maintained with respect to any person.

(f) The term "contributions" means payments required by a State law to be made by an employer into an unemployment fund to the extent that such payments are made by him without any part thereof being deducted or deductible from the wages of individuals in his employ.

(g) The term "compensation" means cash benefits payable to individuals with respect to their unemployment.

#### RULES AND REGULATIONS

SEC. 908. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall make and publish rules and regulations for the enforcement of this title, except sections 903 and 904.

Mr. STUBBS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STUBBS: Strike out the word "ten" in line 4, page 56, section 907, and insert in lieu thereof the word "four."

Mr. STUBBS. Mr. Chairman, I have a letter from the Merchants Association of Bakersfield, Calif., in my district, in which they state that—

The Wagner-Lewis social-security bill has had our serious consideration, and while endorsing the general principles of the proposed legislation, we are very much opposed to this section of the bill and we believe that the exemption of employers of not more than 10 workers as provided in H. R. 7260 will result in rank discrimination and great injustice so far as the workers are concerned, and will, furthermore, create an intolerable, competitive situation.

They furnish me no detailed statement regarding their objection to this provision, but they request that this amendment should be brought to the attention of the Congress, and in that spirit I offer the amendment at this time.

The amendment by the Merchants Association was sent to me by a committee composed of Alfred Harrell, Malcolm Brock, George B. Crome, A. Weill, John F. O'Neill, and other distinguished citizens of Bakersfield, for whose good judgment I have the greatest respect. It is apparent that they not only speak for the business men of that thriving community but also for business men in general of my district, and I ask the House to concur in this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. STUBBS].

The question was taken, and the amendment was rejected.

Mr. CONNERY. Mr. Chairman, I move to strike out the last two words. Mr. Chairman, there are many provisions in this bill that I do not like, but I intend to vote for the bill on its final passage, if for no other reason than to get the principle of old-age pensions and unemployment insurance on the statute books so that we can get something workable to aid and help these aged persons and help the unemployed.

I never did and do not now like the pay-roll tax. I think you are going to come back, if not next session of Congress in another session of Congress, and abolish the proposed law as to the pay-roll-tax provisions—you will be back here

later with something like the Deane plan, prepared by Albert Deane, now assistant to Mr. Moffatt in the Housing Corporation.

The Deane plan took from the employers a tax—not the employees—it did not take money from the employee to help support himself but money paid by the employers.

Mr. Deane brought that whole matter before the President last year. It was a matter of great regret to me that the Ways and Means Committee did not report the Deane plan instead of this plan. It was drawn up after years of work on it, and I think it is the best plan offered for unemployment insurance.

Mr. McFARLANE. Will the gentleman explain what that plan is?

Mr. CONNERY. I would be glad to, but it is lengthy, and I have not the time now.

Mr. McFARLANE. Will the gentleman place it in the RECORD?

Mr. CONNERY. I will be glad to do so.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. COOPER of Tennessee. Was the bill which the gentleman refers to placed before the Ways and Means Committee?

Mr. CONNERY. No; it was never put in the House as a bill. The President referred the plan to the Secretary of Labor, and the Secretary of Labor sent it to me and I brought it before my committee and let Mr. Deane explain the whole plan, but nothing came of it because this security legislation was referred to the Ways and Means Committee and not the Labor Committee. If it had been referred to our committee I believe we would have reported favorably on the Deane plan as part of security legislation.

Mr. COOPER of Tennessee. Does the gentleman know of any bill embracing the Deane plan that was referred to the Ways and Means Committee?

Mr. CONNERY. No; but I know that the Members of the Ways and Means Committee must be familiar with the Deane plan.

Mr. COOPER of Tennessee. I never heard of it.

Mr. CONNERY. I do not understand how the President of the United States and the Secretary of Labor could have had it under consideration without the members of the Ways and Means Committee knowing something about it.

Mr. COOPER of Tennessee. The gentleman understands, of course, that on the very point raised by him here, the same thing is carried in this bill.

Mr. CONNERY. Oh, no. You are taking the wages of the employee himself who is in industry. You have exempted the farmer and the domestic and you are taking this out of the industrial workers of the United States, and making them pay part of their own unemployment insurance. As suggested by my good friend from Texas [Mr. McFARLANE], I will place in the RECORD at this point a suggested bill providing required legislation to effectuate the Deane plan, to which I have referred.

**SUGGESTED BILL PROVIDING REQUIRED LEGISLATION TO EFFECTUATE THE "DEANE PLAN"**

An act to promote the general welfare of the people, to foster their constitutional guaranties, to restore and maintain the normal flow of interstate commerce, to encourage and foster national industrial and social recovery, and to provide a permanent plan which encourages and regulates employment; to appropriate money and to secure revenue

*Be it enacted, etc.—*

**TITLE I. EMPLOYMENT REGULATIONS**

**SECTION 1. DECLARATION OF POLICY**

This Congress recognizes and hereby declares:

1. That the existing general unemployment of the people:
1. Is hurtful to society and inimical to their general welfare;
2. Endangers the rights of the people in contravention of their constitutional guaranties;
3. Endangers the peace, tranquillity, prosperity, health, and safety of the people;
4. Interferes with the normal flow of interstate commerce by reducing the purchasing power of the people and otherwise stifling industry;
5. Creates industrial and social evils and emergencies.

B. That such general unemployment is due to the indiscriminate, arbitrary, and inequitable distribution of the total work-hour requirements of the Nation.

C. That the total purchasing power of the people expended for all types of products, manufactured goods, and services creates the total work-hour requirements of the Nation.

D. That such total work-hour requirements of the Nation determine the amount of the national purchasing power distributed to the people, which in turn determines the value of all property, goods, investments, and accumulations, and, therefore, constitutes such total work-hour requirements a great national resource.

E. That by making available to all the people some portion of this great national resource, their general welfare will be promoted, their constitutional guaranties will be fostered, the normal flow of interstate commerce will be restored and maintained, and industrial and social recovery will be encouraged.

F. That due to the inherent nature of our productive, manufacturing, distributing, and service processes, the employers automatically and of necessity are the custodians of this great national resource, and, therefore, the custodians of certain constitutional rights of the people and certain rights specifically granted to Congress by the Constitution. Therefore, it is the purpose and policy of this Congress to relieve unemployment and to so regulate this custodianship that there will be made available to all the people some portion of the total work-hour requirements of the Nation. To effectuate this purpose and policy it is provided:

**SEC. 2. DEFINITIONS**

A. "Corporation" as used in this act is the National Employment Reserve Corporation (the creation of which is provided for in this act).

B. "Worker", as used in this act, shall mean all persons of either sex in the continental United States (except those employed in agricultural or personal services or such other services, the nature of which makes impractical their employment for a predetermined number of hours per day or week) willing and desirous of working in a gainful and lawful occupation for an average money compensation of \$50 per week or less. The Corporation shall designate the types of "other services" falling within the aforesaid category, which designations may, from time to time, be changed by it.

C. Any person actually employed as aforesaid, or registered for employment as provided for in section 10 of this act, shall be deemed to be a worker under the provisions of this act.

D. "Employer", as used in this act, shall mean any person, proprietorship, partnership, corporation, society, organization, or any department of the United States, or any State, county, municipality, or local governing board, or any other entity employing one or more workers.

E. "Work-week", as used in this act shall mean 6 days: *Provided*, That in computing the number of work-weeks in any given calendar month, the Corporation shall subtract from the actual number of days in the month the number of Sundays and holidays in such month and divide the remainder by six. The holidays used in this calculation shall be designated by the Corporation.

F. "Hourly compensation", as used in this act, shall be the total basic compensation (exclusive of any extra payments for overtime and/or any supplemental compensation) received by the worker from his employer for each work-week or portion thereof divided by the number of hours employed during such work-week or portion thereof.

G. "Ten-year average", as used in this act, shall mean the average number of hours of employment per work-week per worker in the continental United States which the Corporation determines were available in each industrial classification during the preceding 10 calendar years.

H. "Monthly average", as used in this act, shall mean the average number of hours of employment per work-week per worker in the continental United States which the Corporation determines were available in each industry classification during the preceding month.

I. "Supplemental compensation", as used in this act, shall be an amount of money equal to 50 percent of the hourly compensation of any worker in the continental United States for each hour in any week by which the monthly average was less than the 10-year average.

J. "Overtime", as used in this act, shall mean the number of hours in any work-week by which any worker is employed in excess of the 10-year average or the monthly average, whichever is lower.

**SEC. 3. ADMINISTRATIVE REGIONS**

The Corporation may divide the continental United States into not less than 6 nor more than 12 regions, to be known as "administrative regions", and may determine and publish the 10-year and monthly averages by such administrative regions. Such administrative regions may be changed or altered from time to time by the Corporation. The States included in any given administrative region shall be coterminous and such administrative regions shall be designated with due regard to similarity and volume of employment.

**SEC. 4. MONTHLY AVERAGE**

The Corporation shall, as soon as practicable after the enactment of this act, and at the close of each calendar month thereafter, fix and forthwith publish the monthly average by industry classifications.

**SEC. 5. TEN-YEAR AVERAGE**

The Corporation shall, as soon as practicable after the enactment of this act, and during the month of January of each year thereafter, fix and publish the 10-year average by industry classifications.

**SEC. 6. INDUSTRY CLASSIFICATIONS**

The Corporation shall, as soon as practicable after the enactment of this act, and during the month of January of each year thereafter, classify the various industries in the continental United States and publish such classifications.

**SEC. 7. MASTER INSURANCE POLICY**

The Corporation shall issue a master insurance policy (the form of which shall be approved by the Attorney General of the United States of America) in favor of all employers and workers in the United States who have qualified under the terms of such master insurance policy. Such master insurance policy shall provide that the Corporation will forthwith upon demand reimburse all qualified employers for any supplemental compensation paid by them to their workers; shall guarantee all qualified workers the payment to them of such supplemental compensation; and such other benefits as are authorized in this act. Workers engaged in work for the Corporation, whether employed by the Corporation or by independent employers working under contract for the Corporation, may waive the payment to them of such supplemental compensation during the period of such employment.

**SEC. 8. EMPLOYERS' QUALIFICATION FOR INSURANCE**

All employers within the continental United States are hereby qualified under the Corporation's master insurance policy.

**SEC. 9. WORKERS' QUALIFICATION FOR INSURANCE**

All workers in the continental United States are hereby qualified under the Corporation's master insurance policy.

**SEC. 10. REGISTRATION FOR EMPLOYMENT**

Every unemployed worker in the continental United States may register for employment at the nearest office of the Corporation. The Corporation shall require all such workers when registering to identify himself or herself and to give such information as to his qualifications, etc., as the Corporation may elect. The Corporation shall maintain a sufficient number of branch offices or agencies, suitably located, in the United States to enable all workers to so register without unreasonable hardship: *Provided*, That the Postmaster General is authorized and directed to permit the use of any post office or employees of any post office in the United States by the Corporation to effectuate the provisions of this section.

**SEC. 11. RULES AND REGULATIONS**

The Corporation shall make such other rules, regulations, and requirements as it may deem necessary to establish the rights of the employers and workers to qualify under the provisions of its master insurance policy and otherwise, and shall make such other rules and regulations as it deems necessary to provide for the payment and collection of the insurance claims and premiums provided for herein.

**SEC. 12. UNEMPLOYED WORKERS**

The Corporation is authorized and empowered to furnish employment to all unemployed registered workers and, to further this end, may negotiate and cooperate with any State, county, municipality, or local governing body, and may use its funds to employ any unemployed registered workers for such public uses and purposes as it may determine.

**TITLE II. NATIONAL EMPLOYMENT RESERVE CORPORATION****SEC. 13. CREATION OF THE CORPORATION**

There is hereby created a body corporate with the name National Employment Reserve Corporation (herein called the "Corporation"). The principal offices of the Corporation shall be located in the District of Columbia, and it shall establish such other agencies or branch offices in the cities of the United States as the board of directors may from time to time deem necessary to carry out its duties under this act.

**SEC. 14. CAPITAL STOCK**

The Corporation shall have capital stock of \$300,000,000, subscribed by the United States of America, payment for which shall be subject to call in whole or in part by the board of directors of the Corporation.

**SEC. 15. APPROPRIATIONS**

There is hereby authorized to be appropriated, out of any money in the Treasury of the United States not otherwise appropriated, the sum of \$300,000,000 for the purpose of making payments upon such subscription when called.

**SEC. 16. RECEIPTS FOR PAYMENT OF STOCK**

Receipts for payments by the United States of America for or on account of such stock shall be issued by the Corporation to the Secretary of the Treasury and shall be evidence of the stock ownership of the United States of America.

**SEC. 17. MANAGEMENT**

The management of the Corporation shall be vested in a board of directors consisting of the Secretary of Labor (or, in his or her absence, the Assistant Secretary of Labor), the Secretary of Commerce (or, in his or her absence, the Assistant Secretary of Commerce), the Secretary of the Treasury (or, in his or her absence, the Under Secretary of the Treasury), and four other persons appointed by the President of the United States by and with the advice and consent of the Senate. Of the 4 members

of the Board of Directors appointed by the President, not more than 2 shall be members of any one political party, and such members shall serve for a period of 2 years and until their successors are appointed and qualify. Such Directors appointed by the President shall receive salaries of \$10,000 per annum each. Each Director shall devote all his time not otherwise required by the business of the United States to the business of the Corporation.

**SEC. 18. DURATION**

The Corporation shall have perpetual existence unless it is dissolved by an act of Congress.

**SEC. 19. POWERS**

The Corporation shall have all the powers necessary or expedient to enable it to carry out the duties and responsibilities imposed upon it under this act.

**SEC. 20. FREE USE OF MAILS AND ACCESS TO INFORMATION**

The Corporation shall be entitled to free use of the United States mails in the same manner as the executive departments of the Government and shall be entitled to such information as the various departments of the Government may have with respect to matters and subjects coming within the functions or duties of the Corporation.

**SEC. 21. NOTES, BONDS, DEBENTURES, ETC.**

The Corporation is authorized and empowered to issue and to have outstanding at any one time its notes, debentures, bonds, or other obligations in an amount aggregating not more than 10 times its subscribed capital, such obligations to mature not more than 10 years from their respective dates of issue, to be redeemable at the option of the Corporation before maturing in such manner as may be stipulated in such obligations and to bear no interest but to bear the unconditional guaranty of the United States, and such guaranty shall be expressed on the face thereof. In the event the Corporation is unable to pay upon demand, when due, such obligations, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to the rights of the holder of such obligations. Any Federal Reserve bank is authorized to lend the Corporation such moneys within the prescribed limits herein set forth as said Corporation may request, and the notes representing such loans shall be eligible as security for circulating notes issued under the provisions of the 6th paragraph of section 18 of the Federal Reserve Act as amended by section 401 of the National Emergency Banking Act to the same extent as notes, drafts, bills of exchange or bankers acceptances acquired under the provisions of the Federal Reserve Act.

**SEC. 22. CORPORATION EXEMPT FROM TAXATION**

The Corporation, including its capital, reserves, surplus, and income, shall be exempt from all taxation now or hereafter imposed by the United States or by any Territory, dependency, or possession thereof or by any State, county, municipality, or local tax authority except that any real property of the Corporation shall be subject to city, State, county, Territory, municipal, or local taxation to the same extent, according to its value, as other real property is assessed.

**SEC. 23. FORMS OF NOTES, BONDS, ETC.**

In order that the Corporation may be supplied with such forms of notes, debentures, bonds, or other obligations as it may need for issuance under this act, the Secretary of the Treasury is authorized to prepare such forms as shall be suitable and approved by the Corporation, to be held by the Treasury subject to delivery upon order of the Corporation. The engraved plates, dies, bed pieces, etc., executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The Corporation shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, delivery, and custody of such notes, debentures, bonds, and other obligations.

**SEC. 24. DEPOSIT OF CORPORATION'S FUNDS**

The funds of the Corporation shall be deposited with the Secretary of the Treasury or with such Federal Reserve banks as the board of directors may from time to time designate.

**SEC. 25. ANNUAL REPORT**

The Corporation shall make and publish a report annually of its operations to Congress in such form as Congress may from time to time designate and request.

**TITLE III****SEC. 26. TAXES LEVIED**

To obtain revenue for the purposes of this act, the following taxes are hereby levied:

(a) On all employers in the continental United States a tax equal to 100 percent of the hourly compensation of any worker employed by them for each hour in any work-week by which the total employed hours of such worker exceed the 10-year or monthly average, whichever is lower: *Provided*, That there may be deducted from this tax the amount of any extra compensation (exclusive of supplemental compensation) paid to such worker by such employers over and above the hourly compensation of such worker but not to exceed 50 percent of such hourly compensation for each excess hour.

(b) (See note.) On all employers in the continental United States, a tax equal to 50 percent of the hourly compensation of

any worker employed by them for each hour by which the 10-year average exceeds the monthly average during the week employed: *Provided*, That there may be deducted from this tax the amount of any supplemental compensation due to such worker under any policy of insurance issued by the Corporation and advanced to such worker by such employers at the close of any such week.

## SEC. 27

The taxes provided under section 31 of this title shall be collected at the close of each calendar month by the Bureau of Internal Revenue under the direction of the Secretary of the Treasury. Such taxes shall be paid into the Treasury of the United States, but shall not be covered into the general funds but shall be credited on the books of the Treasury to the Corporation.

(NOTE.—The purpose of this provision is to insure a uniform practice of employers advancing supplemental compensation to their employees when due, for which they would be reimbursed by the Corporation (see sec. 7, title I). It will be noted that the amount of the allowable deduction is the same as the tax, so that conformity with the practice laid down would eliminate the payment of any net tax.)

## SEC. 28. EMPLOYERS' STATEMENTS

Every employer shall transmit to the collector of internal revenue at the end of each month a statement upon a form approved by the Corporation, showing the number of workers employed during the month, the number of hours of their employment, and the total compensation paid them, and such other information as may be required by the collector of internal revenue and/or the Corporation.

## TITLE IV—PENALTIES

## SEC. 29. FINE AND/OR IMPRISONMENT PROVIDED

Any employer who shall knowingly fail to transmit to the collector of internal revenue such reports or statements as may be required to effectuate the provisions of this act, or who shall knowingly fail to pay the tax provided under title III, section 26, of this act, when due, shall for each offense be punishable by a fine of not exceeding \$1,000 or imprisonment for a period of not more than 1 year, or both. Any employer who knowingly shall submit to the Corporation a fraudulent statement shall for each such statement be punishable by a fine of not more than \$5,000 or imprisonment of not more than 2 years, or both. Any employer who shall knowingly fail to carry out any of the duties imposed upon him by this act or shall conspire to defeat the purpose of this act shall for each offense be punishable by a fine of \$1,000 or imprisonment of not more than 1 year, or both. Where a corporation is subject to any of the penalties herein provided each officer of such corporation who shall be a party to the act or omission for which such penalty is imposed is hereby made personally liable to the same extent as the corporation.

## TITLE V. MISCELLANEOUS

## SEC. 30. RIGHT TO ALTER AND AMEND

The right to alter, amend, or repeal this act is hereby expressly reserved. If any clause, sentence, paragraph, or part of this act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

## ADD TO TITLE I, SEC. 4

In determining the monthly average as provided under this section, the Corporation shall make adjustments for seasonal variations in employment. Such adjustments shall be made on the basis of percentage tables, reflecting the percentage of annual production normally produced each month; said tables to be secured from the regularly constituted code authority or authorities existing under the National Industrial Act. In the absence of such code authorities for any industry classification, the Corporation shall determine the seasonal percentage tables for such industry classification.

## TITLE I, SEC. 5

The Corporation shall, as soon as practicable after the enactment of this act, fix and publish the 10-year average for each industry classification, for the calendar year 1934, giving weight, so far as practicable, to the present productive efficiency in each industry classification as reflected in volume of production per man-hour for workers employed therein.

During the month of January of each year, from 1935 to 1943, inclusive, the Corporation shall fix and publish the 10-year average for each industry classification, which shall reflect its determination of the average weekly hours of employment of all workers during the previous consecutive calendar years commencing with the year 1934.

During the month of January 1944 and during the month of January of each year thereafter, the Corporation shall fix and publish the 10-year average by industry classifications, which shall reflect the average weekly hours of employment of all workers during the previous 10 calendar years.

In determining the 10-year average as provided under title I, section 5, of this act, the Corporation shall make adjustments so far as practicable, for fluctuations, if any, in volume of production per man-hour for workers employed in the respective industry classifications.

## TITLE I, SEC. 5A

The Corporation is authorized and empowered to change from time to time the number of calendar years which shall be averaged in making its determination of the long-time average: *Provided*, That in no event shall the weekly hours of employment during less than 5 nor more than 10 calendar years be averaged, except as otherwise provided under title I, section 5, of this act.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. COOPER of Tennessee. Mr. Chairman, I rise in opposition to the pro forma amendment, simply to point out to the gentleman from Massachusetts that this bill provides for a 3-percent excise tax on the pay rolls of industry, to be paid by the employer. On that point Mr. Green, president of the American Federation of Labor, appeared before the committee in the consideration of this bill and before a subcommittee during the last Congress, of which I had the privilege of being a member, on the so-called "Wagner-Lewis bill", and stressed the point that the tax should be levied upon the employer, pointing out that it would be passed on to consumers, and the laboring people, constituting a great consuming class, would have to pay their part. He also insisted that so-called "private reserves" not be permitted; and both of those conditions pointed out by him have been specifically provided in this bill just in the form stated.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Tennessee. Yes.

Mr. CONNERY. But you are making the employee, in taking part of his wages, pay part of the unemployment insurance.

Mr. COOPER of Tennessee. Not at all.

Mr. CONNERY. In title VIII, what do you do?

Mr. COOPER of Tennessee. We are talking about title IX. Title VIII has nothing to do with unemployment insurance.

Mr. CONNERY. We are talking about your pay-roll tax. You are going to tax the pay rolls in the first place, and the result of that will be to make the employer have the smallest kind of a pay roll that he can have for a starter.

Mr. COOPER of Tennessee. I do not agree with the gentleman.

Mr. CONNERY. If he has 3,000 men and he can cut down to 2,000 men, he will not have to pay so much, by using the labor-saving machinery that the gentleman from California [Mr. HOEPEL] was talking about, labor-saving devices, the speed-up and stretch-out system, and so forth, and he does not have to pay so much tax. The second thing is that he can cut the wages of his employees, and pass on to the consumer the price of his product, with which to pay the tax.

Mr. COOPER of Tennessee. I rose to point out to the gentleman that he is evidently confusing what is in title IX. The entire amount of the tax imposed is levied on the employer.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. SAUTHOFF. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 57, line 12, after the word "compensation", strike out "all the assets of which are mingled and undivided, and in which no separate account is maintained with respect to any person."

Mr. SAUTHOFF. Mr. Chairman, this is in many respects, from the point of view of Wisconsin, the most necessary amendment to this bill. Unless this amendment is adopted, Wisconsin will have to scrap its unemployment compensation law, refund the money already collected from employers, and begin all over again. By the end of the present fiscal year nearly \$6,000,000 will have been paid by employers into unemployment reserve accounts, which will be available for the payment of compensation to their unemployed workmen after July 1 of this year. This money is the individual property of the employers and so cannot be transferred to a pooled unemployment compensation fund, such as it is necessary to set up if this bill becomes law without this amend-

ment. All the advantage to workmen in Wisconsin through the enactment of an unemployment compensation law in advance of other States will be lost and employers will be out the costs of administration during the current year.

The theory under this entire title—relating to unemployment compensation—is that the States shall be free, with but few restrictions, to determine what sort of an unemployment compensation law they want. The clauses which it is proposed to strike out in this amendment, however, destroy freedom of choice with respect to one of the most important features of unemployment compensation, namely, whether they wish to have an unemployment-insurance system in which the contributions of all employers are commingled or an unemployment reserve system in which there is a separate account for each employer for the exclusive benefit of his own employees.

Many arguments can be made for a pooled unemployment insurance fund in which all contributions are commingled and from which all payments are made, but there are good arguments also for an unemployment reserve system. Individual employer accounts may become exhausted and their employees thereafter get nothing when they become unemployed. But pooled unemployment insurance funds also may become exhausted and unemployed workmen thereafter get nothing. In that event even employees in plants and industries having low rates of unemployment will get nothing, although they would have been fully protected had their employers been permitted to have individual accounts. Pooled unemployment insurance funds are advantageous to employees in industries which have a great deal of unemployment, but disadvantageous to employees in plants and industries which have a minimum of unemployment.

Individual employer accounts undoubtedly furnish a much stronger incentive to employers to regularize their employment than does a pooled unemployment-insurance fund. Where the employer is charged with the cost of the compensation payable to workmen he lays off, he naturally will make greater efforts to avoid having to lay off anyone, through reducing hours of labor and attempting to regularize his business, than under a system where discharges cost him nothing, all payments of compensation coming from the pooled unemployment-insurance fund. An unemployment reserves system furnishes an incentive to prevent unemployment; a pooled unemployment-insurance system may operate to actually increase unemployment.

In his special message of January 17 on economic security, President Roosevelt stated that in his opinion any unemployment compensation system that is established should afford an incentive to the prevention of unemployment rather than the reverse. In the bill as it stands there is no such incentive.

Employers very generally feel that a real incentive to the prevention of unemployment is created only when they are permitted to have individual unemployment reserve accounts, and are also allowed to stop or reduce their contributions to those accounts when they have built up—and while they maintain—reserves adequate for the payment of all compensation for which they might become liable. These employers, including many Wisconsin employers, objected to the provision in the original bill under which, while States might permit individual employer accounts, employers were to be excused from paying the Federal tax only while their reserve accounts equaled or exceeded 15 percent of their pay roll, and then only on condition that they must continue to pay 1 percent of their pay roll into a pooled State fund. In effect, this section of the original bill would have required Wisconsin to set up a pooled fund to which employers would contribute 1 percent on their pay roll, but would have enabled the State to continue the 2-percent contributions by employers to their own accounts. Employers were anxious to amend this provision to allow them exemption from the Federal tax without being required to make any contributions to a pooled fund.

There is much to be said for the employer's position, but I believe that it is best to ask—at least in the House—only for permission to the States to allow individual employer accounts if they so desire, without, at this time, asking for

additional credits to employers who have built up adequate reserves. It will be several years before any employers will have built up reserves sufficient to entitle them to any additional credits against the Federal tax, even if they have no unemployment in the meantime. It is far less important now to determine on what conditions employers shall get additional credits than to permit the States with regard to the establishment of individual reserve or pooled insurance systems.

Dropping all consideration of additional credits against the Federal tax for employers who have built up adequate reserves will remove the main objection advanced against freedom to the States to allow individual employer accounts if they wish to do so, namely, that this will result in nonuniform rates of taxation. If only the amendment suggested is adopted employers in States which permit individual accounts will have to make the same contributions as employers in States with pooled systems, and no claim can be made that they are favored or that the principle of uniformity in taxation is violated.

The real issue raised by this amendment is one of freedom of State action. This is the theory of the bill, and is also in accord with sound policy. Of the four States which have unemployment compensation laws, not only Wisconsin but also Utah provides for individual employer accounts; moreover, there are a considerable number of large employers in other States who have voluntarily established unemployment reserve systems. If the bill passes as it now stands, these two laws, and also the voluntary systems, will have to be scrapped and the employers will lose the protection afforded by the reserves already accumulated. Employers generally will bitterly resent any law which absolutely bars employer accounts and will do everything they can to get such a law repealed. Refusal to permit the States to allow individual employer accounts if they wish will endanger the entire future of unemployment compensation in this country.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SAUTHOFF].

The amendment was rejected.

Mr. WADSWORTH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WADSWORTH: Beginning on page 47, line 20, strike out all of title IX down to and including line 2 on page 58.

Mr. WADSWORTH. Mr. Chairman, I realize perfectly well that this bill is going to pass the House of Representatives, after being favorably reported by the Committee of the Whole, without any substantial change, and nothing that I can say will prevent it or even tend to prevent it, in view of the determination of the majority.

It is not my purpose to discuss it in detail. Indeed, I do not have time in the 5 minutes allotted to me, but I am going to endeavor to glance a little toward the far future and analyze some one or two things which seem to me to be susceptible of analysis, and certainly worth serious thought on the part of Members of the House regardless of their political affiliations.

First, as to the financing of the major portion of this program. As I understand it—and I have listened attentively to the debate—these funds are to be established in the Treasury Department, through the collection of pay-roll taxes. In one instance, 3 percent upon wages and 3 percent upon the employer, a total of 6 percent; in another instance a 3 percent tax upon the employer. The bill provides in general that those moneys shall be invested solely in the bonds of the Government of the United States or bonds guaranteed as to principal and interest by the Government. As I read the report and have listened to the discussion on the floor, it is apparent that the proponents of this bill expect that this fund will grow from time to time, year after year, until about 1970, if I am not mistaken, the fund will approximate \$32,000,000,000, every penny of which must be invested in Government bonds.

It is apparent that unless the national debt of the United States goes far, far beyond \$32,000,000,000 in the

time over which this calculation is extended, by the time this fund has been built up to any considerable degree it will become a fund large enough to absorb at least a major portion of the national debt, and finally absorb it all.

The bill provides, in effect, that the funds shall be invested in these bonds, but the bonds and special securities authorized by the bill shall net not less than 3-percent interest to the fund. Thus it would seem that when the thing gets started at full blast and goes on year after year, the national debt of the United States must be floated to the fund and only to the fund, and must pay 3 percent.

Now, that may seem an effective and adequate way to finance the Government's financial activities in all the years to come. I am trying to look to the future. Heretofore the Government has financed its undertakings primarily and fundamentally as the result of the confidence of the individual citizen in the soundness of the Government's undertaking, but from this point on we are apparently going to abandon that philosophy of public confidence and resort to a very different practice. The Government is to impose a pay-roll tax through one of its agencies, collect the money into the Treasury Department, then the Treasury Department with its left hand on the proceeds of these taxes is to turn around and buy bonds of the United States Government issued by the right hand of the Treasury Department. Thus the Government of the United States, after this thing gets going, is no longer to be financed directly by its citizens, confident in the soundness of the Government, but it is to be financed instead by arrangements made within the bureaucracy—an undemocratic and dangerous proceeding.

The CHAIRMAN. The time of the gentleman from New York [Mr. WADSWORTH] has expired.

Mr. WADSWORTH. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WADSWORTH. Now, this may not seem important at this moment. I may be old-fashioned. Indeed, I have been charged with being such a good many times, and sometimes the word "Democrat" added to the epithet "old-fashioned", in which case I am very, very lonely in the House of Representatives. [Laughter.] It seems to me that we are moving away from democracy in this new and manipulative method of financing the obligations of the United States. I do not question the integrity and the honor of the men who are going to manage this fund or the men who will be Secretaries of the Treasury down through the years to come, but there is something offensive to me in the spectacle of one branch of the Treasury Department having collected a fund by taxing the working people of America, and then using that money for the floating of its own bonds. It seems to me to present the possibility of a vicious circle, and is certainly removing the financial support of the Government of the United States far from the people themselves and confining it to an inner ring, bureaucratic in character. I am trying to look ahead and visualize what that may mean in the preservation of democracy.

Another point and I am done.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. WADSWORTH. I only have a few minutes. The gentleman can answer me in his own time.

Mr. COOPER of Tennessee. I want to point out to the gentleman that he is making an able argument, but it does not relate at all to the title he has moved to strike from the bill.

Mr. WADSWORTH. Perfectly true. I am discussing the general policies of this bill relating to Government finances, and, probably, strictly speaking, I am out of order for not speaking to the amendment I have offered.

One other thing looking toward the future, Mr. Chairman. I know the appeal this bill has to every human being, that it appeals to the humane instincts of men and women everywhere. We will not deny, however, that it constitutes an immense, immense departure from the traditional functions of the Federal Government for it to be projected into

the field of pensioning the individual citizens of the several States. It launches the Federal Government into an immense undertaking which in the aggregate will reach dimensions none of us can really visualize and which in the last analysis, you will admit, affects millions and millions of individuals. Remember, once we pay pensions and supervise annuities, we cannot withdraw from the undertaking no matter how demoralizing and subversive it may become. Pensions and annuities are never abandoned; nor are they ever reduced. The recipients ever clamor for more. To gain their ends they organize politically. They may not constitute a majority of the electorate, but their power will be immense. On more than one occasion we have witnessed the political achievements of organized minorities. This bill opens the door and invites the entrance into the political field of a power so vast, so powerful as to threaten the integrity of our institutions and to pull the pillars of the temple down upon the heads of our descendants.

We are taking a step here today which may well be fateful. I ask you to consider it, to reexamine the fundamental philosophy of this bill, to estimate the future and ask yourselves the questions, "In what sort of country shall our grandchildren live? Shall it be a free country or one in which the citizen is a subject taught to depend upon government?"

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the distinguished gentleman from New York [Mr. WADSWORTH], has just presented a motion which, were it to be adopted, would leave in the bill provisions establishing an unemployment compensation law but take out of the bill the machinery by and through which such provisions would go into operation and have effect. The gentleman has not informed us yet whether he is opposed to unemployment compensation. I yield to the gentleman to find out definitely.

Mr. WADSWORTH. The gentleman from New York is going to vote against this bill.

Mr. McCORMACK. The gentleman has not yet answered my question whether or not he is opposed to unemployment compensation. I will be very glad to yield to the gentleman from New York to answer.

Mr. MARCANTONIO. Mr. Chairman—

Mr. McCORMACK. The gentleman from New York [Mr. WADSWORTH], is amply able to take care of himself. I will be very glad to yield to the gentleman to answer the specific question whether or not he is opposed to unemployment compensation.

Mr. WADSWORTH. Under Federal auspices, yes. [Applause.]

Mr. McCORMACK. The gentleman says he is in favor of unemployment compensation under State auspices, but he is opposed to the Federal Government exercising its powers and its influence to meet this epidemic, this disease from a national angle.

Mr. SAMUEL B. HILL. Mr. Chairman, if the gentleman will yield, this is a State system we are providing here.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. JENKINS of Ohio. The gentleman had better correct the first two or three sentences of his statement, else he will go on record as being against this from the standpoint of constitutionality.

Mr. McCORMACK. Mr. Chairman, I do not need any correction from my friend. I am quite capable of forming my own opinions and expressing my own thoughts. [Applause.]

The gentleman from New York [Mr. WADSWORTH], takes the position in favor of State unemployment compensation. With 48 States in the Union he favors it being dependent upon each State assuming the responsibility; and he says he is opposed to the Federal Government encouraging the institution by the State governments of systems by legislation which will meet this evil, this disease, this epidemic which is national. The gentleman does not go the full distance,

however, for if this title were stricken out we will have still remaining a national employment compensation law but would have stricken out the power and the methods by and through which it could be put into operation.

If we are confronted with a national problem—and unemployment is a national problem as well as a State problem—are we to have it administered strictly in accordance with our State systems of government, by one State passing a law requiring a 3-percent contribution, a second State passing a law requiring 5- or 6-percent contribution, and a third State passing a law requiring contribution on still another basis? States with a rural and agricultural background would be engaging in competition to gain advantage over each other. States with an industrial background would engage in the same policy with reference to each other of trying to obtain an advantage over each other.

We are confronted with a national question, but the distinguished gentleman from New York takes the position that the powers and the agencies and the influence of the Federal Government should not be exerted to meet this clearly national problem.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. MARCANTONIO. And until such time as the States adopt an unemployment-insurance plan, what happens to these funds which are collected through the 3-percent tax? They go into the general funds of the Treasury, do they not?

Mr. McCORMACK. Of course.

Mr. MARCANTONIO. And may be used for anything?

Mr. McCORMACK. Of course. This bill holds out encouragement to the States to pass unemployment-compensation laws, which they will do because of the taxation features.

The gentleman talked about the Secretary of the Treasury and his use of these funds. He talks about a departure from the traditional functions of the Federal Government. That is the argument that has been advanced against every piece of progressive legislation of the past. It was advanced against the 48-hour law. Also in my State and in other States it was opposed as imposing additional burdens upon industry. It has been the argument against every piece of progressive legislation in State and Nation. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. HIGGINS of Massachusetts. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I recognize the argument submitted by Members on the other side of the aisle. I, like my colleague the gentleman from Massachusetts [Mr. CONNERY], am not in sympathy with the machinery that is set up to provide money for financing the undertaking proposed in this bill. However, the merits of the bill outweigh its weak features, and accordingly I am going to vote for it. The thing I want to call the attention of the Committee on Ways and Means to is the fact that I hope that for the next year they are going to give this matter attention and undoubtedly attempt to perfect what, to my mind, is a fairly decent structure for the so-called "social-security plan." May I call to their attention the fact that unless the article in this bill is changed providing and stipulating to a State that a man need only have 5 years of residence in a State in order to become eligible to be a recipient of the old-age-pension plan, Massachusetts will become a Utopia. Under this provision, and I submit this to my colleague the gentleman from Massachusetts [Mr. McCORMACK], who always has the welfare of our State at heart, the State of Massachusetts will literally become the Utopia for every pensioner in the country. We have today a perfected system in Massachusetts which provides for 20 years of uninterrupted residence in our State before one is entitled to the benefit of old-age assistance.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. HIGGINS of Massachusetts. I yield to the gentleman from Washington.

Mr. SAMUEL B. HILL. Does the gentleman think that after a person arrives at the age of 65 he is going to move to the State of Massachusetts and lose 5 years?

Mr. HIGGINS of Massachusetts. No; but I think a man who is 60 will be encouraged to spend the next 5 years of his life in Massachusetts. That fact has been evidenced to the Members of this House. Ask any gentleman from California in reference to the migration to California within a year because of the publicity given to the Sinclair EPIC plan. New York and Massachusetts have perfected a system. Now, what is going to stop the residents of Vermont, Rhode Island, Maine, and every other State in the Union from moving into Massachusetts, where we pay the highest pensions of any State to our residents?

Mr. McCORMACK. Will the gentleman yield?

Mr. HIGGINS of Massachusetts. I yield to my friend and colleague from Massachusetts.

Mr. McCORMACK. This is not the E. P. I. C. plan.

Mr. HIGGINS of Massachusetts. I appreciate that.

Mr. McCORMACK. The gentleman I am sure does not subscribe to the necessity of a 20-year residence in a State in order to obtain some old-age benefits?

Mr. HIGGINS of Massachusetts. Not at all, but at the same time I want Massachusetts money to be provided for Massachusetts residents, not given to carpetbaggers who move into the State to get the benefit of our high pension rates.

Mr. DOCKWEILER. Will the gentleman yield?

Mr. HIGGINS of Massachusetts. I yield to the gentleman from California.

Mr. DOCKWEILER. Inasmuch as the gentleman mentioned California, I may say that they went there, not on account of the E. P. I. C. plan, but on account of the salubrious climate.

Mr. HIGGINS of Massachusetts. Yes; but the gentleman knows also that there have been thousands move into California on the strength and the attraction of the so-called "E. P. I. C. plan."

Mr. DOUGHTON. Will the gentleman yield?

Mr. HIGGINS of Massachusetts. I yield to the gentleman from North Carolina.

Mr. DOUGHTON. The gentleman realizes there are other requirements than the residence requirement in this old-age-pension plan?

Mr. HIGGINS of Massachusetts. Yes; and the other requirements for a pension are left to the States, except the important restriction which placed upon the States in title I, which says that no State can bar any applicant who has lived in the State for 5 years. I am in accord with the provision if it will help any bona fide resident of Massachusetts, but would want it changed because it permits men and women who have no connection or ever lived previously in Massachusetts to come into our State, live 5 years in the State, and be recipient of a pension. Proper thing to do would be to let Massachusetts Legislature determine the period of time required.

Mr. DOUGHTON. The man must be destitute and in need.

Mr. HIGGINS of Massachusetts. Yes. I am in favor of aiding the needy but they must be Massachusetts men and women who are needy.

Mr. DOUGHTON. If he moves from New York to Massachusetts and he is 60 years old, as well as being dependent, what is he going to live on?

Mr. HIGGINS of Massachusetts. He will not move from New York to Massachusetts because they have two similar and perfected systems.

Mr. DOUGHTON. Or from any other State.

Mr. HIGGINS of Massachusetts. Mr. Chairman, the overwhelming expressions of opinion in favor of the so-called "social-security bill" by Members of the House reflects the opinion of the American people on this subject. There is no more appealing subject to the mind of the people of all classes than the tragedy and misfortune of men and women too old to work and without a dollar of income and the example of men and women physically able and willing to work, but who, because of the present set-up of our indus-

trial system, are unable to obtain work. The need of security against poverty in old age and the hazard of unemployment is obvious. We have neglected the problem for years notwithstanding the fact that while our industrial development, with the adoption of age limits for employment by many firms was decreasing the years of remunerative employment, the period of old age, and the number of our citizens in that classification was on the marked increase. The need for security has been accentuated during the depression and after resisting these social changes for over a half century that they have been in operation in other countries, it is only after the collapse of our social system during the past 5 years that the need of such legislation has attracted our attention.

Conditions are changing and our laws pertaining to these social and economic changes should be brought abreast of the times, for laws that are archaic and not in harmony with the needs of the people make a nation unhappy and its people difficult to govern. The greatest good for the greatest number of our people should be the only standard whereby our laws should be formulated. The program for old-age assistance in the present bill divides the subject into three distinct divisions, all with the same objective of eliminating the insecurity attached to old age:

(a) A Federal subsidy to help States pay old-age pensions at once, the Government to contribute 50 percent of the pensions, but not more than \$15 a month per person, provided State laws meet certain minimum standards.

(b) The inauguration of a compulsory contributory plan of old-age insurance, with contributions by employees and their employers, to provide for the aged of the future, the system to be administered as a national plan by the Federal Government.

(c) A system of voluntary old-age insurance for those whose incomes excludes them from the compulsory plan, administered by the Federal Government and paid for by regular individual premiums.

The program of old-age insurance recognizes the fact that old age is a universal hazard and makes provisions in one of the three above-described classes for every citizen. The plan distinguishes between the problem of relieving the conditions of persons already of advanced years and the insurance against old age of those citizens now in the prime of life. The magnitude of the problem of financing old-age pensions in years to come may be appreciated by a compilation of the actual and estimated minimum number of persons aged 65 and over compared to the total population from 1860 to 2000.

Year	Total population	Number aged 65 and over	Percent aged 65 and over
1860.....	31,443,000	849,000	2.7
1870.....	38,558,000	1,154,000	3.0
1880.....	50,156,000	1,723,000	3.4
1890.....	62,622,000	2,424,000	3.9
1900.....	75,995,000	3,089,000	4.1
1910.....	91,972,000	3,958,000	4.3
1920.....	105,711,000	4,940,000	4.7
1930.....	122,775,000	6,634,000	5.4
1940.....	132,000,000	8,311,000	6.3
1950.....	141,000,000	10,863,000	7.7
1960.....	146,000,000	13,590,000	9.3
1970.....	149,000,000	16,066,000	10.1
1980.....	150,000,000	17,001,000	11.3
1990.....	151,000,000	18,102,000	12.6
2000.....	151,000,000	19,338,000	12.7

Source: Data for years 1860 to 1930 from the United States censuses.

It is quite obvious that if the plan of Federal subsidy whereby the Government contributes 50 percent of the pension to States, but which in no event will the grant by the Government exceed \$15 per month, regardless of what pension amount is allowed by the State, were to stand alone, gratuitous old-age pensions would be an impossible financial burden on the Government within the next 30 years, because, as indicated in the table, of the increasing number of aged. To curb the cost of federally aided State pensions, this bill provides for the two other plans, (b) and (c) above, applicable to those who have not reached old age, both of which embrace the contributory feature by younger

gainfully employed persons who will thus be assured of more liberal old-age pensions through this system of contributory insurance. For reasons that are obvious after an analysis of the reduced long-time cost of this system, I am willing to vote for an amendment that will increase the gratuitous grants by the Government to the State so that men and women who are in old age today will receive a pension sufficient to permit them to spend their declining years in happiness and contentment, with a decent income, divorced in every sense from the tinge of dole or pauperism.

The policy of providing public money for the care of dependent children, maternal, and child-welfare and public-health service expansion to prevent sickness and disability is well recognized as an obligation of all divisions of government and is merely a furtherance of the principle of human charity. The core of any social plan must be the child, for in less than a generation these children will constitute the adults who must carry the burdens of our social system and the responsibilities of our Government. The child-welfare program, mothers' aid, and provisions against sickness and disability provided for in the bill are so manifestly human that I cannot conceive anyone opposing these features of the bill.

The real difference of opinion on this bill among Members has been on the subject of unemployment-insurance compensation. In considering this important part of the general security plan we must admit that its purpose is to alleviate the shock of unemployment and to increase the continuity of employment. The need of unemployment insurance in any country is a challenge to those in command of our industry and commerce, for it is hard to conceive the spectacle of 18,000,000 American citizens receiving Government relief in one form or another in the midst of an industrial system which I conclude, if properly organized and administered, would yield dividends to the American people in the form of social security that would pale into insignificance the benefits we seek to obtain by this bill under consideration today. Unemployment remains as a problem of industry, and unemployment insurance is a necessity in our modern industrial life.

Any measure designed to insure against unemployment must be permanent, uniform, and national. The plan before us embraces these three essentials and provides for a tax on pay rolls, beginning at 1 percent January 1, 1936, and reaching 3 percent by 1938 and 5 percent by 1957, with employers receiving a 90-percent credit on contributions they make to approved State unemployment-insurance systems. The payment to persons out of work would be \$15 a week. On a 3-percent contribution basis, the maximum benefit period would be 15 weeks. The objection to the unemployment-insurance feature of the bill has been the anticipated burden upon industry. The opponents contend that the plan is unworkable, fantastic, and ruinous to industry. However, to my mind, the building up of unemployment reserves, providing for the protection of labor, is similar to the provisions made by capital establishing reserve funds for corporations. There can be no doubt that the depression for the past 5 or 6 years has made inroads into the income and the standard of living of the working classes. In contrast with this condition has been the record of dividend and interest payments by American corporations, particularly during the first 2 years of the business depression.

It is quite obvious and grossly inequitable that industrialists should be protected by the accumulation of these reserves which tend to stabilize the money incomes of these individuals through strained economic times. To them it is a perfectly correct policy to stabilize their incomes. If that policy is applicable to the money classes, what, then, is wrong with the creation of such reserves to protect the income of the working classes and the low-salaried men and women in industry in order to insure them against being thrown out of work and deprived of their current earnings? A system in which one group is so well protected cannot continue to function with any degree of effectiveness and without harmonious coordination. With these facts admitted, it is ironical for a class whose incomes are stabilized to object to any system of unemployment insurance that

will guarantee a reserve for the laboring man in times of economic distress.

It is quite evident to all who have studied this problem that any system of unemployment insurance should be compulsory. The objection raised by men who are opposed to this bill is that it will add a great financial burden to industry, which they claim is already staggering under a financial tax load. However, if we are to have a system of unemployment insurance, it must be mandatory, because long experience has taught us that private enterprise, except in rare cases, has not embraced the principles of unemployment insurance on a voluntary basis. It has been said that we have approximately 31,000,000 wage earners in occupations other than agriculture who need the protection of unemployment insurance, and it is apparent that after 15 years of voluntary experimentation by private industrial plans, commencing with the inauguration of the Dennison plan in 1916, the result has been that only about two-thirds of 1 percent of those exposed to the hazard and risk of unemployment are covered by insurance. The interest displayed by far-sighted industrial firms, such as Dennison, Columbia Reserve, Procter & Gamble, and others, is not taken seriously by their fellow industrialists, and there has been no evidence of a willingness on the part of other firms to follow this movement of voluntary unemployment insurance. The pioneers in industry who have established voluntary systems have done commendable service in getting the public mind oriented to the problem by their cumulative experience that will be of aid to any new plan. Yet, it is more than that; if the money of the American worker is to be protected, it must be by some form of mandatory insurance which will make it obligatory upon industry to carry it into effect.

There is a wide difference of opinion as to who will make contributions to the reserve fund set up by a new unemployment system. The potential sources of contribution are three—employers, workers, and the State. In the European systems we find varying combinations of these possibilities. For example, in the Ghent system of voluntary insurance the State and the worker are the contributors and the employers are exempted from payment except for such slight contribution as they make in Denmark. In Italy the employer and the worker alone contribute to the compulsory insurance of that country. In Great Britain the employers, workers, and the State contribute to the reserve set up by the system, but in the case of Great Britain the Government merely bears the total expense of extended benefits which are paid after the twenty-sixth week to those in need. In Germany the contributions are made by the worker and employer and the Government merely bears the expense of emergency benefits. In Russia, as one would expect, the exclusive cost of benefits is charged to the employer, but the word "employer" in this sense does not mean the same as in capitalistic countries, but employers are rather what we call state trusts.

It is with the plan of unemployment insurance in this bill I am not in accord. I agree there must be contributions by the employer because unemployment has its origin in our unorganized industrial system and by the Government which has the duty to provide for the well-being of our citizens. If the Government is to compel contributions by the employee and act only as a custodian of the funds, then the contribution by the worker should be a nominal one, and the State should pay extended benefits. The money needed for the Government to pay such extended benefits could be obtained by some such plan as provided by—

#### FIRST. INCOME TAXES OF INDIVIDUALS

If the United States were to apply merely the tax rates of Great Britain upon all individual incomes of \$5,000 or over, a considerable sum would be available for social insurance. These rates in 1928 would have yielded the Federal Government five and three-fourths billion dollars as against slightly over one billion actually collected. In 1932, a year of low income, we would have collected on the same basis \$1,128,000,000, as against the actual receipts of \$324,000,000.

#### SECOND. CORPORATION INCOME TAX

Compared with other countries also our corporation tax is very low. Taking a flat rate of 25 percent, we would have raised in 1928 the amount of \$2,600,000,000 instead of \$1,200,000,000.

#### THIRD. INHERITANCE OR ESTATES

Here again the United States is very lenient. In 1928, on a total declared gross estate of three and one-half billion dollars, the total collected by Federal and States taxes was only \$42,000,000, or a little over 1 percent. If an average of 25 percent were taken, this would have been raised in 1928 to \$833,000,000.

#### FOURTH. TAX-EXEMPT SECURITIES

Exact figures on the total are not available, but here is an important source of large additional returns which should be available for the general welfare.

#### FIFTH. TAX ON CORPORATE SURPLUS

In 1928 the corporate surplus, representing the accumulation by corporations of funds which have not been distributed to labor and capital, amounted to \$47,000,000,000, and even in 1932 it was over thirty-six billions. Made possible as it is by the cooperation of labor and capital, thus surplus which is now set aside to meet capital's claim for exigencies certainly should be also a source of funds for labor's social insurance in the exigencies of unemployment. The Department of Commerce has showed in its study of the national income that labor has lost a larger percent of its earned income in the depression than capital has lost in interest charges, because capital has been sustained by drawing both on current income and on accumulated surplus. The great economist, Adam Smith, 150 years ago called the industrial system a "collective undertaking." Thus it is both logical and just to provide a tax on corporate surpluses as a source for social insurance.

Another regrettable feature of the present bill is that it makes no provision for the countless millions that are presently unemployed. This great army of men and women must first be absorbed by industry before they become eligible to participate in the plan. Under the method in the bill before Congress the worker, in addition to paying his own assessment, will also, as a consumer, pay the employers' contribution. Maximum payments of \$15 a week for 16 weeks, after a waiting period of 4 weeks, cannot by the widest stretch of the imagination be termed extravagant.

I appreciate my time is limited, Mr. Speaker, and I must conclude with a general observation that there is imperative need of unemployment protection. Neither the present bill or a bill that would embrace the thoughts I have expressed on the subject can be termed an impractical or Utopian scheme. The bill in its present form, I am confident, will pass, and it is my intention to vote for its enactment because of the many appealing features of old-age pensions, mothers' aid, and public health, together with a structure at least for an unemployment-insurance plan which, even though not ideal today, will be perfected I hope by a continued study and amendment to the bill by future Congresses. Passage of this act today will establish a new milestone in future economic security of our citizens.

(Mr. HIGGINS of Massachusetts asked for and was given permission to revise and extend his remarks in the RECORD.)

Mr. DOUGHTON. Mr. Chairman, I move that all debate on this title and all amendments thereto close in 8 minutes. The motion was agreed to.

Mr. MOTT. Mr. Chairman, in a very few minutes the Committee of the Whole House on the state of the Union will rise and recommend that this bill, upon which we are now concluding more than 30 hours of debate and to which 42 amendments have been offered and rejected, do pass. The Committee will recommend that this bill, the President's Social Security Act, covering 60 printed pages and 10 different titles, or subjects, be passed exactly as it was sent to us, word for word, without a single amendment, without a single betterment and without a single change.

These 42 amendments have been offered from the floor not by Republicans alone, but by some of the most distin-

guished Members on the Democratic side, Members whose knowledge and experience in this class of legislation is recognized both by the Congress and by the country. Some of these amendments were so worthy, so admittedly valuable, that no word of criticism could be offered to them, and none was offered. And yet every one of these amendments have been defeated, every one of them shouted down regardless of their merit, by practically solid Democratic votes.

Nor is that all. When the Committee rises and reports that it has succeeded in throwing out every suggestion for the betterment of this bill that has been offered by any of the 435 Members of the House—except two insignificant changes agreed to in advance by the administration and opposed by no one—the Committee will then ask the House to approve and adopt its report. And the 332 Democrats of the House, including those whose amendments have been spurned, will vote solidly and unanimously to approve and adopt the report, and thus put in order the passage of this bill which, I venture to say, does not satisfy 10 percent even of the Democrats of the House.

As an outstanding example of this administration's perfect and absolute control of its 3-to-1 Democratic majority in Congress the progress of this bill through the House has been unique. Reports have gone out from time to time recently that the administration was beginning to lose its iron grip upon majority Members in this body and that Democrats in the House could be expected in the future to begin to show some signs of independent thinking and independent voting. Mr. Chairman, I regret to say that the hopes of the country raised by those reports have been effectively blasted during the past 30 hours.

Never in this session of the Congress, nor in the preceding one, have I seen the administration machine so well oiled. [Applause.]

Mr. Chairman, there has been no real consideration of this bill. The reading of it for amendment under the 5-minute rule may just as well have been dispensed with. All of the amendments, regardless of their merit, were intended by the Democratic leaders from the very first to be defeated and they were voted down solidly on that side of the House just as fast as they were offered. Most of the good amendments, on the other hand, as the division and teller votes will show, were supported by the Republican side of the House, without regard to whether those amendments were offered by Democrats or Republicans.

Mr. SISSON. Will the gentleman yield?

Mr. MOTT. I am sorry, but I have only 5 minutes, which barely gives me time to say what I want to say at this point.

Mr. SISSON. What would the gentleman call "real consideration"?

Mr. MOTT. I repeat, I am sorry, but I must decline to yield to the gentleman.

Mr. Chairman, that was the case in all of the amendments offered, with the exception of one or two. Even the vote on the revised McGroarty old-age-pension bill amendment and the Scrugham-Greenway old-age-pension amendment was almost a party vote. I call attention to what I consider the rather remarkable fact that on an amendment so far-reaching as the one to substitute the McGroarty bill for the old-age-pension provisions of the administration bill, more than half of the Republicans present on the floor at that time voted "yes" and they stood up and were counted. Thirty-eight of them voted "yes" and that is more than one-third of the entire Republican membership of the House, while only 18 Democrats out of a total of 168 present, and out of a total Democratic membership of 332, voted in favor of that amendment. [Applause.]

Why, Mr. Chairman, even the amendment offered by the distinguished gentleman from Ohio [Mr. JENKINS], to include a small Federal contribution to States to aid them in providing for their indigent blind people, was voted down by a solid party vote. Just two gentlemen on the Democratic side voted "yes" and stood up to be counted on that vote, while every Republican voted for it. Do my Demo-

cratic friends mean to tell me that they did not want to vote for that amendment? We know you wanted to. We saw many of you looking toward the leader's table with a look almost of longing in your eyes. Why, Mr. Chairman, every gentleman in this House knows that a single nod from the Chairman of the Ways and Means Committee seated at the table across the aisle would have brought every Democrat to his feet in approval of that amendment. But the nod did not come, Mr. Chairman, and the indigent blind man will continue to beg with his tin cup on the street corner.

It is not what you did in this bill that is so wrong. It is what you did not do that will disappoint and dissatisfy the country. You had such a wonderful chance in this legislation to give us a real solution to the problem of old age and unemployment. The country was hoping for it. It was waiting for it. It was expecting it. You have not done your duty either by the country or by yourselves.

Mr. Chairman, there is a little good in this administration bill as well as some bad. Its greatest faults are those of omission rather than of commission. In considering how one should vote upon a bill as inadequate and unsatisfactory as this one is, a Republican is confronted with the same old situation and the same old question that has confronted him in every major piece of administration legislation that has been offered in the last two sessions of the Congress.

In most of this major legislation there has been a crumb of good, and in order to get that crumb we have had to take the bad along with it. Never have you permitted us to improve one of your major bills. Never has your 3 to 1 majority allowed us to substitute a better bill for it. Never have you gone the whole way upon the solution of any problem, even when the majority of the individual membership on both sides of the House desired it. We have been given always what the executive department wanted us to consider, and we have been allowed to consider nothing else on that particular subject. With less than one-third of the membership of the House on the minority side we have been rendered helpless against your overwhelming majority.

And so, as usual, we must determine now in this bill whether the good outweighs the bad. When I say "we" I am referring to Republicans. I know, of course, that our Democratic friends are not burdened with that kind of a problem because they will vote upon this bill as they have voted on all of them; that is, as a party measure.

Mr. Chairman, although this bill is entirely inadequate, although it gives the aged poor of our country only a pauper's pension, still I am confronted with the fact that without this bill they will not even get that, so far as the Federal Government is concerned. This is the only bill we will have at this session on the subject of old-age pensions, and for the time being it is a case of this or nothing. And so, after having put up as good a fight as I could for something better, having supported as strongly as I could all worthy amendments that have been offered and having seen them all defeated, I intend to vote for the bill now [applause], but I vote for it solely upon the ground that it is better than nothing. [Applause.]

[Here the gavel fell.]

Mr. KVALE. Mr. Chairman, I do not know whether I dare intrude upon the patience of this body at this time, even to the extent of 3 minutes, but I would like to address myself to the remarks of the gentleman from Massachusetts [Mr. McCORMACK].

The gentleman from Massachusetts quite properly pointed out that the motion of the gentleman from New York [Mr. WADSWORTH], to strike out all of title IX would be rather futile inasmuch as it would still leave the companion title, title III, in the bill which sets up the necessary machinery.

I sincerely hope therefore that some member of the Committee on the minority side will offer a motion to recommit the bill and include instructions to strike out both said titles of the bill, and for this reason: I have long been an advocate of unemployment insurance, and I shall so continue, but I cannot feel good about the provisions of this

bill which relate to unemployment insurance and old-age insurance, or accept them as the best thought to incorporate in permanent legislation.

The provisions of this bill will not apply until 1942. Why, then, all this haste about the unemployment-insurance provision of the measure? We can keep intact the other commendable portions of this measure and give further thought and study to the advisability of erecting a permanent structure for unemployment insurance such as the one now before us, which makes the load fall entirely upon labor and upon the consumer.

This omnibus bill holds out nothing to the present unemployed, and the Committee does not try to deceive us on that point. They state this frankly in their report. The unemployed has no help in any part of this measure and neither has an employed person anything very cheerful to look forward to. All he has to face is a small added penalty which increases as the years roll on. If the employer does not pass the tax on to him in the form of wage reductions, the employer will pass it on to him in his capacity as a consumer. He cannot escape. He may get it both ways.

Agriculture, in addition to being left entirely out of the picture, faces the possibility of a reduction in national purchasing power that does not bode well for his commodity prices.

If the motion to recommit might prevail, I could support the measure gladly, because of its belated recognition of governmental responsibilities for which I have long and consistently fought, even though none of its provisions can be termed adequate or commensurate with what we might like to provide.

Mr. Chairman, I ask unanimous consent to include, as an extension of my remarks, a statement which has been prepared by the American Association for Social Security, of 22 East Seventeenth Street, New York City. It briefly and ably analyzes the provisions of the revised measure.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The pro forma amendment was withdrawn.

The statement follows:

The revised bill is a vast improvement over the original Wagner-Lewis-Doughton bill. Unlike the jumble of confusion in the original draft, this bill is clearly written, and its provisions are lucid. It is logically arranged, and its aims are clearly set forth.

It is still an omnibus bill. It contains 10 titles and covers 9 different subjects:

- (1) Old-age pensions.
- (2) Old-age insurance.
- (3) Unemployment insurance.
- (4) Dependent children.
- (5) Infant and maternal welfare.
- (6) Welfare services for children.
- (7) Vocational rehabilitation.
- (8) Care of crippled children.
- (9) Federal public-health services.

It makes 9 appropriations and sets up 3 different taxation systems: 1 on employees and 2 on employers.

The appropriations are made to three different agencies:

(1) To the Federal Social Security Board: (a) For subsidies to State old-age-pension systems; (b) for subsidies to State plans for dependent children; (c) for aid in the administration of State unemployment-insurance systems; (d) for administrative expenses of the Board.

(2) To the United States Department of Labor: (a) For promotion of the health of mothers and children, especially in rural areas; (b) for services to crippled children and the provision of medical, surgical, and corrective care for them; (c) for establishment, extension, and strengthening of public-welfare services in rural areas for children; (d) for extending and strengthening programs for vocational rehabilitation.

(3) To the Surgeon General of the Public Health Service: (a) For the establishment and maintenance of public-health services.

#### OLD-AGE-INSURANCE TAXES

The bill sets up a tax on wages for old-age insurance, euphoni-ously called an "income tax." This tax is levied on all employees regardless of their wages or salaries, but not more than \$3,000 a year is taken as the basis for contributions. Exempted are agricultural laborers, domestic servants in a private home, casual laborers, crews of ships, Government employees, and workers in educational and charitable institutions. This tax, to be collected from wages, will be equal to 1 percent of wages during 1937-39, 1½ percent during 1940-42, 2 percent during 1943-45,

2½ percent during 1946-48, and 3 percent beginning with 1949 and thereafter.

Employers are to pay similar contributions for the same purpose.

#### UNEMPLOYMENT-INSURANCE TAX

An excise tax on all employers of 10 or more workers (including officers of a corporation) is set up for unemployment insurance. This tax is at the rate of 1 percent of the total wages paid in 1936, 2 percent in 1937, and 3 percent from 1938 on. Similar classes of employees are exempted as under the old-age insurance plan.

Employers making contributions to approved State unemployment-insurance funds are relieved up to 90 percent of the Federal tax.

#### SOCIAL IMPLICATIONS OF REVISED BILL

##### OLD-AGE PENSIONS

The revised bill does not set up as desirable standards as conditions for Federal subsidies to State old-age pension systems as were contained in the original bill. The problem is nevertheless met adequately. The passage of this part of the bill will mean the greatest step forward in social security. It can definitely be expected to bring about a Nation-wide system of old-age security for our destitute aged. The needs of the aged can be adequately met through this bill.

##### DEPENDENT CHILDREN

The same applies to the Federal subsidy for dependent children. It is thoroughly sound and will help the States to meet this problem. If necessary the Federal Government can later increase its share of the cost, now fixed at only one-third.

##### OTHER WELFARE PROVISIONS

The various appropriations made to the Children's Bureau and the Surgeon General for maternal and child care, crippled children, public-health services, vocational rehabilitation, etc., are necessary and should be enacted. They have little to do with the Social Security Board created under this bill, and there was no real necessity for including these features in the bill.

##### OLD-AGE INSURANCE

From a social point of view the most vulnerable feature of the bill is involved in the contributory old-age-insurance system which is pregnant with many social dangers:

(1) The bill puts the entire burden of the future support of the aged upon the workers and industry. Since industry is bound to pass on its contribution to the consumers it means that the employees, in their dual role of workers and consumers, are to be made to bear practically the entire burden of support of the aged. Beginning 5 years hence the burden of old-age support will be increasingly shifted upon that part of the population least able to bear it. The wealthier groups in the community will be gradually relieved of their share toward old-age support since the contributions from the workers will more and more assume the responsibility for the care of all the aged even if the latter have contributed for only short periods. No nation has ever put into operation a contributory old-age insurance plan without placing at least some of the burden on the State in order to make possible the sharing of the costs by the higher income groups. Even 50 years ago the German Government assumed a definite share. This has been followed by all other industrial countries.

(2) By stepping up the contributions to a total of 6 percent of wages within 12 years enormous reserves will be built up much more rapidly than necessary and will be frozen for a generation. The committee estimates that under this bill there will be a reserve fund of over \$10,000,000,000 by 1948 and the reserve will amount to over \$32,000,000,000 by 1970.

(3) The unnecessary removal of so much purchasing power at this time may hamper recovery and cause great social harm. It is extremely questionable whether our economic system can stand the withdrawal of this much-needed purchasing power.

(4) The bill places a back-breaking burden upon the present generation. The present generation, as taxpayers, will not only have to pay the cost of the noncontributory-pension system for the present aged, but will be forced to provide fully for its own old age.

(5) The avowed aim of the committee to have these reserves used as a means of ultimately abolishing the evil of tax-exempt bonds is a distortion of the entire principle of social insurance. To force upon the bulk of the wage earners a compulsory system of savings which is beyond their means in order to deal with the evil of tax-exempt securities is the height of folly and must be thoroughly condemned.

(6) The revised bill provides that an insured person's contributions will be returned to his estate if he dies before he has received by way of benefits the entire amount to which he was entitled. This is contrary to all principles of social insurance in practice abroad. It is not only socially unnecessary but adds to the cost. This provision would be justified only if the payments were limited to dependent survivors.

##### UNEMPLOYMENT INSURANCE

The revised bill is much superior to the original bill in its provision that State unemployment-insurance funds, in order to be approved by the Federal Social Security Board, must provide that the contributions shall be "mingled and undivided" and that "no separate account is maintained with respect to any person." This makes possible true social insurance and will not affect adversely the growth of the labor movement. The bill is seriously defective, however, for many other reasons:

(1) The revised bill, as the original bill, still offers no real incentives to States to enact unemployment-insurance laws. Its bait is still largely directed to employers instead of to the public at large. At best employers will have to pay three-tenths of 1 percent more in taxes by the enactment of State laws requiring an employers' tax of 3 percent.

(2) Instead of helping State funds by Federal appropriations, as is done in all workable unemployment-insurance funds abroad, the Federal Government actually contemplates making a profit on its unemployment-insurance tax. The committee estimates that after 1938 the total yearly receipts from the excise tax will amount to about \$800,000,000 or more. Since the Federal Government will give credit only up to 90 percent of the Federal tax, it means that the Federal Treasury will at the most lose by such credits only about \$720,000,000. The administrative appropriation allowed to the State under this bill is set at \$49,000,000, beginning with 1937. This will mean that the Federal Government will make a profit of from \$30,000,000 to \$40,000,000 every year from its unemployment-insurance tax. Moreover, the Federal tax is payable with respect to wages paid to all employees, regardless of the amount of the wages earned. Since most State laws will probably exempt employees earning \$3,000 a year or more, the credit which can be claimed by employers will be diminished and the Federal Government will make additional profit from its excise tax.

(3) Like the original bill, the revised draft sets up no definite standards for the State systems. This will unquestionably result in a variety of benefit standards which will create confusion and bad feeling on the part of the unemployed and disparity as among the States.

(4) The revised bill continues to require the turning over of State unemployment insurance funds to the Federal Treasury. This will constitute a handicap to the development of State legislation. There is no justification whatsoever for the prevailing fear that large reserves will be built up under the contemplated plan of unemployment insurance. Even if larger contribution rates were set up it is doubtful whether the plan will ever be more than on a pay-as-you-go basis.

(5) The provision in the bill that no State unemployment-insurance fund shall begin payment of benefits for at least 2 years "after the first day of the first period with respect to which contributions are required" may be advisable now, but must not be continued after 1938 when the full 3-percent contributions go into effect. This handicap will tend to discourage the immediate adoption of State laws.

(6) The revised bill as the original bill continues to set up two duplicating systems of taxation which are thoroughly uncalled for, i. e., the Federal tax and the State tax for which credit is to be given. The plan recommended to the Committee on Economic Security by the advisory council for a Federal subsidy to States enacting laws under proper standards, and financed by a single, uniform Federal tax, provides a far superior and less costly method.

The Clerk read as follows:

TITLE X—GENERAL PROVISIONS  
DEFINITIONS

SECTION 1001. (a) When used in this act—

(1) The term "State" (except when used in section 531) includes Alaska, Hawaii, and the District of Columbia.

(2) The term "United States", when used in a geographical sense, means the States, Alaska, Hawaii, and the District of Columbia.

(3) The term "person" means an individual, a trust or estate, a partnership, or a corporation.

(4) The term "corporation" includes associations, joint-stock companies, and insurance companies.

(5) The term "shareholder" includes a member in an association, joint-stock company, or insurance company.

(6) The term "employee" includes an officer of a corporation.

(b) The terms "includes" and "including", when used in a definition contained in this act, shall not be deemed to exclude other things otherwise within the meaning of the term defined.

(c) Whenever under this act, or any act of Congress or under the law of any State, an employer is required or permitted to deduct any amount from the remuneration of an employee and to pay the amount deducted to the United States, a State, or any political subdivision thereof, then, for the purposes of this act, the amount so deducted shall be considered to have been paid to the employee at the time of such deduction.

(d) Nothing in this act shall be construed as authorizing any Federal official, agent, or representative, in carrying out any of the provisions of this act, to take charge of any child over the objection of either of the parents of such child, or of the person standing in loco parentis to such child, in violation of the law of a State.

RULES AND REGULATIONS

Sec. 1002. The Secretary of the Treasury, the Secretary of Labor, and the Social Security Board, respectively, shall make and publish such rules and regulations, not inconsistent with this act, as may be necessary to the efficient administration of the functions with which each is charged under this act.

SEPARABILITY

Sec. 1003. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

RESERVATION OF POWER

Sec. 1004. The right to alter, amend, or repeal any provision of this act is hereby reserved to the Congress.

SHORT TITLE

Sec. 1005. This act may be cited as the "Social Security Act."

Mr. FERGUSON. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. FERGUSON: Page 59, line 20, after section 1002, add a new section to read:

"No provisions or sections of this act shall become effective until two-thirds of the States have been certified as having a State plan for old-age assistance which has been approved by the board."

Mr. COOPER of Tennessee. Mr. Chairman, I make a point of order against the amendment.

Mr. FERGUSON. Mr. Chairman, will the gentleman withhold the point of order?

Mr. COOPER of Tennessee. Mr. Chairman, I reserve the point of order.

Mr. FERGUSON. Mr. Chairman, since this comes under the heading of general provisions, I think it should be germane to the bill.

We have heard voiced here today and during the entire discussion of this bill objections from States that are qualified, as so ably stated by the gentleman from Massachusetts, and objections from States that are not qualified, as stated by numerous Members. Since this legislation is so far-reaching and affects so many people and so many classes of people, I think the States should have an opportunity to pass on the acceptability of this measure and not have it become effective until two-thirds of the States have put their houses in order and are in position to accept the benefits of this law, and not put the States that cannot participate in the position of being taxed because their constitution prohibits them from accepting the benefits of this act for a period of some 2 years.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. FERGUSON. I yield.

Mr. SAMUEL B. HILL. It is entirely possible, is it not, that even under the gentleman's amendment, if adopted, the States he has in mind would be unprotected?

Mr. FERGUSON. But the majority of the States, or two-thirds of them, would be in position to accept and not just a few of the States would be able to participate under this bill.

Mr. SAMUEL B. HILL. There are probably not over 6 or 8 States that have constitutional inhibitions against such participation.

Mr. FERGUSON. And there are probably not over half a dozen States that can participate under this act as it is now drawn.

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. FERGUSON. I would rather not yield until I have finished my statement.

Since the pay-roll tax does not take effect until July 1937, if the States want such a provision, my amendment could have no possible effect on the way that portion of the bill functions. If such an amendment were adopted by the House today it is possible that a provision that would actually pay the aged on the relief rolls would be adopted at this session of the Congress and give these people who are expecting a pension in the various States and who are entitled to a pension, something from this session of the Congress, which is something they will not get out of this bill.

I have been assured by leading Members of the House that until provisions of this act go into effect the aged and those in distress will be cared for by relief rolls. It is my contention that the old people who are in need would receive greater benefit from a monthly pension than from being subjected to the scrutiny of a social-service worker and the degradation caused by the acceptance of a Federal dole. Mrs. GREENWAY, who has fought hard for a pension that would actually be paid and for a reasonable pension, has assured me that she intends to introduce a resolution that will provide for the payment of a reasonable pension to

those over 60 years of age who are on relief rolls in this country. This would be an actual pension—not a fictitious one such as is contained in this bill—and would provide a stopgap until the States could meet the requirements necessary for them to receive the grants and aid outlined in this legislation.

I think this legislation has many meritorious features, such as the care of crippled and dependent children, and maternal and child-welfare aid, and public-health provisions. I do believe that the provisions of sections 2 and 8 will have to be modified to take the entire burden of employment insurance off the shoulders of the wage earners.

However, I believe the States should have an opportunity to pass on whether they want to accept it or not. You cannot force social legislation down the throats of this country. We tried this when we passed the Prohibition Act, and if you want to educate the States to accept this and try to cooperate, if you adopt my amendment it will give them a period of time for the necessary two-thirds to accept this bill and whole-heartedly cooperate with it.

[Here the gavel fell.]

Mr. COOPER of Tennessee. Mr. Chairman, I withdraw the reservation of a point of order and ask for a vote on the amendment.

The amendment was rejected.

Mr. IGLESIAS. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

On page 58, line 7, after the word "Hawaii", insert "Puerto Rico."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Puerto Rico.

The question was taken, and the amendment was rejected.

Mr. DOUGHTON. Mr. Chairman, we are nearing the close of consideration of this bill, one of the most important that has ever been considered by an American Congress.

This measure has received more attention during its consideration by the committee, and by the Committee of the Whole, than any bill considered by the Congress in many years. There has been more time used in general debate; more liberal opportunity given for amendment than in any bill heretofore considered. I believe that every Member who so desired has expressed his views and opinions.

It has been carried in the press of the country that the leadership of our great President was impaired and that the bill would be ripped to pieces by amendments.

I am proud to say that notwithstanding the bill has been attacked from every angle, in criticizing the measure not a single amendment has been made to the bill, except two perfecting amendments offered by the committee.

Mr. CONNERY. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. CONNERY. I want to pay a slight tribute to a man whom I consider one of the great Members of this House, a man whose friendship I prize highly, a man who has the courage of his convictions, a great American, a man never afraid to take the floor and state his position, a man who has unconsciously paid a great tribute to himself today when he said that not an amendment had been made to this bill. That this is true is due to the distinguished and fearless leadership of this man, beloved by the Membership of this House, the great Chairman of the Ways and Means Committee, BOB DOUGHTON, of North Carolina. [Applause.]

Mr. DOUGHTON. I thank my kind friend the gentleman from Massachusetts [Mr. CONNERY].

Mr. Chairman, those on the minority side who so bitterly attacked the bill have given the impression that they are opposed to the bill, but when the roll is called, I predict most of them will give it their support, thereby showing their good judgment and consideration for the welfare of the country.

I predict that the vote on the passage of this bill will show to the country that the Congress of the United States is behind our great President, that his leadership is still militant, that the American people as well as the American Congress, have confidence in him, in his courage, and in his wisdom, and that before this Congress closes, his entire new-deal

program will be consummated. When this is done the country will say, "Well done, good and faithful servant."

The CHAIRMAN. Under the rule, the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. McREYNOLDS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H. R. 7260, and, pursuant to House Resolution 197, he reported the bill back to the House with sundry amendments adopted in the Committee of the Whole.

The SPEAKER. The previous question is ordered under the rule. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros. The question is on agreeing to the amendments.

The amendments were agreed to.

The SPEAKER. The question is upon the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. TREADWAY. Mr. Speaker, I offer the following motion to recommit, which I send to the desk.

The Clerk read as follows:

Mr. TREADWAY moves to recommit the bill H. R. 7260 to the Committee on Ways and Means with instructions to report the same back to the House forthwith with the following amendments:

Page 2, line 10, strike out "\$49,750,000" and insert in lieu thereof "\$69,750,000"; page 4, line 25, strike out "\$30" and insert "\$40"; beginning on page 7, line 18, strike out all of title II down to and including line 9, on page 15; beginning on page 40, line 10, strike out all of title VIII down to and including line 19, on page 47.

Mr. DOUGHTON. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. SNELL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 149; nays 253, answered "present" 1, not voting 29, as follows:

[Roll No. 56]

YEAS—149

Allen	Ekwall	Kramer	Rich
Annie	Engel	Kvale	Robison, Ky.
Andresen	Englebright	Lambertson	Rogers, Mass.
Andrew, Mass.	Fenerty	Lahlbach	Ryan
Andrews, N. Y.	Fernandez	Lemke	Sauthoff
Arends	Focht	Lord	Schneider
Ashbrook	Gassaway	Lundeen	Scott
Ayers	Gearhart	McParlane	Secrest
Bacharach	Gehrmann	McGrath	Seger
Bacon	Gifford	McGroarty	Short
Blinderup	Gilchrist	McLean	Smith, Wash.
Blackney	Goldsborough	McLeod	Snell
Bolleau	Goodwin	Maas	Stefan
Bolton	Granfield	Mapes	Stewart
Brewster	Greenway	Marcantonio	Stubbs
Buckbee	Griswold	Marshall	Sutphin
Buckler, Minn.	Guyer	Martin, Mass.	Taber
Burdick	Gwynne	May	Taylor, Tenn.
Burnham	Hancock, N. Y.	Merritt, Conn.	Thurston
Cannon, Mo.	Hartley	Michener	Tinkham
Cannon, Wis.	Hess	Millard	Tobey
Carlson	Higgins, Mass.	Monaghan	Tolan
Carter	Hildebrandt	Mott	Treadway
Cavicchia	Hill, Knute	Murdock	Truax
Christianson	Hoeppel	Nichols	Turpin
Church	Hoffman	O'Malley	Wadsworth
Cole, N. Y.	Hollister	Patterson	Wallgren
Collins	Holmes	Perkins	Welch
Connery	Hook	Peterson, Ga.	Werner
Cooper, Ohio	Hope	Pfeifer	White
Crawford	Hull	Pittenger	Wigglesworth
Crosser, Ohio	Jenkins, Ohio	Plumky	Wilson, Pa.
Darrow	Jones	Powers	Wolcott
Dirksen	Kahn	Ransley	Wolfenden
Ditter	Kenney	Reece	Wolverton
Dondero	Kimball	Reed, Ill.	Woodruff
Dunn, Pa.	Kinzer	Reed, N. Y.	Zioncheck
Eaton			

NAYS—253

Adair	Bell	Bloom	Brooks
Arnold	Berlin	Boehne	Brown, Ga.
Barden	Biermann	Boland	Brown, Mich.
Beam	Bland	Boylan	Brunner
Beiter	Blanton	Brennan	Buchanan

Buck	Evans	Lewis, Colo.	Richardson
Buckley, N. Y.	Faddis	Lewis, Md.	Robertson
Bulwinkle	Farley	Lloyd	Robinson, Utah
Burch	Ferguson	Lucas	Rogers, N. H.
Caldwell	Fiesinger	Luckey	Rogers, Okla.
Carden	Fitzpatrick	Ludlow	Romjue
Carmichael	Flannagan	McAndrews	Rudd
Carpenter	Fletcher	McClellan	Russell
Cartwright	Ford, Calif.	McCormack	Sabath
Cary	Ford, Miss.	McGehee	Sanders, La.
Casoy	Frey	McKeough	Sanders, Tex.
Castellow	Fuller	McLaughlin	Sandlin
Chandler	Fulmer	McMillan	Schaefer
Citron	Gasque	McReynolds	Schuetz
Clark, Idaho	Gavagan	McSwain	Schulte
Clark, N. C.	Gildea	Mahon	Scruggam
Cochran	Gillette	Maloney	Scars
Coffee	Gingery	Mansfield	Shanley
Colden	Gray, Ind.	Martin, Colo.	Sisson
Cole, Md.	Gray, Pa.	Mason	Smith, Va.
Colmer	Green	Massingale	Snyder
Cooley	Greenwood	Maverick	Somers, N. Y.
Cooper, Tenn.	Greever	Mead	South
Corning	Gregory	Merritt, N. Y.	Spence
Costello	Haines	Miller	Stack
Cox	Hamlin	Mitchell, Ill.	Starnes
Cravens	Hancock, N. O.	Mitchell, Tenn.	Sullivan
Crosby	Harlan	Montague	Sumners, Tex.
Cross, Tex.	Hart	Montet	Sweeney
Crowe	Harter	Moran	Tarver
Crowther	Healey	Moritz	Taylor, Colo.
Cullen	Hennings	Nelson	Taylor, S. C.
Cummings	Hill, Ala.	Norton	Terry
Daly	Hill, Samuel B.	O'Brien	Thom
Darden	Hobbs	O'Connell	Thomason
Dear	Houston	O'Connor	Thompson
Deen	Huddleston	O'Day	Tonry
Delaney	Igoe	O'Leary	Turner
Dempsey	Imhoff	Oliver	Umstead
Dietrich	Jacobsen	O'Neal	Unwood
Dingell	Jenckes, Ind.	Owen	Vinson, Ga.
Disney	Johnson, Okla.	Palmisano	Vinson, Ky.
Dobbins	Johnson, Tex.	Parks	Walter
Dockweiler	Johnson, W. Va.	Parsons	Warren
Dorsey	Kee	Patman	Wearin
Doughton	Keller	Patton	Weaver
Doxey	Kelly	Pearson	Whelchel
Drewry	Kennedy, Md.	Peterson, Fla.	Whittington
Driscoll	Kennedy, N. Y.	Pettengill	Wilcox
Driver	Kieberg	Pierce	Williams
Duffey, Ohio	Kloeb	Polk	Wilson, La.
Duffy, N. Y.	Kniffin	Quinn	Wood
Duncan	Kocialkowski	Rabaut	Woodrum
Dunn, Miss.	Kopplemann	Ramsay	Young
Eagle	Lambeth	Ramspeck	Zimmerman
Eckert	Lanham	Randolph	The Speaker
Edmiston	Larrabee	Reilly	
Eicher	Lea, Calif.	Richards	
Ellenbogen	Lee, Okla.		

Mr. DOXEY. Mr. Speaker, my colleague from Mississippi, Mr. RANKIN, is unavoidably detained on account of illness. Therefore, he has not voted on this roll call.

The result of the vote was announced as above recorded. The SPEAKER. The question is on the passage of the bill.

Mr. DOUGHTON. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered. The question was taken; and there were—yeas 372, nays 33, answered "present" 2, not voting 25, as follows:

[Roll No. 57]  
YEAS—372

Adair	Dingell	Igoe	Palmisano
Allen	Dirksen	Imhoff	Parks
Amlic	Disney	Jacobsen	Parsons
Andresen	Ditter	Jenckes, Ind.	Patman
Arends	Dobbins	Jenkins, Ohio	Patterson
Arnold	Dockweiler	Johnson, Okla.	Patton
Ashbrook	Dondero	Johnson, Tex.	Pearson
Ayers	Dorsey	Johnson, W. Va.	Peterson, Fla.
Bacharach	Doughton	Jones	Peterson, Ga.
Barden	Doxey	Kahn	Pettengill
Beam	Drewry	Kee	Pfeiffer
Better	Driscoll	Keller	Pierce
Beil	Driver	Kelly	Pittenger
Berlin	Duffey, Ohio	Kennedy, Md.	Plumley
Biermann	Duffy, N. Y.	Kennedy, N. Y.	Polk
Binderup	Duncan	Kenney	Powers
Blackney	Dunn, Miss.	Kimball	Quinn
Blanton	Dunn, Pa.	Kinzer	Rabaut
Bloom	Eagle	Kieberg	Ramsay
Boehne	Eaton	Kloeb	Ramspeck
Bolleau	Eckert	Kniffin	Randolph
Boland	Edmiston	Kocialkowski	Ransley
Boylan	Eicher	Kopplemann	Rayburn
Brennan	Ekwall	Kramer	Reece
Brewster	Ellenbogen	Lambertson	Reed, Ill.
Brooks	Engel	Lambeth	Reilly
Brown, Ga.	Englebright	Larrabee	Richards
Brown, Mich.	Evans	Lea, Calif.	Richardson
Brunner	Faddis	Lee, Okla.	Robinson, Utah
Buchanan	Farley	Leibach	Robson, Ky.
Buck	Fenerty	Lewis, Colo.	Rogers, Mass.
Buckbee	Ferguson	Lewis, Md.	Rogers, N. H.
Buckler, Minn.	Fernandez	Lloyd	Rogers, Okla.
Buckley, N. T.	Fiesinger	Lord	Romjue
Bulwinkle	Fitzpatrick	Lucas	Rudd
Burnham	Flannagan	Luckey	Russell
Caldwell	Fletcher	Ludlow	Ryan
Cannon, Mo.	Focht	McAndrews	Sabath
Cannon, Wis.	Ford, Calif.	McClellan	Sadowski
Carden	Ford, Miss.	McCormack	Sanders, La.
Carlson	Frey	McFarlane	Sanders, Tex.
Carmichael	Fuller	McGehee	Sandlin
Carpenter	Fulmer	McGrath	Sauthoff
Carter	Gasque	McKeough	Schaefer
Cartwright	Gassaway	McLaughlin	Schaeider
Cary	Cavagan	McLeod	Schuetz
Casey	Gearhart	McMillan	Schulte
Castellow	Gehrmann	McReynolds	Scott
Cavichia	Gifford	McSwain	Scruggam
Chandler	Gilchrist	Maas	Scrs
Chapman	Gildea	Mahon	Secrest
Christianson	Gillette	Maloney	Seger
Church	Gingery	Mansfield	Shanley
Citron	Goldsborough	Mapes	Short
Clark, Idaho	Granfield	Marshall	Sisson
Clark, N. C.	Gray, Ind.	Martin, Colo.	Smith, Conn.
Cochran	Gray, Pa.	Martin, Mass.	Smith, Va.
Coffee	Green	Mason	Smith, Wash.
Colden	Greenway	Massingale	Snell
Cole, Md.	Greenwood	Maverick	Snyder
Cole, N. Y.	Greever	May	Somers, N. Y.
Collins	Gregory	Mead	South
Colmer	Griswold	Meeks	Spence
Connery	Guyer	Merritt, N. Y.	Stack
Cooley	Gwynne	Michener	Starnes
Cooper, Ohio	Haines	Miller	Stefan
Cooper, Tenn.	Hamlin	Mitchell, Ill.	Stewart
Corning	Hancock, N. C.	Mitchell, Tenn.	Sullivan
Costello	Harlan	Montague	Sutphin
Cox	Hart	Montet	Sweeney
Cravens	Harter	Moran	Tarver
Crawford	Hartley	Moritz	Taylor, Colo.
Crosby	Healey	Mott	Taylor, S. C.
Cross, Tex.	Hennings	Murdock	Taylor, Tenn.
Crosser, Ohio	Hess	Nelson	Terry
Crowe	Higgins, Mass.	Nichols	Thom
Crowther	Hildebrandt	Norton	Thomason
Cullen	Hill, Ala.	O'Brien	Thompson
Cummings	Hill, Knute	O'Connell	Thurston
Daly	Hill, Samuel B.	O'Connor	Tinkham
Darrow	Hobbs	O'Day	Tobey
Dear	Holmes	O'Leary	Tonry
Deen	Hook	Oliver	Treadway
Delaney	Hope	O'Malley	Truax
Dempsey	Houston	O'Neal	Turner
Dietrich	Hull	Owen	Turpin

ANSWERED "PRESENT"—1

Knutson

NOT VOTING—29

Bankhead	Doutrich	Lesinski	Smith, Conn.
Celler	Fish	Meeks	Smith, W. Va.
Chapman	Gambrill	Peyster	Steagall
Claiborne	Halleck	Rankin	Thomas
Culkin	Higgins, Conn	Sadowski	Utterback
DeRouen	Kerr	Shannon	West
Dickstein	Lamneck	Sirovich	Withrow
Dies			

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. BYRNS, and he answered "nay."

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Fish (for) with Mr. DeRouen (against).  
Mr. Halleck (for) with Mr. Utterback (against).  
Mr. Higgins of Connecticut (for) with Mr. Dies (against).  
Mr. Thomas (for) with Mr. Smith of Connecticut (against).  
Mr. Withrow (for) with Mr. Chapman (against).  
Mr. Doutrich (for) with Mr. Smith of West Virginia (against).

General pairs:

Mr. Rankin with Mr. Culkin.  
Mr. Bankhead with Mr. Meeks.  
Mr. Claiborne with Mr. Ayers.  
Mr. Lamneck with Mr. Sadowski.  
Mr. Gambrill with Mr. Kerr.  
Mr. Steagall with Mr. Lesinski.

Mr. SABATH. Mr. Speaker, my colleague, Mr. MEEKS, is absent today due to illness. If present, he would vote "no."

Mr. CULLEN. Mr. Speaker, the gentlemen from New York, Mr. SROVICH, Mr. DICKSTEIN, and Mr. CELLER, are unavoidably absent. Were they present, they would vote "no" on this motion to recommit.

Umstead	Wearin	Willcox	Wood
Underwood	Weaver	Williams	Woodruff
Vinson, Ga.	Welch	Willson, La.	Woodrum
Vinson, Ky.	Werner	Wilson, Pa.	Young
Wallgren	Wheelchel	Wolcott	Zimmerman
Walter	Whittington	Wolfenden	Zioncheck
Warren	Wigglesworth	Wolverton	The Speaker

NAYS—33

Andrew, Mass.	Hancock, N. Y.	McGroarty	Stubbs
Andrews, N. Y.	Hoeppel	McLean	Sumners, Tex.
Bacon	Hoffman	Marcantonio	Taber
Bland	Hollister	Merritt, Conn.	Tolan
Bolton	Huddleston	Millard	Wadsworth
Burch	Kvale	Monaghan	White
Burdick	Lanham	Perkins	
Darden	Lemke	Reed, N. Y.	
Goodwin	Lundeen	Robertson	

ANSWERED "PRESENT"—2

Knutson      Rich

NOT VOTING—25

Bankhead	Doutrich	Lamneck	Smith, W. Va.
Celler	Fish	Lesinski	Steagall
Claborne	Gambrill	Peyster	Thomas
Culkin	Halleck	Rankin	Utterback
DeRouen	Higgins, Conn.	Shannon	West
Dickstein	Kerr	Sirovich	Withrow
Dies			

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. BYRNS, and he answered "yea."

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Withrow (for) with Mr. Rich (against).  
Mr. Dies (for) with Mr. Knutson (against).

General pairs until further notice:

Mr. Rankin with Mr. Culkin.  
Mr. Bankhead with Mr. Higgins of Connecticut.  
Mr. DeRouen with Mr. Fish.  
Mr. Claborne with Mr. Doutrich.  
Mr. Smith of West Virginia with Mr. Thomas.  
Mr. Utterback with Mr. Halleck.  
Mr. Steagall with Mr. Gambrill.  
Mr. Lamneck with Mr. West.  
Mr. Kerr with Mr. Lesinski.

Mr. KRAMER changed his vote from "no" to "aye."

Mr. RICH. Mr. Speaker, my colleague, Mr. WITHROW, of Wisconsin, desired to absent himself from Washington on important business. He requested me to pair with him. My Colleague, Mr. WITHROW, if present, would vote "aye." I, however, reserved the right with my colleague to support the old-age-pension feature, as presented in title I, which I would do if the other titles to the bill were eliminated, especially titles II and VIII, which I am sure are unconstitutional, and as I have taken a solemn oath to support the Constitution, I must necessarily vote "no."

Therefore, because of my pair with the gentleman from Wisconsin, Mr. WITHROW, I withdraw my vote "no", and vote "present."

Mr. KNUTSON. Mr. Speaker, without making a speech, I desire to announce that I had a pair with the gentleman from Texas, Mr. DIES, who is in favor of this bill. I am opposed to it, but in view of my pair, I desire to vote "present" on both the motion to recommit and on the passage of the bill.

I also desire to announce that my colleague, Mr. FISH, is unavoidably absent. If present, he would have voted "aye" on the passage of the bill.

Mr. MARTIN of Massachusetts. Mr. Speaker, the gentleman from Pennsylvania, Mr. DOUTRICH, the gentleman from Connecticut, Mr. HIGGINS, and the gentleman from Indiana, Mr. HALLECK, are unavoidably absent. If present, they would have voted "aye."

Mr. CULLEN. Mr. Speaker, the gentleman from New York, Mr. SIROVICH, the gentleman from New York, Mr. DICKSTEIN, and the gentleman from New York, Mr. CELLER, are unavoidably detained. If present, they would have voted in the affirmative on the passage of the bill.

Mr. BIERMANN. Mr. Speaker, my colleague, Mr. UTTERBACK, is absent on account of a death in his family. He asked me to say that if present, he would have voted "aye."

The result of the vote was announced as above recorded.

On motion by Mr. DOUGHTON, a motion to reconsider the vote by which the bill was passed was laid on the table.

EXTENSION OF REMARKS—SOCIAL SECURITY BILL

Mr. WOLVERTON. Mr. Speaker, I am in full accord with the purpose and spirit of the proposed social-security legislation now under consideration by this House. It is highly commendable in that it seeks to promote the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, dependent and crippled children, maternal and child welfare, public health and unemployment compensation. My favorable attitude toward this type of legislation has been expressed on numerous and varied occasions, and I am gratified to see the possibility of enactment of such at this session of Congress.

I regret, however, in some particulars, the proposed legislation—H. R. 7260—falls short of what may be considered adequate relief. Furthermore, it does not serve all who should properly be considered within the scope of such an act. Some amendments have been offered which, if adopted, would greatly improve its effectiveness. However, although I am not entirely satisfied with all of its provisions, yet, I shall vote in favor of its adoption because I consider it a step in the right direction. It recognizes the principle that, "We are our brother's keeper." The mere recognition of this great fundamental principle is in itself an outstanding victory. The writing of that principle of human brotherhood into the statute law of our Nation indicates an awakened conscience. It evidences a forward movement now in progress the final result of which will be to enhance and improve living conditions, and relieve the distressed and underprivileged who struggle under handicaps both economic and physical.

The need for legislation of this kind is everywhere apparent at this time. Human suffering, distress, and fear are breaking down the morale and courage of the past. The Nation has responded generously in the effort to relieve distress and provide work by the inauguration of public-works projects. But all such means are temporary and designed only as relieve against the ravages of our present economic condition. Our full duty extends beyond providing relief from existing distress. It must find expression in the enactment of legislation to provide a system that will guard against destitution and dependency in the future.

This bill seeks to lay the foundation for future social security. It recognizes that dependency and destitution in most cases arise from old age with its consequent inability to procure gainful employment; and unemployment of workers in industrial pursuits resulting in loss of earnings creating a condition of distress that affects not only the individual and his family life, but which also seriously disturbs the whole economic and industrial structure.

It further recognizes the well-established fact that children are tragic victims of the distress that arises when those upon whom they are dependent are unable to provide for them either because of unemployment, death, physical or social handicaps. It is generally acknowledged that the best provision that can be made for families of this description is public aid for such dependent children in their own homes. Already many States provide such aid, but with the financial break-down of State and local governments, the task of caring for these dependents has become increasingly difficult and in some cases suspended.

Closely connected with this type of aid provision is also made for maternity and infancy welfare, particularly in rural areas, and in localities suffering from severe economic distress. The need for such services has increased with the depression.

Federal aid is also provided under the terms of this bill to develop local child-care service. These services are concerned with 300,000 dependent and neglected children. Each year approximately 200,000 of these come before the courts as delinquents, and another 70,000 are illegitimate children born each year. These groups are in many respects the most unfortunate of all children, as their lives have already been impaired.

It is the purpose of this bill not only to aid and encourage child-care institutions and services which seek to repair

these damaged lives and keep them from becoming a permanent burden to society, but also to provide hospitalization and care for that vast army of handicapped and crippled children, estimated between three hundred thousand and five hundred thousand; and also to provide aid to our States for vocational rehabilitation. This concerns adults rather than children, but has a similar purpose in helping the blind and those otherwise physically handicapped, to become self-supporting rather than a charge upon the public. Recognizing that preservation of health is a prime necessity for economic independence, sickness being one of the major causes of dependency, Federal aid is likewise extended to enable an expansion in public-health services.

The purpose and intent of this legislation is of a character to create within me a sense of privilege in having a part in its enactment, not because I consider it a complete measure of economic security, but because it is a recognition of a great humanitarian principle. It lays a foundation. It is a start toward a more complete acknowledgment of our duty to our fellow man. We must, however, be alert and willing to supplement or correct whenever and in whatever way experience gained in the days to come shall indicate to be either necessary or advisable. An awakened national conscience toward those to whom we owe this duty demands the favorable consideration of this measure.

Mr. SMITH of Washington. Mr. Speaker, I am very happy in the realization that finally our Government is about to introduce a system of old-age pensions, unemployment insurance, and maternal and child benefits. I pointed out to my colleagues in the last Congress the deplorable fact that the United States had to share with China and India what I then termed "the national ignominy and disgrace of providing no system of pensions or insurance for its aged indigent citizens." It is a cause for national rejoicing that we are now at least making a start toward putting into effect these great social reforms. Of course, the provisions and benefits are not as liberal as we would like them to be, nor are the amounts or age specifications satisfactory. However, it must be borne in mind that we are extending this assistance to our citizens at a time when the Nation's finances are at their lowest ebb, and that as conditions improve, we will increase the amount of the payments and also lower the age limit.

THE AGED IN SOUTHWEST WASHINGTON

I have received from Hon. W. L. Austin, Director Bureau of the Census, Washington, D. C., a statement showing the number of citizens 65 years of age and over in the nine counties of the Third Congressional District of the State of Washington. The official figures are as follows:

County	Age 65-74	Age 75 and over
Clark.....	2,108	793
Cowlitz.....	947	325
Grays Harbor.....	1,923	649
Lewis.....	1,869	707
Mason.....	413	136
Pacific.....	598	231
Skamania.....	152	53
Thurston.....	1,511	608
Wahkiakum.....	151	50
Total.....	9,677	3,563

There are thus approximately 13,240 citizens in southwest Washington who will be eligible to participate, and if they receive \$30 per month, of which \$15 will be provided by the Federal Government, they will receive the total monthly sum of \$397,200, and the total annual payments will amount to the sum of \$4,766,400 in the nine counties, which will be a blessing to the aged and should also contribute to improving general business conditions.

UNEMPLOYMENT INSURANCE

The unemployment-insurance feature of the bill also marks a forward stride in progressive legislation. It is intended to confer manifold benefits upon employee and employer alike as a result of the lessons learned from actual operation of the plan, salutary changes for its improvement will undoubtedly suggest themselves and be the subject of legislation by future Congresses.

MATERNAL AND CHILD HEALTH

The humanitarian object of this title in the act is stated in the text to be to provide funds "to enable the Federal Government to cooperate with the State agencies of health in extending and strengthening services for the health of mothers and children, especially in rural areas, and in areas suffering from severe economic distress", and one section applies specially to the "care of crippled children", which expresses a new, noble, and glorious conception of the duties of government.

THE TOWNSEND PLAN

Mr. Speaker, I am of the opinion that the McGroarty bill, H. R. 7154, which embodies the Townsend plan, should be substituted for title I of this measure, dealing with the subject of old-age pensions.

I have studied the Townsend old-age revolving pension plan for over a year and feel that I know something about it. In the last Congress I placed in the RECORD a statement of the objects and purposes of the plan, the first public and official notice which it received in the Congress of the United States. (See CONGRESSIONAL RECORD, Apr. 4, 1934, pp. 6039-6040.)

Last December when I came to the Capital a month before Congress convened, I was one of a small group of Congressmen who met with Dr. Townsend and issued the call for the meeting in the House caucus room at which he made his first public explanation of his plan in the Nation's Capital, and I attended the session. Later I joined with Dr. Townsend, the gentleman from California [Mr. MCGROARTY], and several other colleagues in drafting the first bill, H. R. 3977; and I also collaborated with them in revising that bill and formulating H. R. 7154, the present McGroarty bill.

I voted against changing the discharge rule to require 218 instead of 145 signatures. I was the eighteenth Member to sign the petition on the Clerk's desk to discharge the committee and bring the first McGroarty bill before the House for consideration and vote, and the other day I was one of 103 Members who voted against the previous question in order to insure that the revised McGroarty bill would be submitted as a substitute for title I of the committee bill, but we were defeated in our effort. I am pleased, however, that the question of germaneness was resolved in favor of such procedure, and was one of the 56 Members who voted in favor of the bill.

The revised McGroarty bill is essentially in principle the same as the first bill, excepting that we have broadened the tax base to impose an increased 10-percent tax on incomes and to add an extra 2-percent tax on inheritances and gifts over \$500. We also provide that the "annuity", which term we employ instead of "pension", because it is more accurately descriptive, shall not be paid to anyone having an annual income of over \$2,400, and that the present income of the annuitant shall be debited against the annuity, and that the annuity shall be "in such amount not exceeding \$200 per month as may properly be paid from the funds accumulated." In other words, the amount of annuity to be paid shall be measured and determined, as it would necessarily have to be in any event, by the tax revenues yielded and derived from the collection of the 2-percent business transactions tax and the other taxes just referred to. This improved bill makes no material departure from the original bill, and this view is shared by Dr. Townsend himself, by Mr. MCGROARTY, and by all of us who have taken the deepest interest and most active part in urging the Townsend plan. This modified bill is more explicit, practical, and workable, and is, in my judgment, far superior to title I of the act which we are considering during this debate. According to the studies of the actuaries and statisticians, the tax receipts would be sufficient to pay to each annuitant \$50 the first month, with a steady increase of 20 to 25 percent each month until at the end of 1 year the full maximum of \$200 could be paid. This is the testimony of Dr. Robert D. Doane, one of the leading economists in the Nation.

QUALIFICATIONS—DR. ROBERT D. DOANE

Education—public schools, Wesleyan University, Georgetown University, Columbia University, New York University. Has been pro-

fessor and lecturer in schools of economics. Has also served as consultant for the United States Department of Commerce and the United States Department of Labor, in addition to 15 other outstanding national organizations. Author of 10 leading works on economics, some of which are used as textbooks in our educational institutions.

In his opening remarks before the Ways and Means Committee of the House of Representatives, Dr. Doane stated that he was not advocating any particular economic-security measure, but was appearing as an economist and statistician to testify as to the revenue which could be derived from the imposition of a 2-percent turn-over or transaction tax.

Dr. Doane filed several statistical tables with the Ways and Means Committee, including those referred to below.

Table IV covers physical goods transactions for a limited list consisting of only farm products, forest products, fisheries, mines, and quarries, and table I gives a classification of consumer expenditures for this limited list of items.

TABLE V.—Maximum theoretical possibilities under 2-percent turn-over tax

	Selected items as given in table I (millions)	All producer and consumer expenditures (millions)	All expenditures including Government and institutions (millions)	All gross transactions and transfers (millions)
Estimated annual 1935 collections.	\$4,000	\$6,000	\$6,300	\$9,600
Estimated annual collections on a 1929 basis.	\$7,500	\$12,000	\$12,600	\$18,700
Estimated expected increase in prices (percent).	12	18	20	24
Annual volume of transactions, 1935.		\$224,000	\$242,000	\$481,000
1929.		\$353,000	\$376,000	\$935,000

<sup>1</sup> Note the small percentage expected increase in price levels due to imposition of 2-percent tax.

Table V (above) shows that income from the proposed tax will be four billion dollars the first year on the selected items only when based on 1935 levels of business and prices. The income for the first year on all transactions would be nine billion six hundred million. On 1929 levels the income the first year would be, on limited list only, seven billion five hundred million, and on all transactions eighteen billion seven hundred million.

Dr. Doane stated before the Ways and Means Committee that a monthly increase of 20 to 25 percent in volume of trade and a consequent increase in tax revenue might be expected monthly until immediate wants are supplied (p. 1054).

This monthly increase, if realized, would evidently provide ample funds to pay pensions as fast as pensioners could qualify and register—we quote as pensioners could qualify and register. Since this testimony was given Dr. Doane has stated that under this 2-percent transaction tax-revolving method, the anticipated monthly increase in income would be as follows:

"First month, three hundred and thirty-six million; second, four hundred and twenty million; third, five hundred and twenty-five million; fourth, six hundred and fifty-six million; fifth, eight hundred and twenty million; sixth, one thousand and twenty-five million; seventh, twelve hundred and eighty-one million; and eighth, sixteen hundred and one million."

This rate of business increase which is expected from the introduction of the Townsend plan is substantiated by the annual Federal Reserve report of 1933, which shows a monthly increase of 20 percent occasioned by the introduction of the N. R. A.

The forced spending feature of the Townsend plan should cause a much greater business increase than that occasioned by the N. R. A.

The following table I is a combination of Doane's tables II and III, which were filed with the Ways and Means Committee.

TABLE I.—Total estimated monthly consumer expenditures and average monthly per capita consumer expenditure, by income groups, 1935 basis

Income classes (thousands)	Income recipients (actual)	Monthly spending (thousands)	Per capita present prices <sup>1</sup>	Expected total revenue (000 omitted)	Estimated tax 2 percent per income recipient	Estimated tax per capita per total population
\$1,000 and over.	77	\$481	\$6,670	\$10	\$133.40	\$35.10
\$500 to \$1,000.	149	826	5,917	17	118.34	31.14
\$300 to \$500.	268	1,340	5,335	28	100.70	28.07
\$150 to \$300.	1,056	4,969	5,009	105	100.18	26.36
\$100 to \$150.	1,634	6,830	4,458	145	89.16	23.43
\$50 to \$100.	7,830	25,586	3,527	552	70.54	18.56
\$25 to \$50.	24,368	46,209	2,028	985	40.56	10.67
\$10 to \$25.	137,751	147,918	1,145	3,157	22.62	6.03
\$5 to \$10.	417,655	256,022	654	5,462	13.08	3.44
\$3 to \$5.	912,639	283,828	333	6,075	6.66	1.75
\$2 to \$3.	4,674,100	808,619	185	17,291	3.70	.97
\$1 to \$2.	16,281,439	1,419,047	95	30,934	1.90	.60
\$1 and under.	15,991,109	875,284	63	10,014	1.20	.33
Total.	37,550,000	3,907,289		83,781		

<sup>1</sup> These totals include the anticipated mark-up of 12 percent occasioned by the imposition of the 2-percent tax.

A study of table I, compiled by Dr. Doane, reveals that the tax imposed on income recipients would range from \$133.40 for those in the higher brackets down to \$1.26 monthly per individual recipient. And per capita tax would range from \$35.10 down to \$0.33 per individual, monthly. These figures include mark-up or increase in retail selling price due to the imposition of the 2-percent tax.

In further confirmation of the volume of business transacted we quote E. A. Goldenweiser, Director of Division of Research and Statistics of Federal Reserve Board, testifying before the Ways and Means Committee at the Seventy-second Congress, May 2, 1932, who said: "The total volume of transactions in this country in 1929 was about \$1,200,000,000,000."

Dow-Jones News, December 5, 1934, reports \$1,165,000,000,000 of business in 1929.

Federal Reserve bank debits as reported in 1929 were \$982,531,000,000.

Dr. Doane appeared before the Senate Finance Committee February 20, 1935, and made an opening statement, which we condense as follows:

"It is my primary purpose to present a brief statistical visualization of certain inherent current revenue possibilities now available to the Government under a 2-percent general sales tax. I wish you to understand that I appear as an independent statistician to show the revenue possibilities of a 2-percent sales tax or turn-over tax calculated on a very broad base . . ."

"I have caused to be prepared a series of preliminary tabulations . . . in order that some clear insight may be gained into the revenue possibilities under the 2-percent sales tax at present levels.

"It will be also understood that I do not profess that these tabulations are to be accepted as final."

Particularly attention is called to that part of Dr. Doane's closing statement before the Senate Finance Committee to the effect that, "This form of taxation, if uniformly employed could easily through possible substitution decrease the tax liability now imposed on real property with the consequent material increase in capital value."

The income derived from tax on transactions as referred to by Dr. Doane in table no. 5, filed with the Ways and Means Committee, reproduced herein, based on 1929 transactions would provide ample means the first year to pay \$200 per month pension to 7,500,000 pensioners.

Dr. Doane is authority for the following statements:

"The cumulative effect of a uniform Nation-wide turn-over tax at the low rate of 2 percent on limited transactions could easily put a stop to further Budget deficit and finance such a social-security program as envisaged by the Townsend plan.

"Certainly sufficient funds could be raised by this turn-over tax to more than care for the social-security program now before the country.

"The turn-over method of taxation is an equitable and fair way to provide means to pay as you go the service charge of Government that will bring revenue and a blessing to all business and social enterprises once it is put into action.

CLOSING STATEMENT OF DR. ROBERT R. DOANE BEFORE THE UNITED STATES SENATE FINANCE COMMITTEE FEBRUARY 20, 1935

Briefly summing up the returns from a 2-percent tax, as set forth in detail in table I, which includes the tax on raw materials, manufacturing, wholesaling, and retailing on total monthly transactions of some eight and three-fourths million dollars, while the estimated increase in the cost of goods due to the tax has been placed at approximately 10 percent. That will be found in column 4, table I. The total estimated revenue from the tax on this limited list approximates \$4,000,000,000 yearly, at present levels, without giving consideration to any accelerated movement of trade; while an identical tax on all transactions would return nine to nine and three-fourths billions of dollars per year at present levels of production.

The estimated increase in retail price of goods, based on experience of other nations, would be 10 percent; while the volume of trade expectancy could increase 25 percent monthly for the first few months, after which the increase would be at a decrescent rate. A continuation of this stimulated volume of trade could be expected under normal conditions until the revenue derived from the tax could amount to \$26,000,000,000 per year, but that would be in the future.

This form of taxation, if uniformly applied, could easily, through possible substitution, decrease the tax liability now imposed on real property, with a consequent material increase in capital value.

The social security envisaged in the Townsend plan is undeniably a challenge to our modern economy. It seems that if we accept as a sound business principle a 2½-percent annual depreciation charge against our capital equipment of brick, mortar, steel, and so forth, it is natural that mankind should accept a like charge annually against our human resources.

Mr. Speaker, Dr. Doane makes it clear that he is not advocating any old-age-pension plan and that his sole purpose is to show what money could be raised by a 2-percent turn-over or transaction tax. His estimate is \$336,000,000 for the first month, increasing 25 percent monthly until the eighth month the income is estimated at \$1,601,000,000, nearly enough to pay \$200 per month to 7,500,000 citizens, which is the maximum annuity, and this was before we broadened the tax base, which will provide additional revenue.

Dr. Doane's table no. 1 disproves the unfounded statement sometimes made that the burden of raising the money would fall on the poor. He shows by income groups for the year 1935 that incomes of \$1,000,000 and over each would pay \$143.30 per month. These payments range down through the different incomes until they reach those with incomes of \$1,000 and under, which is the much larger percentage of the population, where the estimated burden of the tax would be \$1.26 per income monthly, while the per capita tax would range from \$35.10 per month for those in the highest brackets to 33 cents per month in the lower brackets. What a small contribution this would be to bring about the recovery of business and improved conditions for all our people.

Dr. Doane further states that—

This form of taxation, if uniformly employed, could easily . . . decrease the tax . . . on real property, with a consequent material increase in capital value.

What greater benefit could accrue to the overburdened taxpayers and owners of real estate, homes, and farms than to have their tax burdens lightened, with a resultant increase in the capital value of real property? Dr. Doane's statement places the Townsend plan on the basis of a practical business method of recovery.

It requires no argument to establish that increased purchasing power, a stimulus to business, industry, and agriculture, reemployment and a greater volume of general prosperity, would be certain to result from the enforced spending of the annuity funds. I quote from the statement of Dr. Francis E. Townsend:

Briefly, the Townsend plan of old-age revolving pensions has as its objective three salient features.

Primarily, to effect and maintain complete recovery in the United States and to sustain this prosperity by a constant and sufficient supply of purchasing power, evenly distributed in accordance with the population throughout the entire Nation by means of employing citizens past 60 to make the distribution.

Secondarily, to create a condition of employment assurance by replacing those over the age of 60 now employed with younger workers and by creating other employment through the expenditure of the pension money in the marts of trade.

Dr. Doane asserts that at present levels the annual expenditure in retail trade of \$1,730 will create continuous employment for one man.

And, lastly, but by no means the least desirable feature of the Townsend plan, is the creation of an adequate retirement fund for each individual who can and does qualify upon reaching age 60. It is a very significant fact that over a period of years each individual creates his own retirement fund. In effect, the Townsend plan is a collective involuntary purchase of retirement annuities, using the Federal Government as the agency of collection and distribution.

Mr. Speaker, let us not be biased against the adoption of this plan because of the apparent large sum involved. We spent \$33,500,000,000 in the world war, and nearly everyone recognizes the fact we are now engaged in a war more serious and fatal to our own people—a war against unemployment, against poverty, against starvation, against sickness, against suicide, against broken lives, against revolution.

What has this present war against the depression cost us to date in loss of national income?

According to authentic sources, the figures are as follows:

National income

	Amount of income	Loss compared to 1929	Authority
1929-----	\$53,000,000,000+		S. Doc. 124, 73d Cong.
1930-----	70,000,000,000+	\$13,000,000,000	Do.
1931-----	54,000,000,000+	29,000,000,000	Do.
1932-----	39,000,000,000+	44,000,000,000	Do.
1933-----	40,000,000,000-	43,000,000,000	Associated Press reports.
1934 (approximate).	45,000,000,000	38,000,000,000	Do.
Total-----		167,000,000,000	

The investors of our country lost at least \$50,000,000,000 in the stock-market crash of 1929-30.

A FEW FINAL QUESTIONS

Would it be dangerous to cause, as Dr. Doane estimates would be the effect, an increase in the price level of retail goods of 10 percent, when we have in the past permitted the private bankers of the country to inflate credit and debt

checks in circulation in the sum of approximately \$50,000,000,000?

A retail sales tax has been urged by big business and the most conservative Members of the House and Senate for years as a just and equitable form of taxation. Will someone point out why a tax imposed upon all business transactions would be any more unsafe, unsound, or unjust than a retail sales tax, and wherein lies the difference which should cause us to adopt the one and reject the other? Is not the only real difference that the transaction tax would fall most heavily upon those who do the most business and are therefore the most able to pay the tax?

Is it worth while to pay 2 cents on each \$1 of business transactions in order to end a condition which has cost us a loss of \$167,000,000,000 in the past 5 years, not to mention the billions appropriated by Congress and spent by the Federal Government for relief, the cost of charities and poor farms and homes for the aged running into many more billions, and the cost of crime caused by poverty amounting to billions of dollars, which would be substantially reduced?

A transaction tax of 2 percent on every business and money transaction would be the most just and equitable form of taxation which could be devised, and there is not a single, valid, sound objection against it. If it is not enacted into law in this Congress, it will be in the Seventy-fifth Congress.

Mr. YOUNG. Mr. Speaker, the administration social-security bill contains the most liberal provisions and provides for the most liberal old-age-security payments in any law of any nation anywhere on earth.

President Roosevelt's message to the Congress of June 8, 1934, has been accepted, and we uphold his leadership in supporting this beneficent measure.

President Roosevelt in his great message to the Congress said:

Among our objectives I place the security of the men, women, and children of the Nation first. . . . People want decent homes to live in; they want to locate them where they can engage in productive work; and they want some safeguards against misfortunes which cannot be wholly eliminated. . . .

The enactment into law of the Social Security Act of 1935 will mark a happy event in American life. We have builded well a strong foundation upon which will be erected economic and social security and contentment for our people and for those who will come after the time we are gone and forgotten.

This bill provides for unemployment insurance under State authority. It grants aid to States for financial aid to dependent children, for maternal and child welfare, for public-health service, for care of crippled children, and for vocational rehabilitation. Generations as yet unborn will rejoice because a Democratic Congress in the year of 1935 undertook this, the noblest experiment in constructive social service ever undertaken by any government.

Four hundred fourteen thousand and eight hundred individuals whom I, as Congressman at large, represent are at the present time eligible for old-age-security payments under the beneficent provisions of this bill. I am happy to say to these 414,800 citizens of Ohio, "You have lived for 65 years or longer and served and helped build our Nation and State. Your Government now holds out and gives to you for the balance of your lives \$15 per month. All it asks is that the State government contribute \$15 per month or more."

I voted for the amendment that would have increased the old-age pensions for each elderly individual to \$40 per month instead of \$30. I had hoped that these old-age-security payments would commence at 60 instead of 65. Wise legislation is, however, usually the result of compromise, and we mark an epoch in the passage of this great legislative measure. Future Congresses will carry this work forward, I hope, and amend and liberalize the provisions of this measure.

It was cruel and uncalled for that so many of my fine constituents were deceived by high-pressure advocates of the first Townsend plan. This plan was embodied in H. R. 3977, Mr. McGROARTY introduced last January. It was abandoned by its author and repudiated by its sponsors.

The \$200-per-month payment feature has been eliminated, although all of this time leaders of the Townsend plan, so called, have been asserting to high heaven that there was and would be no compromise. Many thousands of my constituents have been and are being misled and deceived. A great fraud has been perpetrated by those who have claimed that the original Townsend plan for \$200 to every individual of 60 or older has only been "slightly revised" by the provisions of H. R. 7154. Mr. McGROARTY introduced on April 1, 1935. The facts are that the original Townsend plan has been utterly abandoned. H. R. 7154, which sets forth the Townsend plan as of April 1, 1935, embodies fundamental changes. The former measure was not "slightly revised." An entirely new proposal was offered. The sham and fraud is evidenced by the admission openly made by proponents, in the course of this debate, that the Townsend plan as of April 1, 1935, will pay not to exceed \$50 per month to elderly individuals. That figure is their guess. My estimate, carefully made, is that elderly individuals, were this measure enacted into law, would receive about half that amount, or possibly \$28 per month.

The Ways and Means Committee, according to information given me, intended to make a report in regard to H. R. 3977, but when this measure was abandoned and repudiated by its author, it became unnecessary for committee members to give it further consideration.

The Townsend plan as of April 1, 1935, embodied in H. R. 7154, provided that the monthly stipend may range anywhere from nothing to \$200, dependent upon the amount of revenue obtained and the expense of administration. I object to this as not providing real old-age security. Some definite minimum should be established in the law.

Furthermore, it provided for only a small inheritance tax. I favor greatly increased inheritance taxes against large fortunes.

Threats have been made that unless I vote for the original Townsend plan, abandoned on the doorstep of Congress, there would be another Congressman at large from Ohio in my place. Mr. Speaker, the office of Congressman at large belongs to the sovereign citizens of Ohio. It is not mine. They have honored me, and I appreciate the confidence shown me in 1932 and 1934. I intend to again go before the electorate of Ohio in 1936, but at all times I do intend to work at this job and consider my solemn oath and the welfare of our country. A threat that I must vote for an unsound proposal to assure my own reelection is an insult to my integrity as a public official. Threats do not bother me. I do not scare. I will work at this job and do my duty. The elections will take care of themselves. Furthermore, even though threats procured through the machinations of those who are making a racket of a "plan" since abandoned as unsound were to be carried out—were these unscrupulous agitators to bring about my defeat—I have an abiding faith that our country would struggle along somehow without my services in the Congress. A Divine Providence would, I am confident, come to the rescue of our beloved country and fill the vacant chair.

Mr. Speaker, I have consistently voted against gag rules. Certainly I would have voted against any gag rule in connection with old-age security and unemployment insurance. We have had prolonged debate of a high character and full opportunity to offer and consider amendments of every kind, including the Townsend plan, so called. No one can claim that any gag rule was offered or adopted in connection with this social-security bill. The facts are that H. R. 7154 has been considerably amended and changed. The gentleman from Oregon [Mr. MOTT] states that some of these amendments are of considerable importance and he in his remarks on April 17 offered the latest revised version of the Townsend plan. Therefore, we may properly consider that the Townsend-plan leaders have again changed their proposal as of April 17, 1935. No reference, directly or indirectly, is made in this latest revised version as to \$200 per month or \$2,400 per year. That is definitely out. Is it not reasonable to expect another

Townsend plan to be offered so that the agitation may continue and the quarters may keep pouring in?

Mr. Speaker, I made speeches in Ohio in favor of old-age security long before Dr. Townsend announced his first plan. As a member of the Ohio Commission on Unemployment Insurance in 1930 and 1931 I studied this great problem and I signed the majority report recommending unemployment insurance. The citizens of Ohio whom I represent know that they can depend upon me to support the most liberal social-security program that is practical. [Applause.]

Mr. FARLEY. Mr. Speaker, old age ought to be made secure. Men and women who have done their part in the duties of life should not end their days in penury and want. It is a proved fact that less than 10 percent of all people who have reached the age of 60 years have been able to lay by a competence for their closing days. Of the other 90 percent, some struggle on to the end to earn what they require. Others end their days dependent upon the bounty of children or other kin, while still others have no reliance but upon the meager provisions of public agencies.

President Roosevelt in a message to Congress, June 8, 1934, said in relation to the uncompleted part of his program:

Among our objectives I place the security of the men, women, and children of our Nation first.

Upon that I stand with our great President. One of the things he had in mind was the old-age pension. That is the subject that I wish to discuss briefly with you.

Think as we may, say what we will, there is none among us all who can hold, even to himself, that old age should either be heavily burdened with labor or deprived of the plain comforts of life. It is all very well to say, as some do, that industry, thrift, and prudence must be our security against an old age of dependence, penury, and want. But we know, all of us, that the vast majority of human beings everywhere enter the period of declining years in just that condition. It always has been so; and because it has, some there are who believe it always must be so. From any such conclusion I dissent with all positiveness. I no more agree that the aged poor should be deprived and made to suffer than I would share the monstrous doctrine once held that crippled children had no right to live.

We find our subject to fall naturally into three parts—the old-age pension as an economic recourse; the old-age pension as a factor of social justice; the old-age pension as an example of practical altruism.

It has been something of a fashion among opponents of the old-age pension to declare against it as "economically unsound." That has become trite, but it never can become true. There is nothing economically sound in helpless poverty. I never could, nor do I believe any of you ever can, see anything economically sound in a poorhouse. Quite certainly you will agree that there is nothing that socially is sound in the cold tolerance of suffering that need not be. When we permit the aged poor to be helplessly burdened with poverty, we submit ourselves to a condition which has a variety of bad reactions, all costly and some of them demoralizing. To provide the aged poor with resources necessary to decent living and comfortable existence means to keep them in the class which consumes normally. That in turn means something to industry of most sorts, to trade of many kinds. The benefits are distributed, and all of us, including even the rich, stand to gain by it.

It is recognized that in all times there has been and that most probably in all future times there will be a great difference in human beings. Some are capable, more or not; some are aggressive, more are submissive; some are acquisitive, more are indifferent to wealth; some are thrifty, and many are imprudent. In this wealthiest land the world has ever known, where less than 10 percent of the people own more than 90 percent of the wealth, these human differences seem to be more sharply accented than in any other land. Yet these very differences make possible the doing of the work that must be done. There is much toil that is harsh and uninviting. Yet for those who perform it the recompenses are lowest in the scale. It is impossible

that those so engaged can in many instances acquire good homes and lay by a competence against the time when age and infirmity forbid effort. What is to become of these? Are they to be starved, or turned into the streets to beg, or kenneled in almshouses? That does not, somehow, seem to fit with the scheme of an enlightened and wealthy civilization. It does not comport with the ideas most of us hold concerning social justice. If all the wealth of the Nation were to be equally distributed at this time, there would be something less than \$3,000 per head, or not to exceed \$10,000 for each family. No unencumbered man could live on his \$3,000, no family could subsist on its \$10,000. But there is and there will be no such distribution of wealth. A few will be very rich, a great number will be moderately circumstanced and some millions of people will have nothing save the wages of labor from day to day. It follows that millions will enter upon the period of old age with nothing upon which to live. Because they did the menial tasks, performed the poorly requited labor that is indispensable to progress, to economic development and balance, and to domestic comfort, have they no desert beyond the mean wage they were paid and the precarious life of old age without substance to which they have come? There is such a thing as social justice. We are coming more and more to recognize it and to institute its principles in our civil establishment and in our society.

In no other country of any age has practical altruism had such splendor of example as in the United States. Public benefactions have gone literally and stupendously into the billions. With few exceptions these lavish gifts have been bestowed upon education. That is worthy and will be endlessly useful to all mankind. Yet the largess given to religious causes has been itself an immensity of benevolence that will bear fruit everywhere to the end of time. Health, social research, child welfare, and civic advancement all have shared bounteously in the lavish giving that has so burnished this era with a splendor of benevolence. Yet in it all there has seemed to be less thought for the poverty and helplessness of old age than for any other condition which can appeal to the spirit of philanthropy. The poorhouse and the community chest remain in this age of rich and enlightened benevolence the chief reliance for the warding of the aged poor from the misery of penniless existence. The old-age pension is a practical altruism, but it is not charity. It recognizes that in the very nature of our economic system and social fabric there must be great numbers who cannot take hostage for the comfort of their old age.

Now, let us not give ourselves the jitters over this question of old-age pensions. It is not an untried but threatened experiment in some field of socialism. Half of the States of the Union have established systems of old-age pension in some form and in some degree. Others will make similar provisions during legislative sessions the coming winter. President Roosevelt has caused practical researches to be made for the enlightenment and guidance of himself and Congress in the consideration of a Federal system of old-age pensions. He proposes that it shall be a system jointly maintained and administered by the National Government and the States. That is as it should be. Just what the plan is precisely to be I am unable to say. Nor am I at this time able to say just what should be the plan I most would favor. But all that will be worked out. Time will be required to wisely develop and thoroughly establish any efficient and economical plan. In general, I should say the plan ought to provide that those who are likely to be its beneficiaries should be required during their earning years to contribute to the resources from which they are to benefit. Not everything we can desire an old-age-pension system to be can have immediate development. But it can be given an early beginning and built up as time permits and improved as experience shall dictate.

In this thing we can do better than the poorhouse, better than public or private charity, better than we ever can possibly do with either. We can treat our old folks who have done their part, have acquitted themselves well and have contributed their best years and most fruitful toil

to our progress and well-being, as the veterans of our wars are treated when they are broken in the fray or have bended under the burden of their years. The Government of the Nation and of some of the States have established civil pensions for those long in public service. Those who are citizens of Fort Wayne are quite familiar with their own pension system for retired members of the fire and police departments. It is in the useful pursuits of peace as it is in fiery strife of war an honorable discharge from service. Have not those others whose toil is necessary, whose lives have been useful and whose recompense never has been such as would permit them, however diligent, thrifty, and prudent, to lay up a competence, also a just claim upon the generosity of Government and society? Are they not entitled to receive the means of comfort and decent living upon a ground and in a manner that will neither brand them paupers nor wound their self-respect? I think so.

And as for ourselves everywhere, who have had our lives cast and our paths drawn in more generous fields, have we no duty of respectful regard for those who have wrought for the common good as sturdily though less fortunately? We shall not escape the reproaches of our conscience nor the condemnation of heaven if we shall fail to see and stubbornly go on to flout this obligation which rests upon us all.

Mr. THOM. Mr. Speaker, the principles of aid to the aged and of unemployment compensation as embraced in the social-security bill must be utilized if we are to correct some of the obvious and distressing hardships of what we call the "private-profit system." There are those who look upon these social measures as destructive of our present system of production and distribution, and they shrink sincerely from their adoption into our scheme of things; and yet in my humble belief those who espouse these measures of reform are the true friends of the profit system and will be so looked upon by future historians. To me, it seems certain that if our present system does not afford an income to the average man, preferably, of course, through employment, then it will be supplanted. Every advanced country in the world, under stress of conditions such as we now face, has found it necessary to resort to old-age pensions and the creation of unemployment reserves, and it seems logical to deduct from their experience that this country—especially since the free lands of the West, where formerly our surplus population could migrate, have disappeared—must follow suit.

This measure has been characterized as revolutionary, and I think it is properly so designated, for it introduces the theory that the Federal Government owes a duty to the unemployed, not only in times of emergency such as we have been passing through but during normal times. Some sincere advocates of the principles of the bill are aggrieved and greatly disappointed that the relief afforded is not larger in amount. Since not all of their ideas are accepted, they proceed in misguided fashion to assail the whole measure and discredit it in the eyes of the public. By so doing they join hands with the ultraconservatives, who are opposed to the bill, lock, stock, and barrel. This combination of extremists appears constantly in the legislative conflicts on this floor. Between the extremes, happily, march a set of moderate-minded men who realize that the world cannot be reformed overnight and who are willing to make progress slowly rather than none at all. In England there are two noteworthy social thinkers, Sidney and Beatrice Webb, who have long striven in the field of social reform, and they have coined a phrase which they use frequently in their discussions of social progress, to wit, "the inevitability of graduality." In other words, progress comes slowly, unless you wish to adopt methods of violence.

May I now speak briefly about the two main phases of this bill, addressing myself first to old-age pensions?

The plight of the aged is directly traceable to what we are pleased to call the "machine age." Before the advent of labor-saving machinery, an artisan was compelled to spend years in the perfection of his trade. It usually required precision and the sort of skill that only laborious efforts over many years could achieve. The employer could not easily supplant this trained man. He could not go out into the street

and pick up a substitute. As a result, the man of age was looked upon as a desirable employee, and I have known many instances of men in my home community who have worked steadily at a bench up to the age of 75 years. They were looked upon as fixtures in their plant and as irreplaceable. The transfer of this human skill to automatic machinery has changed the situation entirely. Our workmen have largely become merely machine tenders, and the requirements for successful performance of this type of work are youth and vigor. Almost universally, therefore, the factory door is now closed at least to new employees who are over 45 years of age. I might add that workmen's compensation for accidents has also militated against the older man because of the fear that he will recover less quickly, and possibly not at all, from a shop accident.

It seems to me, therefore, that the payment of old-age pensions is the diversion of part of the profits of labor-saving machinery to the care of the human victims of this improvement. It is a much more enlightened way of treating the problem than was used in France and England when the installation of automatic machinery stimulated riots among the workmen and in many instances resulted in the physical destruction of the machinery itself. Happily, we have not indulged in this age in any sort of blind destruction such as this. Notwithstanding the displacement of aged men, we realize that the machine has been a benefactor in that it has increased the sum total of things for distribution among our people. It has been a creator of wealth and is in a large part responsible for the improved living standards of our age. Yet, I am one of those who believes that we cannot accept these improvements without taking steps to alleviate in some way or other the suffering that comes with their inauguration. Primarily, the machine is intended to cut down costs of production and at the same time reduce the selling price of the articles manufactured. The cost of old-age pensions, as well as unemployment compensation, will result in less advantages from machine production, so far as dollars and cents are concerned, to the consumer as well as to the industrial owner; but these two classes must not share all the benefits of progress, and permit the aged and the unemployed to go to the scrap pile as the human debris of progress.

My observations on old-age pensions would not be complete unless I called attention to the fact that the pioneer work in the popularization of the old-age-pension idea was undertaken not by either of the major political parties, nor by the Townsendsites or the Popeites, who recently have come onto the scene, but by the Fraternal Order of Eagles. The members of that organization did the real battling for this cause at a time when by advocacy of it you invited ridicule and abuse from a large element of the population. But the education of the people as to the needs of old-age pensions was pursued by the Eagle lodges all over the country with such vigor and intelligence that we now see few who dissent to the principle, and the only disagreement is as to methods and amounts. The record of this debate ought to contain this recognition of the efforts of this organization.

May I now make several observations about my hopes with reference to unemployment compensation?

Much emphasis in the past has been placed on the rate of wages paid workmen. What counts now, as President Roosevelt recently observed, is the number of hours of employment that a man obtains during a year. This raises the question of the regularization of employment, and it is a question of supreme importance. A recent survey of the automobile industry shows that the average annual earnings in four plants was \$1,050 in 1934. This is typical of what has happened in wage income in many industries. Steady employment the year around has become almost unknown for the average man. The truth is that most of our industries have become seasonal in their output. Purchasers of automobiles desire to be supplied in the springtime and this means that there is a peak load of production in automobile plants during the three spring months, March, April, and May. It cannot be blamed on the manager of industry

that the demands of the people are such that all of his orders pile in on him within a brief period of time.

And yet what happens because of this heavy output confined to a particular period of the year is that automobile, as well as other employees, bring into their factories a great many extra workers drawn from the country, use them for a brief period, and when the rush is over they are returned to the labor market. During the rest of the year, instead of returning to their homes, oftentimes these workers remain in the industrial cities subjects of charity. If regularization of production could be attained, there would be a more or less steady employment for the regular force of men and there would not be this importation at seasonal periods of additional men who are taken from the farms and who thereafter consider themselves as industrial labor. I am happy to say that the automobile industry is now trying to flatten out its production in the hope of giving men more steady work and removing the need of recruiting workers from other districts when orders rise to high peaks.

It is my hope that the unemployment-compensation premiums payable by the managers of industry will act as a spur in promoting regularization of employment. Industry will naturally attempt to keep down the assessments for unemployment compensation, and in order to accomplish this end industrial concerns will seek means of stabilizing their output. In this connection it is essential in my mind that the State insurance systems to be set up shall eventually offer a reduction of premium or assessment to those employers who succeed in regularizing their employment.

It does not seem altogether fair that the industry which does not create irregularity in employment should bear the same burden of expense as does that industry which has a record of persistent unemployment. I might add that there is another fruitful field for experiment in regularizing employment by a specific industry adding to its product some article which can be manufactured during those times of the year when its chief product is not in demand, thus keeping its men at work in slack seasons. Whether the penalty of unemployment-compensation premiums will serve to promote effort for regularization of employment remains to be seen. To all legislative acts the words of Theodore Roosevelt are applicable:

Their success or failure is to be determined not on a prior reasoning but by actually testing how they work under varying conditions.

I notice that there is exhibited by representatives of rural States in this debate an attitude of indifference toward unemployment compensation, and yet such a system will be indirectly of great benefit to their people. When the period of unemployment comes the compensation payments will serve to cushion the fall of business, and the moneys collected in lieu of pay-envelop money will be spent for the food which comes from the country and for clothing, the raw material for which is furnished by agricultural States. In other words, the customers of the agricultural States will, despite unemployment, be able, in a measure at least, to continue buying and consuming the products of agriculture, and to this extent the American farmer will benefit.

In conclusion may I say that we cannot foresee whether the social-security measure will be a success in all its phases as now proposed. The experts know the experience of European countries, and they have builded for the United States on the basis of that experience, modifying old plans in accordance with peculiar domestic conditions. Only actual experience will demonstrate wherein they have erred.

Mr. MARTIN of Colorado. Mr. Speaker, I spoke three times against title 1 of the social-security bill. This is the title carrying straight old-age pensions. I also tried to amend it so that the Federal Government would have to pay for 2 years whether the State plans conform to the Federal plan or not, giving the States that length of time to pass laws conforming to the Federal plan. The amendment was voted down, as were all other amendments.

Now that the bill has passed the House and gone to the Senate, I feel that it is only fair, to myself, to the House and to the bill, to say something on the other side of the question.

The vote by which the social-security bill passed the House of Representatives was one of the most impressive votes which has been cast during the life of the Roosevelt administration. There are 435 Members in the House of Representatives. Only 33 votes were cast against the bill on the final roll call—13 Democrats, 18 Republicans, and 2 Farmer-Laborites. For it were 271.

Among the Republicans who voted for the bill were the party leaders in Congress who sat side by side at the minority table and voted "aye" when the roll was called.

There is food for thought in this vote. For 10 days the bill had been under steady debate, the longest House debate in the life of this administration. Various features of the bill had been severely criticized, just as I criticized title I. Others criticized the contributory old-age-pension title, a plan of building up old-age pensions for which the railroad men of the United States have been fighting for many years, which was finally passed by the last Congress and which is now pending before the Supreme Court of the United States, with railway employees organizations of the country lined up for it. Others attacked it because of the unemployment-insurance feature, although the United States is the only civilized country in the world which has no unemployment-insurance law.

But there was so much of good in the bill as a whole that when the roll was called its critics joined its supporters and rolled up one of the most impressive majorities for it that has been given any administration measure since Roosevelt was inaugurated.

My criticism was directed wholly against title I, the straight old-age-pension plan. It was my position that the Government contribution was too small and that many States would get nothing for a considerable period of time while getting their old-age-pension laws in shape to conform to the Federal requirements. I wish now to look for a moment at the other side of the picture.

There are nine titles in this bill, some of which, for the benefit of dependent mothers and children, for crippled children, for maternity aid, for the Public Health Service, for vocational rehabilitation, were without any opposition whatever.

More than 100 national leaders, men and women in the various activities and walks of life, and all of them students of social security, working as 9 subcommittees for a period of 6 months, produced this bill.

The committees of the two Houses gave it hearings which fill 2,000 pages of testimony and the House committee considered it for 3 months. It was framed by skillful builders, who had at their command the knowledge and experience of the civilized world. As a whole, it is a rounded program of social security furnishing a firm foundation upon which the future may build. It is an enduring structure.

Title I lays the foundation and provides the plan for as liberal a system of old-age pensions as the taxpayers are willing to finance. It is not a question of how big a pension I am for, but how big a tax and where the tax will be laid. I will not repeat here my views expressed in other speeches on the bill that a greater share of the tax than has yet been proposed should be laid on those best able to bear it.

It was urged a number of times during the course of the debate that the people of the United States are pension-minded. If this is true, the only thing that remains to be done is to make them tax-minded.

Mr. Speaker, I would be less than fair if I did not admit that the social-security bill is a great forward step for the care of those unable to care for themselves, whether old or young, or the unemployed of working age, and on a national scale. I look for the Senate to improve this bill. Future Congresses will improve it. England, the most advanced country in social security in the world, finds it necessary to change its system from year to year. We will repeat this experience.

I have looked forward to the initiation of such a program for many years. I must not let temporary disappointment over one feature of the program blind me to the great benefits of the program as a whole. I pledged myself to fight for

the most liberal plan of old-age pension we could finance. I have done so. I am proud to have had some small part in the beginning of a great national plan purely for the benefit of humanity. I can close these remarks in no more fitting way than to repeat here the opening statement of my first speech on the security bill:

Every living man and woman ought to be interested in the question of old-age security. The specter of a destitute old-age shadows every life. The removal of this fear would be the supreme achievement of our civilization.

Mr. ANDREW of Massachusetts. Mr. Speaker, I am thoroughly sympathetic with the humane purposes of this bill, but I think it a crucial mistake to have lumped together in one omnibus bill so many different subjects of vast importance as old-age pensions, old-age insurance, unemployment compensation, aid to dependent children, aid to mothers, child welfare, vocational rehabilitation, public health, and the others that are therein included. It is utterly impossible for Congress in a few days to give to so many varied problems the careful and deliberate consideration that their vital importance and their sweeping consequences deserve. I consider it one of the great errors of our present administration that it insists upon attempting everything at once. Even though there are many ills to be cured, it is not a safe method to prescribe a great variety of medicines simultaneously, especially when some of the medicines are untested experiments and the patient is in a frail and very unstable condition of health.

One of the subjects included in this bill which is clearly desirable and for which I should very much like to have voted is old-age insurance, but this is inextricably tied up with a multitude of other questions. Moreover, the provisions of the bill dealing with this desirable subject are needlessly confused and complex, involving two different kinds of Federal old-age assistance superimposed upon State systems already existing in a majority of the States. The first, which is simple, understandable, and commendable in method, proposes to grant supplementary aid to the State systems and to encourage their establishment where they do not exist. The second proposes an additional Federal system which apparently overlaps the first and which is highly discriminatory in its application. It does not apply to aged farmers or farm laborers. It does not apply to aged fishermen and sailors. It does not apply to aged domestic servants or casual laborers. It does not apply to teachers or to employees of the Federal, State, or local Governments. Nevertheless it involves the accumulation of a gigantic reserve by the Federal Government which it is estimated will reach a total of \$32,000,000,000, a sum greater than the whole national debt at the present time. The need for this second system, with its discriminatory exclusions and its monstrous reserve, seems to me dubious, to say the least.

Likewise with unemployment insurance, a problem for which most of us would like to see some reasonable solution. The part of the bill dealing with this subject is highly discriminatory. It does not provide insurance against unemployment in general as many may suppose, but only compensation to certain classes of people who are unemployed. Its provisions do not apply to farmers and farm hands, to fishermen and sailors, to domestic servants, to employees of Federal, State or local Governments, or to teachers. Furthermore, they do not cover employees of factories or shops or stores who work for persons or firms employing less than 10 people. These omissions, including more than half of the population, are bound to cause wide-spread disappointment and resentment.

The subject of unemployment insurance is an entirely new field for legislation; and we ought to be particularly sure that we know what we are doing before launching the Federal Government on a permanent policy in this untried field. Unemployment compensation, known as "the dole", has been tried in England for several years, but with doubtful success. It has never been tried or experimented with by any one of our 48 States, except Wisconsin, and there for less than a year. I cannot feel that there is need for such haste as to justify the enactment of a vast measure on a

national scale which has never been really tried out in any of our States and which is so little thought out as to contain, for example, the discriminatory provisions just mentioned.

It has often been remarked that there are three more or less distinct goals for legislation in the United States today—first, relief; second, recovery; and third, reform. I think the order of their urgency is the order in which they are named. The millions of people out of work and without means of livelihood at the present time in this country need relief, and they need it now. On that account we voted the other day nearly \$5,000,000,000 to furnish work and relief for those who are in need and without means of livelihood. We have provided abundantly, therefore, for immediate relief for the victims of the depression, assuming, of course, that the vast appropriation which we have placed in the hands of the President is fairly and wisely administered.

The recovery of normal conditions is our next most urgent goal, and in order to achieve that goal every effort of government should now be directed. The so-called "security bill" is not designed to contribute either to immediate relief or to recovery. In fact, it might very well serve to retard recovery if enacted at a time when business is feebly staggering to its feet. The 9-percent tax upon pay rolls, for which it calls, might easily cause apprehension if adopted in these disturbed times. The proposed building up of a gigantic reserve fund of \$32,000,000,000, whose ultimate effects no one can foresee, raises other questions that might well give us pause. I feel that we should move very cautiously about such experiments that are only half thought out, that involve vast new burdens, and whose ultimate implications and consequences are but vaguely discerned. I cannot evade the conclusion that the commendable purposes of this bill could be far better provided for if more time for study and consideration were allowed, and if this bill were not precipitated through Congress, as have been so many other costly and futile experiments during the past two years.

Mr. LUDLOW. Mr. Speaker, this bill, which throws the protecting arm of a Nation's affection around our worthy old folks, is the acme of humane legislation.

Looking backward to the beginning of our history I see three great human achievements standing out like majestic mountains above the surface of lesser and trivial things. These are:

1776—A declaration that all men are born equal and the establishment on that principle of a great Nation dedicated to liberty.

1863—A proclamation that banished human slavery forever from American soil.

1935—The enactment of legislation to make life serene as the shadows lengthen and to emancipate our worthy aged from the slavery of want and poverty.

Three times since the birth of a Nation—in 1776, in 1863, and in 1935—humanity, disregarding the tides of selfishness that ceaselessly ebb and flow, has taken the pen of history in its hand and has written epochal chapters of progress that shine with the love that gleams from the Beatitudes.

It is our fortune today to be living participants on one of these great occasions. It is our fortune to be instruments of a guiding Providence in writing humanity's latest epoch-making decree into the statutes of the land. It is our fortune to have this opportunity to show our devotion for and adherence to that command so strongly emphasized in the Book of Books: "Honor thy father and thy mother."

By our action in passing this bill today we are saying that the man of advanced years who has worked hard and has tried to be a good citizen all his life and the faithful helpmate who has shared with him, in sunshine and in rain, the bitter and the sweet through all the years, shall not be compelled to drain the dregs of poverty and sorrow when their hair turns to silver and age slows their movements and dims their faculties. In effect we are saying to them:

You have nobly done your duty to society and now society owes to you the duty of seeing that you do not suffer and that the evening years of your lives shall be filled with comfort and cheer and happiness.

We are saying to the aged man who has worthily toiled and served that never again need he feel sick at heart when he reads the hateful sign "Old men not wanted", because we are going to take care of him for what he already has done.

Mr. Speaker, this is humanity's hour. Love is about to register a major victory. I am enthused with a happiness I never have felt on any other occasion—the happiness that comes from being a Member of Congress today with the privilege of casting a vote for this historic measure, which for the first time recognizes in a legislative enactment the Nation's sacred obligation to care for the worthy aged.

Mr. BACHARACH. Mr. Speaker, the depression which has gripped the world for the past 4 years forcing millions upon millions out of employment, among them many who, by reason of advanced age, will not again be able to find suitable employment, has bluntly brought this great Nation of ours to realize that the time has come when we must face the problem of caring for our aged and unemployed.

With the humanitarian principles enunciated in this bill I am fully and heartily in accord and for that reason I am going to vote for it, even though I am not in agreement with all of its provisions and believe that there is room for improvement.

Title I of the bill provides for old-age pensions. I am a believer in the principle of old-age pensions. I would prefer that this bill carried a larger grant to the States in order that larger pensions might be paid by the States. For that reason I will support an amendment to be offered by the gentleman from Massachusetts [Mr. TREADWAY], to make the maximum Federal contribution equal to \$20 per month per person. With such a contribution from the Federal Government it would be possible for many of the States to pay as high as \$40 or \$50 per month.

I am wholeheartedly in favor of titles IV, V, and VI, which provide Federal grants to States for dependent children, maternal, and child welfare, and for the development of public-health services. I am especially interested in title V, which provides for vocational rehabilitation and the care of crippled children.

Titles III and IX provide for what is commonly known as "unemployment insurance." I am in favor of unemployment insurance, and I am sure that both employers and employees are for it, although, because of our present economic conditions, it may not result in national benefit at this time. However, it is a protection to both the employer and the employee and must be accepted by industry sooner or later.

Title II provides for "old-age annuities" and title VIII provides the method by which to raise the revenue necessary to meet the expenses. There seems to be considerable doubt as to the constitutionality of this section of the bill. Personally, I am not wholly in favor of the provisions of this section principally because, as it is written, it will destroy old-age-retirement systems set up by private industries. There are many such systems now in effect which are far more liberal in their benefits than are the benefits carried in this bill. In my opinion, the bill should be so written as to permit these private systems to remain in force. Perhaps it would have been better to have left the question of old-age annuities out of this bill to be taken up for consideration as a separate proposition at some future time. The adoption of this legislation will add an additional burden upon industry and labor and might retard rather than advance economic recovery under present conditions.

The whole bill is one of experimental legislation. That which we seek to accomplish is all new to us and we will have to learn by experience what is good and what is bad in it and amend it accordingly. I am hopeful that when the bill comes back to the House from the Senate it will be considerably improved and those things which we find objectionable now may be so adjusted in conference that the final result will be a much better and smoother piece of legislation.

Mr. MASSINGALE. Mr. Speaker, I rise in opposition to the pro forma amendment.

Mr. Speaker, I wish to say a few words regarding this proposed bill. I do not believe this Congress ought to send out any message to the depressed people in America that they are getting an old-age-pension bill that will be of any service to them, at least for the coming year or the fiscal year beginning July 1.

This bill figures, on the assumption that every person estimated to be of the age mentioned in the bill is eligible, \$6.63 per person for the year ending June 30, 1936. In my State of Oklahoma I estimate there are 150,000 people over the age limit of this bill. This means that we will get probably \$1,000,000 out of the \$49,750,000 provided, and, of course, the people in my State, if they all qualify—and they cannot all qualify—will receive the princely sum of \$6.63 for the first year of the operation of this bill.

We ought to be frank about it. We ought not to try to deceive these people. The distinguished Chairman of the Rules Committee got up here yesterday and made the statement that there were a lot of decent destitute, but deluded people in America—those who favor the Townsend plan. I do not think the chairman ought to have made that statement. He does not know the people in my country. They are not deluded. I will tell you what he might have said. He might have said that they are denuded, because they have not anything to eat or anything to wear, and you can see how Dr. Townsend can get the immense following throughout the Nation that he has aroused in support of his pension plan.

A great deal of derision has been cast upon Dr. Townsend, and I think it should not have been done. He has aroused the public conscience of America and he has brought more forcefully to this Congress than anybody else that I know the articulate demands of the poor people of this country, and I will say this to you: I voted for the modified Townsend plan, or the McGroarty plan, and I did it intentionally, and I did it for the purpose of trying to provide something for the people who are now hungry, without clothes, and in distress throughout this Nation.

I do say this about the pending bill: I think in all probability, after this coming year, there may be some relief for these people, but we ought not to deceive them.

No, the people in western Oklahoma are not deluded. This bill presumes upon their ignorance, but they will not be deceived by the title.

I admit the ring of humanitarianism is heard in the title, and immediately it challenges the attention and demands the most serious consideration not only of Members of the Congress but of the entire citizenship of the Republic.

The committee report accompanying the bill is also appealing, and it eloquently keeps to the fore that beautiful concept of a perfect national life which forgets avarice and other forms of selfishness and renders real service to the unfortunate.

Solicitude for new-born babies, proper medical care for mothers in maternity, assistance to crippled children, relief to the aged, abolition of poorhouses, putting our own on a plane of decent living, routing unemployment, and attaining social security.

What a program!

No Member of this Congress but who favors the program of the title and the report. They are charmingly fascinating, and they run the gamut of human life. They bridge it completely from the cradle to the grave. If the provisions of the bill carry out the blandishment of the title and report, no one could object.

We should not count too much on preambles. The place to look is in the body of the bill. All of us know that many valueless books have been sold because of a beautiful prospectus. The lithographer's art has taken billions of dollars from people for worthless stocks and bonds. This is because people are prone to rely too much upon words and pictures.

The bill does not live up to its title, and it is nothing short of tragedy to denominate it an old-age-pension bill. In fact, title I is denominated "Grants to States for old-age assistance."

What are the grants the States will get? Forty-nine million, seven hundred and fifty thousand dollars for the year ending June 30, 1936. There are said to be not less than 7,500,000 people in the United States who are 65 years of age or older. If all these age eligibles ask for the assistance, there will be \$6.63 for each one from now until June 30, 1936. All those of the qualifying age will not get their part during the first year of the operation, because many will not apply for it, some are excluded by the terms of the bill, and none can get it until the State in which they live has passed a law conforming to the requirements made of the States in this bill before their citizens can receive anything under the bill.

Oklahoma will have to have its legislature enact a statute of compliance before any person in the State can get a dollar under this law. I do not have access to the Oklahoma constitution, but I am thinking the constitution will have to be amended in order to give authority to the legislature to make a levy for old-age pensions. In other words, unless the State can and does make provision for paying as much as \$15 per month to the aged, then the Federal Government will not pay them \$15. If Oklahoma pays her old people \$5 per month, then the Government will pay an additional \$5 per month, making the total pension to be received \$10 per month, and in no event will the Government contribute an amount exceeding \$15 per month for the benefit of any aged person.

If Oklahoma and all the other States now had qualifying statutes, there would be no more than the \$49,750,000 with which to pay old-age pensions between now and June 30, 1936.

Nobody can know how many are going to apply for this assistance. If all the estimated age eligibles should apply, it will require \$1,350,000,000 for the Government to pay them \$15 each per month for the coming fiscal year. Upon the assumption that not more than one-half would apply, I offered an amendment to raise the appropriation from \$49,750,000 to \$500,000,000 so the Government would have enough money to actually pay \$15 per month. This amendment was voted down.

Just prior to the offering of my amendment, I cast my vote to substitute the McGroarty bill for the present bill. I did this because the McGroarty bill carried provisions which would enable the Government to pay about \$50 per month to our old people. This bill was a modification of the former McGroarty bill, which was the Townsend plan.

I do not think \$50 is adequate for an old-age pension, but I certainly prefer that to \$15, which the old may never get.

I hope the President will find a way to supplement this \$49,750,000 with money from the \$4,880,000,000 public-works bill, so our old people will really get substantial aid in the coming fiscal year.

This Congress has lavished money by the billions on banks, railroads, building-and-loan associations, and the like, and yet there is only a possible \$6.63 for each old person during the next year.

Sometimes I feel that God has something to do with Dr. Townsend and his movement. Dr. Townsend may have dipped too heavily in the bright colors in painting his rainbow of hope to our miserable old people. If so, his mistake was on the side of humanity. Harriet Beecher Stowe chose the most despicable characters of which the mind could conceive to portray hatred of human slavery. Uncle Tom's Cabin precipitated the bloodiest war in history. Harriet Beecher Stowe won.

I should not be surprised to see America shake off her apparent lethargy toward old-age pensions as a direct result of the efforts of Dr. Townsend.

I am going to give my support to this present bill because it is all that will be offered to our old. Beginning with June 30, 1936, there is a possibility of their receiving a maximum of \$15 per month from the Federal Government. I trust that in the second session of this Congress or in some future Congress the richest and most powerful Government of the world will meet its full duty and responsibility to our aged people by so amending this bill that gloom and despair

will be banished from the closing chapters of millions of well-meant and well-spent lives.

Mr. DORSEY. Mr. Speaker, the social-security program which has been presented to this legislative body for enactment into law has received more attention from our citizenry than any other legislation presented to this Congress, mainly because it "reaches home" to almost every wage earner. Its passage will stamp this Democratic Congress as one of the most important historically in the period of our existence as a sovereign entity.

During the extensive hearings on this legislation and the liberal time granted for debate on the floor of the House every opportunity has been given for the presentation of social-security plans, ideas, and even palliatives. Very little can be said regarding this legislation which has not already been stated, discussed, studied, and debated. If it were not for the fact that I have given much time to the study of pensions and industrial insurance during the past 15 years, and have definite views on the subject, I would hesitate to subscribe anything to the voluminous testimony already presented.

#### OLD-AGE PENSION

I intend to discuss in particular the old-age-pension features, because I feel that this title in the bill marks a great forward step which will correct the evils existing in many of the pension systems now operating in business and industry.

A few years ago I made an extensive study of 54 pension systems in effect in business and industry throughout the United States. All three types of systems were found among these concerns: (1) Solely contributory, (2) noncontributory, and (3) partly contributory, most of the plans being noncontributory. In many cases I found that no security whatsoever was given to the prospective pensioner because the pension plan was not on an actuarial basis and sufficient reserves (or funds) were not set up to assure the payment of a definite pension when due. In most of the plans the employees had no voice in the administration of the pension; the system was controlled solely by the management; and both the amount of the pension and pensionable age were left to the discretion of the employer. Because of the unsound basis, sufficient funds were not set up to take care of the increasing number of pensioners who were added to the lists as time went on. After employees had spent the best years of their productive life in an industry they were at the mercy of the employer for protection in old age. The sad history of such pension plans shows that there was very little security in old age for the employee.

Especially in times of depression, pension allotments were cut, many were discontinued entirely, and in a vast number of cases old pensioners were brought back into plants from pension rolls to give what little they could in a productive way to the industry during their aged life. Many employees who were of pension age were continued in employment, being carried on the pay roll as "hidden pensioners" because no definite funds were available for direct pensions.

The fear of old age has taken its toll among American workmen. Years have been taken from their productive life by worries of the future when they would be no longer able to produce. Faced with the problem of onrushing old age they became less productive and even suffered accidents because of the nervous strain under which they were working.

This legislation, in its liberal provisions, is a forward step which will guarantee to the worker, through Government and State grants, that security in old age which has been denied him in the past. It is sound in principle and liberal in its provisions. While I personally would like to see the Government's contribution increased above the maximum provided in the bill, yet I realize that this legislation is laying the foundation for a system of guaranteed pensions which can be built upon as we profit from our experiences with this new venture on our journey to the ultimate security of the individual.

#### UNEMPLOYMENT INSURANCE

The unemployment-insurance features of the bill are, in my opinion, experiments in social legislation which must be

tested by experience before their ultimate value can be determined. Apparently sound in principle, it recognizes that the security of business through sustained buying power, the security of the individual through an assured income during periods of unemployment, and even the security of Government through the elimination of the hazards of depression must be secured through the cooperation and contributions of all interested parties for the common welfare of all.

While I look on the pay-roll tax with some concern, particularly when I realize that the average worker is now taxed from his weekly wage for health and accident insurance, and other forms of group insurance, including death benefits, and for fraternal insurance benefits of various types, I, nevertheless, will support this legislation, because I know that it is a serious attempt to recognize the security of the worker as a governmental responsibility.

There are two important factors which we must recognize in passing upon this legislation: First, the price level must be sustained and increased in order to make it possible for business to stand the additional burden; and second, the wage level must be kept at a high standard so that the worker can afford the tax. We must realize that 30 cents per week tax means more to the man who makes \$10 per week, for all his income is needed for sustenance, than \$1.50 per week means to the man making \$50 per week, for only part of his income is needed for the necessities of life.

With so many burdens upon them the worker in the low-wage brackets can well repeat the old Army saying, "All we do is sign the pay roll." To my mind, the best insurance for the American worker is the assurance of sustained employment—the security of a job.

#### SOCIAL-SECURITY LEGISLATION

Mr. Speaker, this is a great day for America. Federal recognition of old-age security as a governmental responsibility, the insurance of the worker against the hazards of unemployment, Federal assistance through grants to States for dependent children, child welfare, and public-health service—"the security of the men, women, and children of the Nation first", as we were admonished by our great leader, President Roosevelt—these objectives are about to become realities.

In supporting this legislation we are discharging an obligation to those millions of our people who, after looking for so many years at the dark clouds of fear and uncertainty, can now see the bright sunshine beaming upon the future, which will give them the security to which they are justly entitled.

Mr. BUCKLER of Minnesota. Mr. Speaker, we have been discussing and considering this social-security bill for more than a week here on the floor of this House. The Ways and Means Committee have held hearings on the bill H. R. 7260, originally known as the "Wagner-Lewis measure", for several weeks.

Yet with all this deliberation and consideration I do not believe that this administration measure will prove very satisfactory. In respect to old-age pensions I would prefer the new Townsend plan introduced by Congressman McGROARTY. In respect to old-age pensions and also unemployment, social-insurance, and other social benefits I think the Lundeen bill is far more adequate than the administration bill. When offered for a vote here I voted for both of these bills, first the Townsend bill and later the Lundeen measure, both of which were turned down by the majority of this House. Although the administration measure is not at all liberal enough and adequate in its provisions, I am, nevertheless, voting for it because it does offer something to those in need, and whatever help and assistance is received is better than what the Federal Government heretofore has provided, which has been nothing.

And the passage of this social legislation is a great step forward toward eventual social security, and a definite advance to bring about a Nation-wide program of benefits for the noble aged people of our Nation, dependent or crippled children, the unemployed, and to provide for infant and

maternal welfare, vocational rehabilitation, and public-health services.

The act covers nine different subjects:

- First, old-age pensions.
- Second, old-age insurance.
- Third, unemployment insurance.
- Fourth, dependent children.
- Fifth, infant and maternal welfare.
- Sixth, welfare services for children.
- Seventh, vocational rehabilitation.
- Eighth, care of crippled children.
- Ninth, Federal public-health services.

It makes 9 appropriations and sets up 3 different taxation systems: 1 on employees and 2 on employers.

The appropriations are made to three different agencies:

First. To the Federal Social Security Board: (a) For subsidies to State old-age-pension systems; (b) for subsidies to State plans for dependent children; (c) for aid in the administration of State unemployment-insurance systems; (d) for administrative expenses of the board.

Second. To the United States Department of Labor: (a) For promotion of the health of mothers and children, especially in rural areas; (b) for services to crippled children and the provision of medical, surgical, and corrective care for them; (c) for establishment, extension, and strengthening of public-welfare services in rural areas for children; (d) for extending and strengthening programs for vocational rehabilitation.

Third. To the Surgeon General of the Public Health Service: (a) For the establishment and maintenance of public-health services.

#### BENEFITS SHOULD START AT ONCE

I object to the provision that old-age payments and other payments by the Federal Government and the insurance features are not effective at once.

This old-age benefit to the worthy pioneers of our land should be paid to them starting now. Not a year or more from now after many of them have died. These elders are in need of food, clothing, medical and dental care, and other necessities of life. If the pension payments were started now, in more liberal and adequate amounts however, the wheels of industry would start turning and the income to the farmer would increase and somewhat better times would return.

Of course, other fundamental changes are necessary before permanent social and economic justice comes to the American people.

First of all we have to shake loose of the "money crowd" of Wall Street and international bankers. The money and credit problems must be solved and remedied and not for the interests of the big bankers but for the great mass of common people of the Nation and for our own Federal Government. The evils of usury, high interest rates, must be abolished.

We must have money and credit justice for the American farmer. Legislation such as the Frazier-Lemke bill is necessary. Why should not our Government loan money to the farmers on their farms, the foundation of our country, at low rates of interest and amortization payment? Is not their security, the land, as good as the so-called "gold bonds" of foreign nations to whom we loaned millions at virtually no rate of interest and even then were forced to cancel a good portion of the loan and still not receive payments except from sturdy little Finland?

We need cost of production plus a fair margin of profit for the farmers of the United States. Any other business stops production if there are no profits but the farmers cannot stop producing because if they did there would be a famine. I often wonder when the factory owners and the industrial people will realize that when the farmer prospers then they will prosper.

The Patman bonus bill payment would help the veterans and others as well. They should be paid their adjusted-service certificates. They have earned this money, it is theirs, why should it not be paid to them now when they need it the most for themselves and their families.

These measures would help greatly. A prosperous people have more courage and power to promote economic and social justice than a nation of impoverished people, who dare not protest when food and shelter for their wife and children are at stake.

Virtually all other major countries of the world have adopted social-security legislation years ago. Our country has been one of the last to recognize our obligations to the aged people, the pioneers, the builders, and the people who have created the wealth of our Nation. They, through no fault of theirs, but because of the vicious monopolistic money and credit system, have lost most if not all of their life savings and their property values.

#### PURPOSE AND SCOPE

The need for legislation on the subject of social security has been apparent to the liberal progressive thinkers and leaders of the country for a long time. On every hand the lack of such security is evidenced by human suffering, weakened morale, increased crime, and increased public expenditures.

This situation necessitates two complementary courses of action: We must relieve the existing distress and should devise measures to reduce destitution and dependency in the future.

Thus far in the depression we have merely attempted to relieve existing distress, but the time has come for a more comprehensive and constructive attack on insecurity. Liberal progressives have attempted to waken the old parties to the need for such a program. Some principles of such a program are laid in the present bill.

Work for the employables on relief is contemplated in the work relief bill; a second vital part of the program for security is presented in this bill. The bill is designed to aid the States in taking care of the dependent members of their populations, and to make a beginning in the development of measures which will reduce dependency in the future. It deals with four major subjects: Old-age security, unemployment compensation, security for children, and public health. These subjects are all closely related, all being concerned with major causes of dependency. Together they constitute an important step in what I hope eventually will lead to a well-rounded, unified, long-range program for social security. And that is why I am voting for this bill.

This bill will have to be greatly improved and liberalized in the course of time, as has been the history of all other major new legislation. But it makes a beginning toward economic security which has been long overdue.

This beginning is made along lines which are in accord with our Christian life and charitable traditions. It is not class legislation, but a measure which will benefit the entire public.

From the governmental point of view this bill contemplates a united attack upon economic insecurity by the Federal and State Governments. It does not vest dictatorial powers in any Federal officials.

#### NUMEROUS OBJECTIONS

Having stated my support of this measure I also wish to outline some of my objections which I hope in the future will be corrected.

First. The bill is wholly inadequate and will not bring the full results sought to be obtained.

Second. Many of its provisions cannot be made effective for several years, too long a time to wait for those expecting relief and aid now. And this will be a sad and bitter disappointment to those who have been looking hopefully for aid and relief from the administration.

Third. The Federal payments of \$15 are not nearly sufficient.

Fourth. The age limit of 65 years is too high; it should be not above 60 years.

Fifth. The administration of the law would be discriminatory to people living in States that are bankrupt or nearly so since they would receive no aid or but very little, since Federal payments are based on the cooperation and payment of the States. Therefore, I believe that the Federal Gov-

ernment should stand a much larger portion of the pension payments.

Sixth. The bill is too complicated; would require very large administrative expenditures and would be hampered by too much red tape in its administration.

Seventh. Provision for benefits to crippled children, for public health, maternal and child welfare, dependent children, and vocational rehabilitation are wholly inadequate and more liberal provisions should be made.

#### SUPPORTS TOWNSEND PLAN

To remedy the objections to the old-age sections of this measure I would urge the enactment of the Townsend plan, which I think is worthy of a trial. I have yet to find truthful objections to the plan. It is admitted that it would increase business and industry. The Townsend plan would put out money in the pockets of the people who would spend it. While the administration bill, which demands a 2- to 6-percent tax on all pay rolls for the old-age-insurance and unemployment-insurance features of the measure, will take out of circulation for many years both the share assessed the employee and the employer. This cuts down their purchasing power, reduces demand, and, of course, reduces production. The people have the use and need for the output of factories and the farms, but they have not the money to buy. The Townsend-plan benefits would bring considerable prosperity back to the farmers, laborers, and all the people, because there would be an increased demand for everything.

The Townsend plan provides a decent pension to the people over 60 years of age. The cost of the plan would not be a burden on the Government. There would only be comparatively small appropriations for the simple administration of the act. The new modified Townsend plan provides for a 2-percent tax on inheritances and gifts and a one-tenth increase in all present income taxes in addition to a 2-percent transaction tax. Although this latter tax would cost the employed persons less than what he will be required to pay under the old-age insurance features of the social-security bill, he would receive a much larger pension at 60 years than he would at 65 years under the social-security bill.

#### TAX ON ABILITY TO PAY

However, I would personally wish to see the entire elimination of the transaction tax or, at least, reduced to 1 percent, with food exempted. It would be better to double or more, if necessary, the present income-tax rates on all incomes of more than \$10,000 a year. And is not this fair? Should not taxes be based on the ability to pay? And should not money needed for the people as a whole be received from those who have the greatest portion of it?

I also would greatly raise the rates of tax on gifts and inheritances. Statistics and surveys made by the Government departments and by private research indicate that a large enough sum could be raised by these taxes to pay from \$60 to \$100 or more per month to each person over 60 years old who is not now receiving an adequate income to live according to our accepted American standard.

With the adoption of liberal-adequate social-security program I believe many of us will be able to enjoy a more abundant life, have more time for personal spiritual enrichment, more time for reading and travel, more time for recreation and rest; more time for sociability and comradeship; more time for cultural development, all of which our old people, our fathers and mothers, so much deserve.

It is a pity that this House has not more liberal progressive Members who are more sympathetic to the needs of the great group of our people who would benefit by a more liberal and adequate "social-security act." Perhaps in a later Congress such liberal progressive Congressmen will be here to pass legislation which will create a more abundant life for our great Nation.

Mr. SNYDER. Mr. Speaker, ever since the beginning of recorded history nations have strived to obtain social and economic security.

In studying the history of such nations as the Syrian Empire, the Babylonian Empire, the Roman Empire, the Spanish Empire, and others, we find they were ever and

constantly trying to adjust the social and economic fabric so as to have social and economic security.

Of course, everyone knows that they failed. These nations came upon the stage of time and occupied the spotlight for a space of years, played their part, and then collapsed and broke down, and other nations took the stage as time went on, until now, we, the United States, occupy a large space on the stage.

Just how long we will occupy the stage depends entirely on how well we play our part. If we play our part well and wisely, we may be privileged to stay on the stage in the spotlight a long time, as compared with the time that the other nations stayed on the stage and in the spotlight. It is interesting to know that all the nations that appeared on the stage at some time or another and are now entirely off or else playing a minor role, failed for the same reasons. It is also interesting because the reasons were these very, very simple reasons.

I hear you say, "Why did these nations come and go like the winter's snow?"

Mr. Speaker, they came and went because the individuals who ruled, or attempted to rule them, were fused and dominated with one or more of the elements that always bring chaos or destruction, namely, greed, deceit, jealousy, and dishonesty. For instance, Spain, with her Armada, thought she could get social and economic security through certain practices, including robbery of other nations, looting of resources and funds that did not belong to her, lying and intriguing her fellow men, and other material gestures. The Roman Emperor put to practice the same tactics that Spain used, only shrouded with a greater degree of shrewdness, deceit, and a more clever manipulation of affairs. So it was with others that I might mention.

Mr. Speaker, we all know the sad, sad results of the practices of these nations. Spain, with her Armada, was swept aside like a feather in a summer breeze, and the Roman Empire, with her mighty armies, had sprung up within her own borders, institutions that destroyed her.

My fellow citizens, we need not fear any foe from without our borders. If this great Nation of ours, the United States of America, is ever to suffer a set-back, it will be because of the institutions that spring up within our own borders. Already institutions have sprung up within our borders that have in them the elements of destruction, the elements or germs that if they are not killed will bring about a chaotic condition in our Nation that we will hand down to our children and our children's children.

Mr. Speaker, we can have social security and economic security only when we put heart and soul in our institutions, in our home life, in our school life, and in our church life.

We can meet here year after year and appropriate billions and billions of dollars to set into action our industrial wheels of the Nation and satisfy temporarily the hunger of the millions, but to stabilize our social and economic fabric we must create a set-up whereby all men will have an opportunity to go out into the fields, the mills, the factories, and the mines and earn an honest livelihood. We can never accomplish this until we fully realize and put into practice a procedure that will prevent a few from hoarding the billions of dollars so that the millions do not have enough to hold their bodies and souls together. We cannot have this set-up for social and economic security as long as great utilities and great banking interests step in and take that which does not morally and socially belong to them. We cannot have social and economic security until old men and old women, who have spent the producing period of their lives in hard work, are actually cared for with a proper pension and a comfortable place to live.

Mr. Speaker, a nation that has a large percent of its people on the dole is always a nation that is going in the hole. The longer the nation is on the dole, the deeper the nation goes in the hole. The finer things that are in the make-up of men, those finer elements that you find in the very tingling of the blood and in the very heartbeat, are destroyed when men are put on dole and kept there. We as a Nation must put these men and women back to work in useful and constructive avenues.

Mr. Speaker, every dollar that we spend today in putting men and women back to work, will save our children's children \$2 when they take over the reins of Government that will be handed them. People that are constantly idle are people that are constantly decaying, socially, intellectually, morally, physically, and spiritually. I have been supporting this social-security bill and I am going to vote for it, but it is only the beginning. There is not enough backbone in the bill. There is no place in the bill where I find that the man who is found physically fit by at least two doctors must work if he wants help. That is, he would not be on dole relief if he is physically fit and has a place to work.

Mr. Speaker, until we take a definite stand along this line, we will have all kinds of trouble in keeping our social and economic fabric adjusted. What are you going to do with the men between the ages of 55 and 65 years of age? The mills, the factories, the mines, and the farms will not employ them. The insurance companies will not carry them, and the fraternal societies will not carry them. The set-up has been fixed, nobody knows how, but we know that not 1 man out of 10 between the ages of 55 and 65 can get work any place these days. I would like to find something in this bill that would care for these men between the ages of 55 and 65 who show by records that they are worthy of care.

This bill, as I say, is not all I would like to see—in taking care of children, mothers, and honest men who cannot get work. But thank God, it is a start in the right direction, and it will go down to our glory that this Congress had the sand to create such a measure.

Mr. RICHARDSON. Mr. Speaker, in passing the Social Security Act, the House has approved a tremendously significant and progressive piece of pioneer legislation. No more important bill has been acted upon by this Congress. Since my Membership in this body I have never cast an affirmative vote with more personal satisfaction.

This bill should cause every Member, and especially the Democratic membership, to rejoice, because:

First. It writes into Federal law, and, I believe we can say, for the first time, the principle of economic security.

Second. It is consistent and logical, and not a hopeful leap into the dark, as has been much of our emergency legislation since March 1933. It is a logical step under our economic circumstances.

Third. It is founded on definite Jeffersonian principles and philosophy.

This bill is only a beginning. It is a first recognition by law of the big outstanding fact in our present situation—a definite determination by the American people that from now on there shall be more economic security mixed into this competitive profit system of ours.

The bill is logical because, in my opinion, it places where it should be placed the responsibility for economic security. Government, under the American economic system, cannot be responsible for the support of all its citizens. In an enlightened age, such as we now lay claim to, Government should be responsible for the support of its unemployables—people who cannot work. Taxpayers can be justly required to support these people. But Government has no right to demand taxes for the support of employables—people who are able to work. The economic system must be made to support them. That distinction and responsibility is recognized in this legislation.

I believe this bill has very serious faults. It is an omnibus bill. As usual, the "brain trusters" are attempting to "bite off more than they can chew." I think it would have been far better not to include all of the dealt-with subjects in one piece of legislation. I believe the combined titles III and IX to be unconstitutional. Parts of this bill have a strong Fascist flavor. But time will take care of all that.

The big accomplishment, for which we should get down on our knees and give thanks, is that at least a beginning has been made toward national recognition by law of the problem of economic security for all of our citizens. In spite of criticism and lamentation, it would seem that

America is still making progress toward a firmer and broader security for her people.

Mr. BOLTON. Mr. Speaker, the House has given consideration to H. R. 7260, the so-called "social-security bill", for over a week. Much has been said during the discussion of the bill, both as to its merits and demerits. Much has been made of proposals for various phases of the measure which were believed to better accomplish the desired results than those indicated in the bill, and criticism has been directed to certain portions of the bill which were not believed necessary or desirable at this time. Many excellent presentations have been made. Yet after careful consideration of all that has been said there remain grave doubts as to the desirability of enactment of the legislation in its entirety, with all its implications and ramifications at this time. The multiplicity of subjects, dealt with under separate titles, and the vast expense involved makes the measure the more difficult of comprehension and interpretation, not only for the Members of the House but the members of the Ways and Means Committee themselves, who have worked so diligently on the measure since Congress convened and who by no means seemed to be in agreement in all the various phases of social security proposed.

The Democratic chairman of the committee presenting the bill has admitted the measure is far from perfection, and will need changing from time to time. The bill attempts to represent the views of many interested in various phases of our social life. The bill deals with many subjects coming under the general definition of social security. It is to be greatly regretted that a measure of so much importance and one that will so greatly affect our national life combines so many subjects, all admittedly related to social security but all differing greatly in their application and consequence.

The purpose of old-age pensions which is dealt with under title I, few can question. The basic principle that the primary responsibility for this type of assistance to the aged rests with the States as outlined in the bill is correct, and the desirability of Federal assistance in these times is recognized. However, the qualifications for aid are much lower in the proposed measure than those called for in my own State's (Ohio) old-age-pension law, one of the most modern in the country. Ohio's requirement permits only those to qualify for old-age pensions who have resided continuously for 15 years in the State prior to reaching the age of 65 years. Under the proposed measure, 5 years during the 9 years immediately preceding application for old-age assistance is the limit of condition of eligibility, and any State plan which imposes a greater requirement shall not be considered as eligible for Federal assistance. It will, therefore, be necessary for Ohio to materially reduce its resident requirement before it can qualify for Federal assistance and such reduction would mean a distinct lowering of its high standards.

Similarly, there can be no quarrel with the purposes outlined in the bill under titles IV, V, and VI of assistance to States in services related to dependent children, maternity, and child welfare, crippled children, and vocational rehabilitation, as well as the investigatory work of the Public Health Service. The various proposals in the bill are offered as incentives to the States to practice these worthy activities.

Unemployment relief is another but newer phase of social security, but believed desirable, where possible, to meet the fear and despair of unemployment on the part of those to whom, through no fault of their own, opportunity to work is denied in times of economic depression. Again this form of relief is primarily the function of the citizens of the States as is intended in the proposed bill. Here, however, under title III we find no suggestion as to employer and employee sharing the burden of this relief, as is customary in other nations of the world, and as would appear fair on the part of those primarily to be benefited. The entire tax is placed upon the employer.

In the section of the bill, however, dealing with old-age annuities, payable wholly without regard to need, we find a proposal of the Federal Government to enter a field of social

security heretofore dealt with exclusively by private initiative and through voluntary action. Under the proposed measure this form of security is compulsory. It is really compulsory thrift, and while the method proposed is suggested to eventually offset or supersede the burden of old-age pensions, its efficacy at this time and the manner in which it is to be accomplished are gravely questioned.

A study of unemployment insurance in its application in other countries leads to the conclusion that it is impossible to measure on an actuarial basis the net amount of relief afforded, as between taxes levied and benefits granted, in any plan of so broad a nature as that proposed.

The result is, as proposed in the bill, the levying of two new and additional types of Federal taxes, two pay-roll taxes on employers—which, as it relates to unemployment insurance, is referred to in the committee report as a tax imposed on each employer for the privilege of having individuals in his employ—and an income tax on certain classes of employees of low incomes.

These taxes are for the purpose of financing the social security provisions of the bill, particularly those dealing with old-age annuities and unemployment insurance, and must be supplemented by other taxes sufficient to take care of the deficits in the annuity fund under title II from the date these annuities become effective until 1970, when it is estimated the fund will for the first time become self-supporting on the basis of taxes on employers and employees and the contributions of the Government at the outset. They are in addition to the increase in taxes which may be expected to meet our rapidly increasing cost of Government as practiced today.

These taxes are very much akin to sales taxes, or taxes on production, subject to pyramiding. Take, for instance, the many parts of an automobile made of steel, the products of one of our basic industries. Taxes as proposed will be levied on both employer and employee operating ore mines, coal mines, coke plants, stone quarries, vessels used in transportation, blast furnaces, steel plants, rolling mills, machine shops, and the various processes from which the finished parts are the result, and will be applicable to each of these various processes. These various pay-roll taxes must all enter into the cost of the finished products in addition to existing cost of materials and labor and the various elements that go to make up the whole.

The result must inevitably follow of increased prices in all industrial products. The question naturally arises, whether the consumer can accept these higher costs and whether industry in its present uncertain state can meet this additional burden, particularly in competition with foreign trade, both at home and abroad.

The bill permits industry to offset a State tax levied for unemployment insurance against the tax due the Federal Government to the extent of 90 percent. Not so with old-age benefits, where no credit is allowed for contributions into voluntary company-employee benefit funds. The natural result will be the discontinuance of voluntary funds because of the double expense involved, and much confusion and hardship may result from this, particularly where benefits paid under these voluntary agreements are greater than those proposed. These voluntary contributions to benefit funds, conducted under regulations satisfactory to the proposed Security Board should be permitted to be credited against Federal tax, the same as is proposed in the case of compulsory benefits, and permitted to be continued.

Attention has been directed to the fact that although the rural population of our country is estimated at 40 percent, neither benefits nor taxes are imposed upon our agricultural population. Yet it must be conceded that the taxes as proposed will eventually be paid by the consumers of this country through increased prices, and from this we can deduct the fact that our rural population will be paying 40 percent of the taxes without the opportunity of direct benefits.

This brief synopsis of the proposals of the bill will indicate the magnitude of the measure which is suggested in times of economic distress, and when ways and means to meet our unemployment problems are paramount. The question naturally arises whether the proposed benefits to be received

from the enactment of this legislation and the successful operation of this measure in the years to come are not too drastic at this time. The tremendous burden placed upon both employer and employee through the tremendous taxes necessary are estimated, according to the report of the committee, at approximately \$228,000,000, effective January 1, 1936; \$1,059,000,000, effective January 1, 1937; and increasing to \$2,734,000,000 as of January 1, 1950.

The administration has through its advisory committees given time and study to this whole program and, it is understood, has recommended the complete adoption of it, together with the tremendous tax program involved. From this it may be assumed the imposition of this tremendous tax burden levied against industry and those of low incomes, who are today struggling against the depression, is with the sanction of the administration for the purpose of establishing a system from which will come benefits only in years in the future.

Yet there are two features of the bill affecting the very fundamentals of our Government and our Nation's future which seem to transcend the benefits of the proposed legislation, and which should be eliminated at this time or else properly corrected before enactment into law.

The Constitution reserves to the States or the people all powers not specifically delegated to the Federal Government. The Constitution gives Congress power to levy and collect taxes, duties, imposts, and excises to pay the debts and provide for the common defense and general welfare of the United States. The purposes of taxation therefore are general, and the right of the Federal Government to tax a specified group of citizens for the purpose of establishing an old-age-annuity fund for a specified and qualified group, is seriously questioned.

The measure before the House is primarily one dealing with social security and providing for the general welfare by establishing various systems of benefits, but is not revenue-raising legislation. Included in it we find provisions attempting to use revenue for the purpose of old-age-annuity benefits to be conferred upon certain groups of citizens and under a compulsory method.

The power to tax a certain class of wage earners but not all, and the proposal to grant benefits on the basis of this tax for a specified group—the same as the specified class of wage earners to be taxed—and payable wholly regardless of the need of the recipient, does not appear to be in accordance with the powers conferred upon the Federal Government. Surely such a proposal does not seem to be in conformity with the intent of the basic law in this country, and just as surely Congress should not enact a measure or in this case part of a measure, which has been stated to be the very heart of the old-age-assistance portion of the bill, without being very certain of its effectiveness as well as its legality.

The measures proposed are not depression or emergency measures but are to be permanent. They are to be effective in times of economic prosperity as well as in times of depression. The purpose of setting up an old-age-annuity reserve through the taxation method proposed in title VIII of the bill is to prevent that group so taxed from eventually requiring old-age pensions as a national necessity. The courts, however, have drawn the line at helping the afflicted class merely because that class was in danger of becoming public charges. In the case of *St. Paul Trust & Savings Bank v. American Clearing Co.* (291 Fed. 212 (1923)), the Court said:

Always the fundamental principle has been recognized that the power of taxation can only be used in aid of a public object, that is, an object which is within the purpose for which governments are established; and such power cannot be exercised in aid of enterprises strictly private, for the benefit of individuals, though in some remote or incidental or collateral way the local public may be benefited thereby.

Further, the Ohio statute authorizing taxation to pay blind persons a certain sum per year was held invalid because not confined to blind persons in need of assistance and so a private purpose. The Court stated:

If the power of the legislature to confer an annuity upon any class of needy citizens is admitted upon the ground that its tendency will be to prevent them from becoming a public charge,

then innumerable classes may clamor for similar bounties, and, if not upon equally meritorious ground, still on ground that is valid in point of law; and it is doubted that any line could be drawn short of an equal distribution of property.

*Auditor of Lucas County v. State of Ohio* (75 O. S. 114 (1906)).

State governments whose powers are unlimited except for the specific limitations in their constitutions have always taken upon themselves the care of their own poor and indigent peoples. Under our theory of constitutional government it is conceivable that this duty should be exclusively that of the State governments. Unless we are to become a nationalized government rather than a union of States, it must always be within the province of the States primarily to take care of individuals. If we are to remain a union of independent sovereignties we must follow the constitutional theory of taxation set up by John Marshall, Chief Justice of the United States Supreme Court, when he said in *Gibbons v. Ogden* (9 Wheat. R. 1, 199):

This—

The power to tax—

does not interfere with the power of the States to tax for the support of their own governments; nor is the exercise of that power by the States an exercise of any portion of the power that is granted to the United States. In imposing taxes for State purposes, they are not doing what Congress is empowered to do. Congress is not empowered to tax for those purposes which are within the exclusive province of the States.

Another serious objection to the proposed measure is the stamp of approval given to continuing a Federal debt of at least \$33,000,000,000 to meet the amount estimated as necessary in the compulsory annuity reserve fund, as called for under title II. The bill provides that this fund must be invested in Government-guaranteed obligations, yielding at least 3 percent, which places a burden of about \$1,000,000,000 per annum on the Federal Treasury in interest charges. Such a requirement has a definite harmful effect on the credit of our Nation.

This proposal would bring about a new method of financing future Government obligations—not through the citizens of the country as heretofore but through a constantly increasing fund which the Government holds as trustee for a certain group of its citizens. To have the Government, in its capacity as trustee of funds belonging to a specified group of its citizens, invest those funds in its own obligations is a practice contrary to sound fiduciaryship, a practice detrimental to the credit of the country, and manifestly improper from the standpoint of those citizens who contribute to the fund.

Today our immediate and greatest problem is to reestablish opportunity for employment whereby the many millions out of work may have a chance of gainful occupation. Corollary to that is the need of caring for those unfortunates who have neither the means of support nor the physical requirement of employment.

Would it not be wiser to accept so much of the proposed program as will help meet our present problem and adopt the balance from time to time as the economic improvement throughout the country permits and as it can be developed upon a sound basis, the result of more than comparatively hasty consideration? Through such a policy, confidence in our future and in our Government, among employee and employer alike, might be restored and the solution of our unemployment problems hastened.

Although much in sympathy with many portions of the bill providing assistance for the aged and the unemployed, as well as aid for dependent children, maternal and child-health services, and general public-health activities, the bill as at present proposed has defects which appear more than sufficient to offset the benefits desired. It is to be hoped the questionable features of the measure will be corrected or eliminated in its consideration in the Senate. It is believed most unwise to have the measure as now proposed enacted into law, since in a subject of such serious import it is highly desirable that such defects as are possible be cor-

rected before adoption rather than subsequent attempts to remedy a measure of such magnitude.

Some social-insurance plan national in scope is desirable for our country. The bill under consideration attempts a start. But in its enactment full thought must be given to all its implications; every effort should be made to make it workable; the experience of past practices, both at home and abroad, should be carefully weighed; and the weak points of the present proposal strengthened and corrected as revealed. Criticism should be welcomed as an effort to strengthen rather than an attempt to destroy.

In my judgment, we cannot afford to forget the future in legislating on the problems of the day. That would only bring a recurrence of our present ills in a greater degree. If this country is to survive and prosper, in working out the solution of our problems we must build on solid ground for the future.

Mr. LUNDEEN. Mr. Speaker, we have presented to this House the first complete program for social insurance ever introduced in the House of Representatives. H. R. 7598, in the Seventy-third Congress, introduced February 2, 1934, and H. R. 2827, introduced January 3, 1935, are based on fundamental principles which will endure. These principles must be incorporated into our statute books if we are to have permanent, adequate, successful social security.

In this crisis it is of supreme importance to take care of our millions of unemployed now—today; not in the dim, distant future. In this crisis we must take care of our aged at once, now, and not some day in the future, when most of them are dead and gone.

The Lundeen workers' bill, H. R. 2827, provides immediate unemployment insurance and old-age compensation, whereas the administration bill does absolutely nothing for the 15,000,000 now unemployed, and proposes in vague terms to do something, sometime, perhaps, for those now employed when they become unemployed, if and when certain rules and regulations are passed by other political subdivisions, such as the States, and everyone in this House knows that most of the State legislatures have already adjourned and will remain adjourned for 2 years unless called in special session.

ADMINISTRATION BILL MAY BE DECLARED UNCONSTITUTIONAL

We know that there can be no question of constitutionality involved in the Lundeen bill, H. R. 2827, because funds are derived from the National Treasury and expended for the general welfare, and such expenditure cannot be successfully attacked in the courts.

The administration bill will be attacked in courts because it provides for a levy upon pay rolls and interferes in individual, corporate, and State affairs. The compulsion and pressure involved make the constitutionality of the bill difficult to uphold. This bill reminds me of the old party political platforms drawn up merely for election purposes, and to be forgotten as soon as the party is in power—full of glittering generalities and rainbow promises, never to be fulfilled.

THE POWER OF LABOR

I am not here to say that a national labor party would be a perfect party, and I do not contend that their leaders would be perfect leaders, but I do maintain that the parties in power have grown old and corrupt and that we need a new political alinement in this country based upon labor organizations and upon farm organizations, and organizations affiliated with them, and furnishing a refuge for the little bankrupt business man and professional man, shop and desk worker. These elements have common interests with the great farm element and the great labor element, and their combined voting power constitutes more than 90 percent of all of the people in these United States. Some day, and in the not distant future, this mighty power that we call "labor" will arise and take power at the polls in a legal, orderly fashion and elect its Congress, House and Senate, and place in the White House a man loyal to the labor program, backed by labor, farm, and affiliated organizations, so powerful that no Congress or President will dare to side-

step or evade the platform once they are elected. That has been the history of other nations, and that will be the history of our Nation. It is only a matter of time.

#### FALSE LEADERS

The same false leaders who forced America, through propaganda and ill-considered action, into this terrible crisis and panic are now arising here and there to cure the ills they caused. These self-constituted prophets will never cure our ills. These European-minded individuals, these propaganda-controlled, so-called "statesmen", are unequal to the task that confronts America today.

#### PROBLEMS WILL BE SOLVED BY UNITED FARMER-LABOR ACTION

No great social problem was ever solved except in the home, at the fireside, on the farm, and in the factory by the workers, the farmers, the toilers themselves. They have solved every great problem in this country and sent forth from their own ranks men who put into performance the ideas that emanated from their hearts and minds. And so it will be today. The collective thoughts of labor and farmers, thoroughly revised and unified and agreed upon in conference and convention, must be written into the statute books of this country in order that this may be truly a Government of, by, and for the people.

We are told that this is a democracy. What is a democracy? It is a government by the majority, and the majority of the people are farmers and workingmen—the workers, the toilers. When they have suffered long enough and have endured to the breaking point, they will set up their own party, and great labor organizations will be glad to join in this movement. Great farm organizations will step into line with the desires of these millions who no longer can endure the misery heaped upon them by old parties—the terror, privations, and poverty of panics and war miseries.

#### RECORD OF BROKEN PROMISES

Time and time again the old parties promised us farm relief, promised us various farm measures. Year after year, in convention, they solemnly wrote in these various planks with a smug smile, and after election, when victory was theirs, they pretended not to know anything about these promises. They were astonished if anyone mentioned these promises, and seemed somewhat put out if we troubled them in recollection of pledges made.

Plank after plank was carefully drawn, revised, revamped, rewritten to meet the united demand of farmers and labor voiced upon the platforms of great convention halls, blared from the radio, and headlined in the press, and that was the last we ever heard of them. That Tuesday in November was the burial of all these promises and golden hopes.

Now, then, how can we have platforms written and planks written that will be enacted into law that will keep faith with the people? This can only be done by backing up these planks and platforms and candidates elected by powerful organizations with millions of members, powerful and invincible, to watch over the Congress of the United States. Not an invisible government such as we have seen through so much of our history, with an invisible hand at the helm of the Ship of State; but a strong, powerful, visible government from the mass of the people and the rank and file of the people. From now on we must have government from the grass roots up, and not from the gilded turrets downward. We are neglecting the foundations of the structure of government and gilding our turrets, while our foundation stones crumble.

#### A NATIONAL LABOR PARTY IN 1936

We must become thoroughly committed to a labor government in these United States. We must build a great labor party in America. We must write a platform agreed upon after fair debate by representatives of the majority of the people. We must carry out those party pledges and promises; 1936 is not too soon to put a national ticket in the field; and I hope that labor will put a ticket in the field in every State in the Union in 1936, local, State, and national. I hope that labor will see the futility of flirting with the old parties and gain sincere cooperation with all affiliated elements to the end that we may shake off the terrors of this crisis and

liberate our people from the pall of misery, poverty, and destitution. Then we can survey and plan intelligently—national planning—to bring about production for use of the great resources of this country which are abundant enough to bring happiness to every home and fireside in this great land of ours.

#### NO HOPE IN OLD PARTIES

The performance I have seen here on this floor renews my conviction that there is no hope in the old parties. We see men who debate in two-fisted fashion against these frauds upon our people, now being passed by this House, finally succumb to the wiles of the opposition. They join the chariots of today, enthralled and enslaved and hopeful for reelection.

We need, above all things, today courageous, red-blooded fighting men who are unafraid to take a forward step. There must be a united front of all farm and labor elements, irrespective of parties, and a joining of all parties who have similar views upon a common platform upon which all can agree, and there must be an end to all the wrangling and jealousy and quarrels between numerous new organizations which have sprung up in America in the last decade or two.

Common sense must rule this labor party. It must have its feet on earth and not float off into the clouds of unrealities and impossible theories. It must be sound to the core. It must be an American party. It must place American interests first. It must write its platform thoroughly and convincingly, and it must be written in terms that are understood by the man who walks behind the plow and toils in industry.

#### MILLIONS OF VETERANS OF ALL WARS ARE WITH US

In this new party, I vision the marching columns of millions of veterans of all wars who are being thrust aside and betrayed in our legislative halls. First it is this bill and then it is that, compromises and trades are made, and bills are shuffled back and forth from House to Senate and Senate to House, and awaiting possible vetoes; and meanwhile the legislative mill grinds on to its adjournment without beneficial action taken for the veterans of our country.

#### SPANISH-AMERICAN WAR VETERANS

Vision these Spanish-American War veterans thrown out of hospitals, cut off from their pensions, left in old age to contend with poverty and misery and the poorhouse, and yet they gained for these United States more than \$10,000,000,000 in land values which have earned more than \$20,000,000,000 since their acquisition, and the Spanish-American War cost the Government but a trifle over \$1,000,000,000. Through their efforts, Uncle Sam now has \$30 to \$1 on his investment, but the valiant men of '98—the finest volunteer army that ever marched—are left to starve on the streets and on the roadways of this abundant land.

I have introduced a bill, H. R. 1404, to place the Spanish War men on an equal basis with the men of the Civil War. That valiant army has almost disappeared over the horizon, and the men of the Spanish-American War are rapidly disappearing into the same distant land.

#### MEN OF THE WORLD WAR

Then the Economy Act slashed into the men of the World War who were told that they saved not only America, not only the land of Washington and Lincoln, but were told that they saved the world, and yet these men who saved the world are denied jobs, denied their pensions and compensations, cut off the rolls, and told that they deserve no more consideration than the men who remained at home safe and sound at the fireside drawing huge salaries during the war.

Vision these men of all wars joining with a great labor party, uniting their power and strength in political action with the ranks of labor and the lengthening columns of farmers in this great national labor party whose united front would include all elements who think along labor lines.

#### ADMINISTRATION BILL A CAMOUFLAGE

There is nothing in the administration security bill but an empty shell, a vision, hope, a mirage and camouflage, and that is all. I ask you what benefit will you get in 1935 and what benefit will you receive in 1936 from this bill? You have no guaranty that in 1937-38 the meager, pitifully and

utterly inadequate provisions of this bill will be carried out since a new Congress will be in power, and many leaders of another political party announce that they are against any such program and are opposed to any provisions, so that even the pitifully and utterly inadequate provisions may be stricken in 1937-38.

#### REMEDY IS A NATIONAL LABOR PARTY

What is the remedy then? The remedy is a national labor party which will write upon the statute books of this country genuine and adequate social insurance, unemployment, old-age, maternity, and other social insurance, and put that insurance into effect now and not later on, in the dim, distant future; a labor party which has the courage to levy upon the great fortunes, individual and corporate, gifts and inheritances, the rates levied upon the great fortunes of the British Empire. Many of our so-called "leading citizens" have urged us to follow the British Empire in the years gone by, but now that the British Empire takes a forward step in taxation, they are horrified when gentlemen from the ranks of labor suggest that we follow Britain's lead in income- and inheritance-tax rates.

#### COMES THE MOMENT TO DECIDE

Ladies and gentlemen of this House, you will have to make your decision, and in the not distant future, whether you will stand with labor or stand against labor; whether you will stand with the farmer or whether you will fight his interests; whether you will fight to protect the bankrupt little business, professional, shop and store worker, or whether you will side with and further heap up profits for great banking institutions and international bankers. You will have to make that decision, and in the not distant future; and those who cannot and will not decide, may soon find that a day has come upon us when it is too late to make decision, for the columns have swept by, and the army has marched on to fields of victory in government and social security for all its people.

Mr. GUYER. Mr. Speaker, the rapid advance and use of labor-saving machinery, the depression, and the onward march of humanitarianism have rendered old-age pensions not only inevitable but immediately mandatory.

In the past century there has been more material progress than in all the preceding centuries of the annals of mankind. Along with this unexampled progress has come the almost miraculous development of labor-saving machinery. A century ago one man might make 400 brick in a day. Today one man with a machine can make 400,000 brick in a day. A century ago men reaped their wheat with what was known as a "cradle." If all the wheat raised in the United States last year had been harvested in this manner, it would have required 6,000,000 men to do the job. Four thousand men with combines could have reaped and threshed all our production of wheat in any crop year in 10 days.

The energy of our machines is paralyzing. Four huge turbines possess the energy to do the task of 36,000,000 workers in the United States. A half pound of soft coal can do the work that it takes one man 8 hours to accomplish. One man and a machine can produce or rather process 30,000 barrels of flour in a day. A century ago he could grind out 1 barrel in a day. If we were in 1929 at the peak of production, with present machines, there would still be 5,000,000 idle. Out of this startling situation has been born the imperative necessity of old-age pensions and security against unemployment.

While there are very many things in this bill that do not please me nor meet my idea of an adequate law, I, like a large minority of the House, feel that, weak and inadequate as it is, it at least serves as a start in the right direction and that it may be amended from time to time as experience must surely vindicate those of us who sought to increase the allowance for old-age pensions. It is entirely too much like a pauper's dole. But experiences may teach us wisdom so that this paltry and uncertain allowance can be rendered both certain and adequate.

There was, I believe, a mistake made in trying to combine in one bill too many different objectives. All were very worthy aspirations but in combining such a multitude of subjects all were weakened and probably none will be a success. We have tried to build Rome in a day, and the result is apt to be disappointment to the real friends of old-age pensions as well as to the adherents of the other worthy undertakings embraced in this bill.

I wish that I might give this measure my whole-hearted approval for I have always favored such pensions since the menace of unemployment and age prevented many who had spent a lifetime at hard work from gaining a decent competence. I voted for the increases provided in amendments to that effect but they were defeated by the policy of the administration to limit the amount to be provided by the United States Government to \$15 per month, which is pitifully inadequate at this time particularly. But since it was a futile effort I give it my vote rather than to deny the aged some hope at least.

It is my idea that just at this time when the country is submerged in the depths of the depression, with the unemployed continuously increasing in spite of all the prodigality of spending, we should in this unprecedented spending use some of it for the aged who are the most acute sufferers in this tragedy of poverty in which the aged and indigent now find themselves.

But since the ruling majority has beaten down all amendments which would make this a real measure of relief at this most critical time, I am willing to let them take the responsibility for its inadequacy, and accept even this pitiful makeshift rather than deny all assistance to the aged.

## SOCIAL SECURITY ACT

Mr. DITTER. Mr. Speaker, I ask unanimous consent to extend my own remarks.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. DITTER. Mr. Speaker, the problem of social and economic insecurity is one of the most difficult with which the Nation is faced today. We have experienced as a result of the depression wide-spread distress with attendant griefs and heartaches. Unfortunately the efforts of the present administration have not as yet provided any improvement of a permanent character. Experiments and extravagance have been disappointing and discomfoting. Inconsistency, uncertainties, and contradiction, characteristics of many of the policies, have tended to intensify rather than diminish the fears of future insecurity. On all sides we hear expressions of doubt, anxiety, misgiving, trepidation, and apprehension as to the outcome of the voyage on which we have embarked in the last few years. From all parts of the country there comes a plea for the relief of present suffering, a demand for some assurance of certainty of action and stability of policy, as well as a cry for protection against recurrence of disasters in the future.

Political opportunists have used the occasion to advance their own fortunes by advocating all manner of remedies, oplates, and balms as cure-alls for our ills. Demagoggs have denounced our institutions, our methods, our systems, and our leaders, in their efforts to excite passion and arouse prejudice. Unsound and unworkable schemes as well as strange and ridiculous nostrums have been held out as the only remedy for society. Guaranteed incomes, distributed wealth, assured employment have provided the texts of the economic gospel messages expounded by artful preachers as the hope for an early utopian salvation. The platform, the radio, the press have been utilized to advance the cause of these pseudo benefactors of mankind. Propagandists, promoters, and proclaimers have painted pictures of the alleged ease, contentment, and security possible for their followers.

These conditions naturally have accelerated the demand for some type of new social legislation. Placing the "security of the men, women, and children of the Nation" as a first objective is a commendable program. It is as old as the institutions of our country. It has always been an objective of our Government. It is the soul of our democracy. It has always been the objective of those who have insisted upon the worth of spiritual values. It encouraged our colonial ancestors to declare their independence. It inspired our forefathers to give to the world the finest example of constitutional representative democracy. It developed the determination of our pioneers in their conquest of a continent. It consecrated the endeavors of an emancipator in the breaking of the shackles of human slavery. It challenged the ingenuity of our investors in the harnessing of the forces of nature. It enlisted the services of our patriots in the defense of our rights as a Nation. The security of the men, women, and children of the Nation has been the altar at which every patriotic sacrifice has been offered, the altar at which every patriotic dedication has been made, the altar at which every ennobling patriotic inspiration has been received. We may therefore conclude that a program for security does not involve a radical departure from time-honored principles, even though in the course to be pursued we may introduce some modifications adaptable to changed conditions of our national life.

I believe that we should accept a reasonable responsibility for the aged and that we should advocate a system to bring all possible economic security to the worker, but that in so doing we should adhere to the limitations of constitutional authority and power; and may I add, Mr. Chairman, it is my conviction that the desired benefits of assistance to the aged and to the worker can be secured within the framework of our Constitution, that we need not transgress its provisions nor seek to evade its requirements. And still further, may I emphatically declare my conviction that we need not become a socialistic state in order to recognize a larger degree of social responsibility to the unfortunate. Rather am I persuaded that the recognition of this responsibility by the civic and industrial leaders will help to protect our traditional American institutions of freedom and personal liberty by the correlation of the needed economic security. I believe, Mr. Speaker, that it is our duty to transmit as heritages to our children the blessings of liberty and the glory of national achievements, as well as to provide the requisite aid to the aged and to give security to the worker. Let us be mindful of the fact that security for the individual, whether worker or aged, will be a mockery and a sham if in the attainment thereof we barter away our constitutional rights or evade our constitutional duties and allot to our people the role of puppets of a socialistic state. The protection of private enterprise with the necessary adjunct of a reasonable profit and the preservation of personal liberties circumscribed only by the rights and welfare of others is a solemn obligation laid upon us by a constitutional oath. Private enterprise, I believe, is willing to do its part. It should be given an opportunity to assume its share of the burden without the visitation upon it of punitive and destructive requirements at a time when it is exerting every effort to maintain itself.

The bill, presently before the House, known as the "Social Security Act" is meritorious in many respects. It is regrettable that the sponsors of the measure insist upon a composite piece of legislation embracing several distinct features rather than separating it into at least two major bills. In this respect it resembles much of the legislation urged by the present administration. Of course, the purpose of this course is apparent. Proposals which might otherwise be rejected even by the members of the majority must be reluctantly accepted in order to secure the benefits of the desirable features of a proposed enactment.

The bill is divided into nine titles, all of which, however, must be voted upon as a whole. It is fair to assume that the same influence which has wielded such tremendous power on the members of the majority party will again assert itself, making separation impossible. The bill, as a whole, is based on the theory of "grants-in-aid to the States", by which is meant that funds are to be disbursed for the States upon the fulfillment of certain conditions by such recipients. Titles I, IV, V, and VI provide for grants to the States for old-age assistance, for the care of dependent children, for maternal and child welfare, and for public health. Agencies for these purposes are already operative in a number of States.

Titles III and IX relate to unemployment insurance and for the contribution of taxes to create a fund for this purpose. Aid is extended to States to encourage them to establish approved systems of unemployment.

Titles II and VIII are the objectionable features of the bill and have no place whatever in this measure. They provide for a distinct departure from established policies and should be stricken from the bill. They provide for compulsory old-age annuities and prescribe the method by which the money is to be raised to pay these annuities. It is doubtful whether they will stand the test of constitutionality. Certainly they are of such a character as to invite serious question. It is difficult to find any constitutional provision by which the Federal Government is authorized to impose a system of compulsory old-age benefits upon private industry. Aside from the question of constitutionality, the contributions required of both employer and employee by this provision places a burden difficult or impossible under present conditions for either to stand. We are all anxious

for recovery. Everything possible should be done to accelerate a return to normal conditions. Private business enterprises should be encouraged to launch out. Reemployment of wage earners in private fields of endeavor is essential to recovery. Those employed today are required in most instances to help shoulder the economic burden of a less fortunate relative. There is no justification for insisting that this feature of the bill be retained. It is retardation which means further insecurity. Recovery is a prerequisite for security. Again, Mr. Speaker, I protest against the practice of forcing upon the House composite bills carrying subjects which should be considered and acted upon separately.

The subject of old-age assistance has long been disputed and remains today to some extent controversial. I prefer to cast my lot with those who believe that a larger degree of responsibility rests upon society today for the dependent aged people in our communities than existed in the past. Medicine, hygiene, and improved living conditions have contributed to prolonging life. The development of machinery and its extended and ever-widening field of operation tend to place upon the discard list at an earlier age the skilled as well as the unskilled workman. The insecurity of those past middle age engaged in industry is alarming. Naturally these conditions are intensified as a result of our present unemployment problem. The obligation of the State to provide assistance to the dependent aged has long been recognized, dating back to the days of Queen Elizabeth. The harmful effects of pauperizing the individual should not be overlooked, and while institutional care will always be needed for the aged who may by reason of infirmity or illness be helpless or require care, nevertheless, in many instances a sense of self-respect and dignity can be maintained under old-age assistance funds which would not be possible when an almshouse invitation was extended.

The provision for the establishment of a system of unemployment insurance is desirable and no doubt will be generally supported. It is unfortunate that a plan of this kind was not established years ago. In some industries and in some States unemployment-insurance funds are in existence. Whether it should be forced upon industry and labor at this time is doubtful. The distress incident to unemployment is felt most intensely by the unemployed and their immediate dependents. But it must be recognized that a large part of the burden of wide-spread unemployment rests also on the general public. Taxes are levied for unemployment relief, contributions are made to agencies ministering to those in distress, and in many other ways the disastrous effects of a major business collapse and the resultant failure of the wage earners to secure a livelihood is felt by the citizens as a whole. Sound measures which give promise of aiding society in solving, at least to some extent, this difficult problem should commend themselves to all thinking people. Such measures aid not only the individual directly affected, but their benefits reach out into all walks of life and into all avenues of industry and business. They are individualistic and also cooperative in their results. They provide a means for cooperation between employer and employee for the benefit of all society and for the advancement of the general welfare.

There can be no present benefit expected from this legislation insofar as unemployment is concerned. In this respect, Mr. Speaker, I fear it will be a distinct disappointment. We should not hold out to the unfortunate and those in distress that this legislation will alleviate their present ills. It will not. To this extent it is a sham, a mockery. As has been well said, "They ask for bread and we give them a stone." The present difficulties should challenge the best efforts of the administration to adopt a sound, workable, and economical national program and discard the theories, experiments, and fallacies which have proved so costly and futile.

I am compelled, Mr. Speaker, to repeat the warning which I have heretofore expressed. This problem of economic insecurity and social instability will not be solved simply by the enactment of legislation creating unemployment-insurance schemes or providing old-age-assistance

funds. We cannot hope to give the people a sense of security by glib legislative phrases or by idealistic executive pronouncements, or by the compilation of actuarial statistics. We cannot provide a sense of security by programs for the destruction of wealth and artificially creating scarcity. We cannot assure to the people a sense of security by measures threatening their investments of life savings. We will fail to give a sense of security to our people if a policy of foreign trade is pursued which tends to destroy the operation of the fields of raw material and threatens the closing of mills and factories. These are all vital elements for security.

Finally, Mr. Speaker, I contend that we should translate idealism into realism, that we should be practical and not visionary, that a policy should be pursued of consistency embracing all features of our complex modern life in our endeavor to conquer insecurity.