

# ECONOMIC SECURITY ACT

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WEDNESDAY, FEBRUARY 13, 1935

UNITED STATES SENATE,  
COMMITTEE ON FINANCE,  
*Washington, D. C.*

The committee met, pursuant to adjournment, at 10 a. m., in the Finance Committee room, Senate Office Building, Senator Pat Harrison (chairman) presiding.

The CHAIRMAN. Mr. Morrow.

STATEMENT OF L. C. MORROW, OF THE McGRAW-HILL PUBLISHING CO., EDITOR OF FACTORY MANAGEMENT AND MAINTENANCE, REPRESENTING THE NATIONAL PUBLISHERS' ASSOCIATION

The CHAIRMAN. You represent the Associated Business Papers, Inc. ?

Mr. MORROW. I represent the publishing division of the National Publishers' Association. I have a rather carefully prepared brief, Mr. Chairman, which I would like to submit for the record.

The CHAIRMAN. You may submit the brief and then you may call attention to any particular feature that you care to.

Mr. MORROW. I would like to summarize the brief for the benefit of the committee.

The CHAIRMAN. All right.

Mr. MORROW. The business press has a very large proportion of pay roll to total expenditures, and according to figures that I have compiled representing the income and expenses for 84 business publications during the year 1934 the imposition of a 3-percent tax on pay rolls would have been the equivalent of a X-percent tax on net profits. The imposition of a h-percent tax would have meant the equivalent of a 35-percent tax on net profits, and in the same way the 5-percent pay-roll tax would have meant a Q-percent tax on net profits. The business publishers therefore feel that such a step as proposed in the Social Security Act should be taken gradually.

It is in sympathy with the aims and objectives of the act. It feels, however, that the minor proposals in the bill should be segregated, leaving for individual bills the matters of old-age pensions and unemployment compensation.

I thought that the business press should also be able to give, to some extent, the reactions of industry at a hearing like this and so my associates and I have asked industry for their opinions. We have replies, by means of telegraph and letter, from the representatives of 24 Industries. Those I summarize in this way: That industry, as a whole, is favorable toward the aims of social security and believes

that some such legislation must be in effect some day. It is fearful of the effect of the immediate passage of all of the provisions of the act upon recovery. It feels that recovery has begun, that it is necessary to regain the confidence that has been engendered and that any sudden imposition of a pay-roll tax up to 5 percent: which is proposed by the bill, would retard recovery.

To some extent industry questions those provisions of the act which refer to the limitations on labor and feels that, as written, the legislation discriminates in favor of the professional union.

I find also that there has not been time enough for industry to give as careful consideration to the bill as it would like. That is because the manufacturing industries have been very busy with codes. They have been very busy doing everything they possibly can, to take advantage of the small recovery that we have had. The bill has been available for a relatively short time and when it is considered that the survey committee itself, and other people, have taken months and years for consideration of the details, industry feels that it should have a much longer time.

I can summarize my statements, then, Mr. Chairman, by saying that industry and the business should appreciate very much, very slow action in regard to the bill, particularly old-age pensions and unemployment security.

Thank you, sir.

The CHAIRMAN. Thank you Mr. Morrow.

(The brief referred to by Mr. Morrow is as follows:)

STATEMENT OF L. C. MORROW, OF THE MCGRAW-HILL PUBLISHING CO., EDITOR  
OF FACTORY MANAGEMENT AND MAINTENANCE, REPRESENTING THE NATIONAL  
PUBLISHERS' ASSOCIATION

It is my purpose to convey to this committee my interpretation of the attitude of industry toward the Social Security Act. A quick survey, made by telegraph and telephone within the past few days, convinces me that no categorical analysis of industry's attitude can be made, because industry is only in the process of making up its mind. I have in hand communications from several associations representing large groups of employers to the effect that consideration of social legislation is under way and that meetings have been scheduled, but that the association officials are as yet without benefit of a united opinion.

I have, also, from editors of industry publications, telegrams and letters which indicate that the industries they represent are equally unready to pass final judgment upon such important legislation.

It is to be expected that this condition would obtain. The Wagner-Lewis-Doughton bills are extensive; they propose legislation dealing with nine phases of social conditions. The bills have been available to the public for a short time only. The report of the Economic Security Committee, which must be examined carefully in any serious study, is itself voluminous. In addition to this report are the opinions of experts, actuarial and otherwise, with which industry feels it must become familiar, and which are reported in the daily press as being not always in agreement.

Despite this condition of unreadiness to be committed to all the provisions of the Social Security Act, there exists, in my opinion, a generally favorable attitude on the part of industry toward the aims and objectives of social-security legislation.

There is grave doubt, however, that the act, as written, is a practicable, working measure. There is much sentiment in favor of rewriting the act into several bills, and there is reason to believe that if so rewritten there would be little opposition on the part of industry to those parts of the legislation having to do with old-age assistance, aid to dependent children, maternal and child health, crippled children, child-welfare services, and public health.

There is much question as to whether or not Government operation of annuities is participation in the insurance business to an extent that would provide unwarranted competition with private companies engaged in the insurance business.

'With separate treatment of the provisions of the act that I have just enumerated, there would remain the two major provisions to be treated in separate bills, namely, old-age pensions and unemployment compensation. It is with these two subjects that industry is chiefly concerned.

Why it is concerned it is not difficult to understand. In the year of greatest prosperity, 1929, the average net income for the manufacturing industries reporting for income-tax purposes under the classification "Consolidated corporation returns", was 6.8 percent of total income. On the basis of this percentage, the net income for all manufacturing industries in that year was approximately 4 billions. Wages and salaries for that year, all manufacturing industries, amounted to 16 billions, in round numbers. Only a 5-percent tax on the pay rolls of that year would have been equivalent to an 11.7-percent tax on net profits. This can be compared with a 13 $\frac{3}{4}$ -percent income tax on corporation incomes.

To apply this calculation to a specific industry, that of the business press, I have figures to show that a 3-percent tax on pay rolls in 1934 would have been equivalent to a 26-percent tax on net income. A 4-percent tax on pay rolls would have been equivalent to a 35-percent tax on net income, and a 5-percent pay-roll tax would have meant the equivalent of a 45-percent tax on net income. That these figures are so high is because of the extraordinary proportion of publishing expenses going into pay roll.

There is an obvious objection to this method of considering a pay-roll tax. It is that, the tax should be compared with gross instead of net income because the tax is intended to become a part of the cost of doing business, and is expected to be passed on to the consumer.

Of its ability to pass on such costs to the consumer, without retarding recovery, industry is frankly dubious. It recognizes the law of diminishing returns, and knows that decreased sales as a result of increased prices result in decreased employment and begin the vicious spiral with which we are all so familiar. It has reason to believe, also that a given tax on pay roll is likely to result in disproportionately higher costs in manufacturing. The committee on stabilization of employment, Ohio Manufacturers Association, in 1932 estimated that a tax of 2 percent on all pay rolls may result in a 10-percent increase in the cost of manufacture. That this condition may result is due in part to the custom of considering burden, or overhead, as having a fixed relation to labor costs.

It is worthy of consideration in this connection to note that in the business-publications industry it would not be an easy matter to pass on to customers the increased costs that would result from this legislation. In the first place, orders usually are placed from 1 to 3 years in advance and prices cannot be changed during the contract period. Second, experience has shown that when increased rates are predicated on no other basis than that they are necessary to meet increased costs, the volume of business tends to fall off and thus offset the effect of the increased prices.

In any industry where a comparable relationship between total costs and pay rolls exists, there is likely to be objection to the act because of high cost.

In addition to these questions raised by industry others have arisen:

Should not the unemployment compensation fund be collected and disbursed in accordance with a uniform Federal system?

Should not the Federal subsidy system be employed?

Is the old-age pension set-up solvent at the start, and is it to remain so?

Has the best means of financing old-age pensions and unemployment compensation been devised?

There is evidence that industry disagrees with the provisions of section 602 (e), feeling that those provisions favor trade-union membership to the detriment of the employee representation type of organization, and tend toward the continuation of strife in industrial labor relations.

There is some feeling that the German social legislation, from which this country should secure guidance, has not proved workable. This feeling is in part justified by statements such as the following made by Gustav Hartz, German economist:

"In States governed by parliaments with equal votes for all, the opposition, embarrassed by responsibility, use social-political aspirations as the most efficient auxiliary for canvas among the working classes. Whosoever promises most gets the most votes and with them the greatest political power. Social democracy in Germany, until its collapse, owed a great deal of its success to social insurance. Social insurance was created in the struggle against social democracy. It becomes the strongest aid in forming political opinion in their favor."

My principal conclusion, the point that I wish most to emphasize, is that those parts of the social legislation being considered that are devoted to old-age pensions and unemployment compensation should not be hastily adopted. Even if 2 more years were given to study, a negligible amount of time would be lost, when time is measured in relation to history. The most careful consideration of the opinions of all concerned is urged because, by its very nature, social legislation is one kind of legislation that, once taken up, cannot be abandoned.

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In support of the several statements that I have made in this brief, I attach appendixes showing.

(1) The derivation of the percentage figures setting up the relationship between a 3-percent pay-roll tax and net income for the manufacturing industries, year 1929.

(2) The derivation of similar figures for the business periodical publishing industry, year 1934.

(3) The telegrams' and letters referred to.

#### APPENDIX I

##### *Relation of S-percent pay-roll tax to net income, manufacturing industries, 1929*

[Sources of Statistics: U. S. Census of Manufactures and Statistics of Income for 1929, U. S. Treasury Department]

Gross income, consolidated corporation returns .....	\$41, 233, 953, 245
Net income, consolidated corporation returns .....	2, 801, 292, 376
Net income in percentage.....	6. 8
Value of sales, all manufacturing industries.....	\$59, 354, 616, 000
Wages.....	11, 620, 973. 254
Salaries, including salaries for employees of central administration offices---	4, 195, 501. 392

6.8 percent of value of sales= \$4,036,113,888 net income.

3 percent (pay-roll tax) of total wages and salaries=\$474,494,239.

This tax is 11.7 percent of the net income.

#### APPENDIX II

##### *Income and pay rolls, business paper division periodical publishing industry, year 1934*

The following statement has been carefully compiled from accurate statements submitted by 84 representative publications, including monthlies, semimonthlies, and weeklies, comprising in gross volume of business about 25 percent of the industry:

Gross income from ail operations.....	\$11, 311, 575
Salaries and other recommendations paid to employees .....	4, 465, 921
Portion of mechanical costs, materials, etc., represented by pay rolls..	2, 062, 387
Total salaries and other remuneration.....	6, 528, 308
Other costs.....	4, 044, 737
	10, 563, 045

Net income-- .....

745,530

A 3-percent tax on pay rolls of \$6,528,308 would aggregate \$195,848 or 26 percent of the net income.

A 4-percent tax on pay rolls of \$6,528,308 would aggregate \$261,132 or 35 percent of the net income.

A 5-percent tax on pay rolls of \$6,528,308 would aggregate \$336,415 or 45 percent of net income.

It should be borne in mind that in determining pay rolls which are used as a base for the tax provided in this legislation, we have only considered the pay rolls of companies immediately engaged in the industry and those in service organizations, such as printers, engravers, etc., engaged in the mechanical operations in

the production of periodicals for the publishing companies considered. It is obviously difficult to determine the increased costs which will result from the ultimate passing on of the tax on many other items of cost entering into the operations of units in the industry, such as traveling expenses, stationery, rents, etc.

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APPENDIX III.—TELEGRAMS AND LETTERS

SAN FRANCISCO, CALIF., *February 5, 1935.*

H. C. PARMELEE,  
*Editor Engineering and Mining Journal:*

Proper kind of social insurance desirable if not too **large** drain on business and does not result in too great tax on industry.

CALIFORNIA METAL & MINERAL PRODUCERS ASSOCIATION.

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CHICAGO, ILL., *February 5, 1935.*

L. V. BURTON,  
*Editor Food Industries:*

Our association has not yet determined attitude Social Security Act.

MILTON HULT,  
*President International Association of Milk Dealers.*

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WASHINGTON, D. C., *February 5, 1935.*

L. V. BURTON,  
*Editor Food Industries,*  
*McGraw-Hill Building, New York City:*

Our counsel studying bill at request of legislative committee which will take no position until after report of counsel.

FRANK E. GORRELL,  
*Secretary National Cannery Association.*

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CHICAGO, ILL., *February 6, 1935.*

L. V. BURTON,  
*Editor Food Industries,*  
*330 West Forty-second Street:*

Retail fifth industry members have not expressed selves on Social Security Act. Association by virtue on its membership represented by national chamber of commerce.

NATIONAL CONFECTIONERS ASSOCIATION.

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NEW YORK, N. Y., *February 6, 1935.*

DOUGLAS C. WOOLF,  
*Editor Textile World,*  
*330 West Forty-second Street.*

Our legislative committee has social-service legislation under advisement and has reached no conclusion; therefore, sorry cannot express opinion today.

PETER VAN HORN,  
*President National Federation of Textiles.*

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WASHINGTON, D. C., *February 5, 1935.*

SIDNEY A. HALE,  
*Editor Coal Age,*  
*330 West Forty-second Street, New York.*

Your wire. Owing to the uncertainty of social-securitys proposal, our board of directors has taken no position on this matter up to this time. I am not at all sure just what the final suggestion of the Government will be.

J. D. BATTLE,  
*Secretary National Coal Association,*  
*Washington, D. C.*

PHILADELPHIA, PA., February 6, 1935.

J. A. CHANNON,  
*Editor, Mill Supplies.*  
 (Care McGraw Hill Publishing Co.)

Approve objectives Social Security Act but believe system should be introduced gradually in an uniform manner in all States and that greater proportion of cost should be borne by individual States rather than National Government, and that employees should participate.

GEORGE A. FERNLEY,  
*Secretary-treasurer, National Supply and Machinery Distributors Ass'n.*

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NEW YORK, N. Y., February 5, 1935.

SAM WILLIAMS,  
*Editor, Electrical Contracting,*  
*New York, N. Y.:*

The Social Securities Act now being considered before Congress has an important position in our present activities but believe that the subject is one of such great importance that no effort should be made in finally passing the act by Congress but should be withheld for future study and recommendation. We do not favor the enactment of new State legislation by States that would reflect a similar condition as presented in the recommended act.

NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION,  
 L. E. MAYER, *President.*

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NEW YORK, N. Y., February 5, 1935.

JOHN A. MILLER,  
*Editor Transit Journal, New York City:*

Regarding your inquiry as to social-security legislation proposed in S. 113'0, now under consideration by congressional committees, please note unfair and unsound position in which transit industry finds itself under unemployment-insurance provisions, title 6 of proposed measure. Bill proposes apply 3-percent Federal pay-roll tax with no distinction between industries affording stabilized employment and those highly unstabilized and subject wide seasonal fluctuation. Nor is any provision made for recognition of financial condition of employer. Thus many transit companies affording employees stabilized year-around employment and beset with serious financial difficulty in their effort maintain essential public service are to be called upon pay same tax as industries operating profitably with highly unstabilized employment conditions. In this respect proposed Federal act obviously inequitable and fails recognize essential principles. Modifications which would apportion burden more equitably between industries on basis employment stability and financial condition urgently needed by transit industry with 200,000 employees.

CHARLES GORDON,  
*Managing Director American Transit Association. :*

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OMAHA, NEBR., February 6, 1935.

SYDNEY A. HALE,  
*Editor, Coal Age,*  
*330 West Forty-second Street, New York, N. Y.:*

Unable short time to give you any concrete advice on social-securities acts.

EUGENE MCAULIFFE,  
*President Union Pacific Coal Co.*

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CHICAGO, ILL., February 6, 1935.

MALCOLM MUIR,  
*President McGraw-Hill Publishing Co.,*  
*330 West Forty-second Street, New York, N. Y.:*

Cost of unemployment insurance and old-age pension legislation probably will affect our industry same as others. It should be noted that a large percentage

of employees in meat-packing industry have been working under 32-hour-week guaranty. Therefore seems doubtful whether unemployment insurance would have much further effect in regularizing work.

PAUL I. ALDRICH,  
*Publisher and Editor the National Provisioner.*

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CHICAGO, ILL., February 5, 1935.

MALCOLM MUIR,  
*President McGraw-Hill Publishing Co.*

Millers holding passive attitude on Wagner and Lewis bills. Little opposition developing because of feeling that some legislation of this character is inevitable and that proposed bills are saner than Townsendism or similar wild proposals; however, pay-roll tax is deemed mistake since it may lead to further pruning of working force and more unemployment.

NEWTON C. EVANS,  
*Vice President and Managing Editor, American Miller.*

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CHICAGO, ILL., February 5, 1935.

K. H. CONDIT,  
*Editor, American Machinist,  
New York City.*

Have not yet taken official position Social Security Act. Our representative appearing at hearing.

NATIONAL METAL TRADES ASSOCIATION.

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CLEVELAND, OHIO, February 6, 1935.

KENNETH CONDIT,  
*Editor American Machinist:*

While our association has taken no definite action regarding social security act, best opinion is that we go along with White Sulphur recommendations\*

NATIONAL MACHINE TOOL BUILDERS ASSOCIATION.  
HERMAN H. LIND.

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CHICAGO, ILL., February 6, 1935.

K. H. CONDIT,  
*Editor American Machinist:*

Retel executive committee our industry at January meeting approved as its position the declarations of the Joint Business Conference for Economic Recovery, White Sulphur meeting. Present proposed bills indicate need for investigation proposed in those declarations.

METAL AND ALLIED PRODUCTS ASSOCIATION.  
JOHN W. OLEARY.

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The "Declarations" referred to in these two telegrams are those of the Joint Business Conference for Economic Recovery, as follows:

#### RELIEF

"Relief of distress caused by unemployment is one of the foremost problems confronting the Nation. Management, employees, and all other social groups share in the responsibility of solving this relief problem and in promoting the reemployment in productive enterprises of those now idle.

"Society recognizes that distress should be relieved. The most effective solution of the problem of unemployment and relief is the creation of such confidence between industry and the Government that business can proceed with plans to develop new industries, to enlarge existing enterprises, and freely to place private capital in the investment field. This conference believes the following principles should guide the granting of relief:

"1. Relief is not properly a function of the Federal Government, but is primarily the obligation of the family, of private charity, of the municipality, and of the State. The Federal Government should aid only when absolutely necessary. An unwillingness on the part of some States and municipalities fully to share in relief aid is manifest. A constructive step in overcoming this reluctance would be to return to the States as soon as practicable the burden of relief.

"2. Relief should be administered by local agencies with the sympathetic cooperation of civic-minded citizens, conversant with local conditions.

"3. All forms of relief should be under local centralized control and should, where practicable, be granted in connection with properly organized agencies which will first endeavor to supply work in private industry.

"4. The balancing of the Federal Budget will provide confidence, stimulate private initiative, and increase opportunities for private employment. The creation of public works for the purpose of providing relief invites waste and definitely defers a balanced budget. In those projects to which the Government is already committed, the wage rate paid for work relief in any locality should always be substantially less than the going rate for similar work in private industry, thus supplying a definite incentive to engage in private employment. Direct-relief payments should always be materially lower than rates paid for work relief in the same locality.

"5. For those out of work employment on useful public-construction projects not created primarily for the purposes of relief and at wages not in excess of the direct-relief payments which they would otherwise receive should be encouraged in order that long-continued idleness with its unfortunate effects, both physical and moral, may wherever possible be avoided."

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WILKINSBURG, PA., February 6, 1936.

KENNETH H. CONdit,  
*Editor American Machinist.*

Re your wire 5th attitude this industry social security act too momentous a problem to be hastily dealt with. The practicality of such a plan must be proved beforehand with due consideration to the ability of industry to carry the increased burden with the effect of resulting increasing prices, retarding consumption. **Our** recommendation is that out of the experience already gained by leading industries it should be possible for all industry through trade association with the cooperation of the Government as in the N. R. A. to make applicable workable provision for fair and equitable social security against old age, accident, and illness for all employees entitled to it through faithful service.

J. C. McQUISTON,  
*American Gear and Manufacturers Association.*

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ASSOCIATED INDUSTRIES OF MASSACHUSETTS,  
*Boston, February 6, 1935.*

Mr. L. C. MORROW,  
*Editor Factory Management and Maintenance,*  
*New York, N. Y.*

MY DEAR MR. MORROW: Replying to your wire of even date, permit me to say that the advisory committee on legislative policies and appointments of the Associated Industries of Massachusetts will not meet until 2 p.m., Wednesday, February 6, for the purpose of giving consideration to the Social Security Act, and deciding upon a policy which it will recommend to the executive committee of this association at its regular monthly meeting on Friday, February 8, beginning at 10:30 a. m.

Consequently, I cannot wire you by tomorrow noon the attitude of this association as it is not yet determined, and even after the meeting tomorrow, it would not be prudent for me so to do, because the final policy of the organization must be determined by the executive body at its meeting 2 days later.

Very truly yours,

O. L. STONE,  
*General Manager.*

ECONOMIC SECURITY ACT

NEW ENGLAND COUNCIL,  
ECONOMIC DEVELOPMENT AND RESEARCH,  
Boston, Mass., February 5, 1935.

Mr. L. C. MORROW,  
*Editor Factory Management and Maintenance,  
McGraw-Hill Publishing Co., New York City.*

DEAR MR. MORROW: The New England Council has not, through a committee or otherwise, made any study of the proposed Social Security Act, and we therefore have no official attitude with respect thereto that we can communicate to you in response to your telegram received this afternoon.

Sincerely yours,

DUDLEY HARMON,  
*Executive Vice President.*

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NEW YORK, N. Y., February 6, 1935.

MALCOLM MUIR,  
*President McGraw Hill Publishing Co.:*

It is not clear how building contractors from small to large subcontractors, working foremen, and the several million unorganized building mechanics in the suburbs, smaller cities, and rural communities can be effectively brought under the social security plan because of the discontinuous character of operations in this field. More days per year of employment for building-trades workers and their managers is a challenging objective. If proposed legislation can help to solve this problem and reach this objective without imposing too great costs, it would benefit both the building industry and the owners of homes and other buildings.

BERNARD L. JOHNSON,  
*Editor, American Builder, Chicago.*

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CLEVELAND, OHIO,  
February 5, 1935.

MALCOLM MUIR,  
*President McGraw-Hill Publishing Co.:*

Social legislation would cost iron, steel, and allied industries estimated 37 million annually at beginning and mounting gradually to maximum 140 million annually. Steel industry generally favors principle pensions and unemployment funds but suspicious hastily drawn bill. Will protest inclusion hidden clauses discriminating in favor members professional labor unions. Would strongly prefer legislation thoroughly divorcing administration of pension and unemployment plans from political influence and if possible uniform plans under private control but with Government supervision.

E. L. SHANER,  
*"Steel", Cleveland, Ohio.*

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ST. LOUIS, MO., February 5, 1935.

MALCOLM MUIR,  
*President McGraw-Hill Publishing Co.:*

Re tel. difficult to foresee direct benefit to paint industry from enactment of social legislation other than shared by all business if objective of greater stability can be obtained. Seems to be no doubt that there is increasing public demand for this sort of thing, but wonder whether public will expect to pay in the form of sales taxes, etc., or whether it is generally believed that public Treasury is inexhaustible or anticipated that business will be made to pay. Seems time that all programs of Government expenditure should anticipate raising of necessary revenue and that steps should be taken toward balancing of the budget.

GEORGE H. PRIEST, Jr.,  
*Editor American Paint Journal.*

CHICAGO, ILL., February 6, 1935.

MALCOLM MUIR,

*President McGraw Hill Publishing Co., New York:*

Add my wire today. I speak feelingly and knowingly of the necessity for sound management of proposed social legislation, as the oil industry has suffered much from dishonest and incompetent government supervision. How far the dishonesty has gone I do not know, but I do know the incompetence goes straight to oil dictator, Ickes, and to Roosevelt for keeping him there. If Ickes were to run these proposed social activities as he has tried to run the oil industry, he would completely wreck this country. Do not think you can emphasize this point and this example too much. Read this telegram, if you will, at your hearing. The Cole Congressional Committee investigating the oil industry politely but firmly reported against Ickes having anything more to do with the oil industry.

WARREN C. PLATT,

*National Petroleum News, Cleveland, Ohio.*

NATIONAL PETROLEUM NEWS,

*Cleveland, Ohio, February 5, 1935.*

Mr. MALCOLM MUIR,

*President McGraw Hill Publishing Co., New York.*

DEAR MR. MUIR: Your wire today; most if not all of bigger oil companies now have, and some have had for many years, various forms of pensions, sick and death benefits, and generous policies on most lay-offs. But perhaps some 20 to 25 thousand small but legitimate oil companies in producing and marketing with a few in refining have no such plans.

The marketing branch of the industry is in violent competition right now with some 200,000 and more price-cutting retail dealers, cooperative oil companies, and straight price cutters who have no protective features for their employees. If these last were forced to contribute to such protection as bigger companies are now doing, it might help to lessen some of their price cutting by bringing up their costs.

Of course, companies now protecting their employees should not be forced to pay twice or pay for their competitors' employees.

My personal opinion of all this proposed legislation is that if it can be kept on a sound actuarial basis as life, fire, and accident insurance, industry would do well to take it on provided it could be administered and managed free from political influence of every kind both honest and dishonest. But I fear for the incompetence and dishonesty of management if run by the Government, as well as the greediness of radicals in trying to milk the so-called "rich." We have not asked nor had any opinion from the industry at large, on this subject.

Yours very truly,

NATIONAL PETROLEUM NEWS,  
WARREN C. PLATT.

BUS TRANSPORTATION,  
*New York, N. Y., February 6, 1935.*

Mr. MALCOLM MUIR,

*President McGraw-Hill Publishing Co., Inc., New York, N. Y.*

DEAR MR. MUIR: In reply to your request for a statement of the attitude of the bus industry toward social-security legislation, it is my opinion the industry in general realizes that some form of social-security legislation may be necessary and I believe the industry is not too strongly opposed to the general principles involved although busmen are urging that the Government proceed with caution and consider all of the factors involved before taking final action.

The utmost care must be taken not to add financial burdens that may prove intolerable to a business that is just beginning to feel the benefits of the general revival in trade and industry, but is as yet far from being in a stable condition or on a profitable basis.

In formulating recommendations the bus industry must be considered in two parts, i. e., carriers operating purely local and suburban service, and carriers in intercity and interstate service. The two divisions of the industry should be treated separately. This was found necessary under the N. R. A. codes. With city and local companies, for instance, wages absorb approximately 44 percent of the total revenues. An additional levy for social insurance would bring their

employees wage and insurance costs to close to 50 percent of gross revenues. On the other hand, intercity carriers as a whole pay only 29 percent of their revenues in wages. In this latter group carriers operating distances of under 300 miles fare worse, than those operating longer distances, their percentage of gross revenue paid out in wages and salaries raging from 33 to 36 percent.

Coordinator Eastman in his recent report has recommended the establishment of a national insurance system for the transportation industry as a whole rather than a host of separate State systems. He suggests that the railroad and motor transportation funds be combined and kept separate from other funds and administered by the Federal Government. The coordinator states that the highway industry should help carry the unemployment load of the railroads, because the highway-transportation industry is expanding whereas the railroads are contracting. The merit of this plan is, to say the least, doubtful. It has all the earmarks of putting an intolerable load on the motor-bus industry.

The provision in proposals now being considered which apparently would exempt all companies with less than four employees seems to leave the door wide open for the small, shoestring company to operate at cut rates and to seriously hamper the larger companies who must comply with the law.

Trusting that this may furnish the information you desire, I am

Yours very truly,

C. W. STOCKS, *Editor.*

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INTEROFFICE CORRESPONDENCE,  
MCGRAW-HILL PUBLISHING CO., INC.,  
February 6, 1935.

Mr. L. C. MORROW,  
*Editor, Factory Management and Maintenance:*

It is practically impossible to get for publication expressions of opinion on the social-security legislation from the heads of textile associations or from outstanding individuals in the industry. The associations have not had the opportunity to consider this legislation to any extent and consequently the executives are not willing to be quoted. In the first place there has been a tremendous pressure of more immediate matters in connection with code administration, etc. In the second place, the scope of the proposed legislation is so broad that it seems to be beyond the grasp of the average man in our industry, at least to date. It is something that is going to take a lot of consideration and discussion before any real opinion crystallizes in the textile industry.

Nothing I have said is meant to imply the existence of an unfavorable attitude within our industry. As a matter of fact, I have been pleasantly surprised by the rapidly increasing numbers of men with whom I have contact who seem to have come to the belief that some types of social legislation are absolutely necessary. Many of these men were cold on the proposition before. Nevertheless it is also true that they have not been able to formulate their own ideas as to just what lines such legislation ought to follow; naturally, when it comes to details, they are completely lost.

DOUGLAS G. WOOLF,  
*-Editor, Textile World, N. Y.*

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MCGRAW-HILL PUBLISHING CO., INC.,  
February 6, 1935.

Subject: Social legislation.

To: Mr. L. C. Morrow, editor Factory Management and Maintenance.

From: S. D. Kirkpatrick, editor Chemical and Metallurgical Engineering,  
New York.

Most chemical executives of my acquaintance have taken a very realistic viewpoint on this whole matter of social legislation. That viewpoint was well expressed by William B. Bell, president of the American Cyanamid Co., and head of the most important trade association in our field, in the contributions he made to the New York City meeting of the National Association of Manufacturers and the subsequent conference at White Sulphur.

"Social security must come only by measures which reduce rather than perpetuate or actually increase unemployment. \* \* \* Chemical industry is ready to cooperate in an impartial study of unemployment insurance and also to give approval to the adoption of a sound solution."

Experience of some of the larger companies in our field, notably E. I. du Pont de Nemours & Co., Eastman Kodak Co., Standard Oil Co. of New Jersey, has definitely proved that workable plans may be effected for handling the problem of old-age pensions which under such circumstances can be put on an actuarial basis and adequately safeguarded. These companies look with some disfavor on certain socialistic proposals that would involve additional uncertainties as well as burdens on industry. In the main, however, I am sure you will find chemical industry behind any program of sound legislation provided ample time is given for thorough investigation and study.

S. D. KIRKPATRICK.

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McGraw-Hill Publishing Co., Inc.,  
February 6, 1935.

Subject: Attitude of radio industry toward Social Security Act.  
To: Mr. L. W. Morrow, editor, Factory Management and Maintenance.  
From: Ray V. Sutcliffe, managing editor, Radio Retailing, N. Y.

Bond Geddes, executive vice president of the Radio Manufacturers Association, stated to the writer this morning that the members of his association or the board of directors of same have held no meeting since the announcement of the Social Security Act, nor has there been time for him to receive the reactions of any individual manufacturers.

Geddes urges that proper amount of time be granted for the due consideration of the provisions of the act before the major provisions, at least, are voted upon. He reiterates that this act should not be rushed through and that the members of his association desire time for the calling of a meeting of its directors to consider same.

RAY V. SUTCLIFFE,  
Managing Editor Radio Retailing.

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AHRENS PUBLISHING Co., Inc.,  
New York City, February 6, 1935.

Mr. MALCOLM MUIR,  
President, McGraw-Hill Publishing Co.,  
330 West Forty-second Street, New York, N. Y.

**DEAR MR. MUIR:** Social-security insurance for the hotel industry and the restaurant industry is, I think, utopian, due to such causes as: (a) tremendous labor turnover, in many cases running up to 300 percent a year; (b) tremendous turnover in ownership of restaurants, which is best shown by the fact that about 75 percent of the new restaurants that are started, fail or are sold within a period of a year; (c) a large percentage of the restaurant and hotel employees of the country are foreign born, and in a large percentage of the cases are not American citizens.

The large, fine hotels and the better restaurants do strive to do a great deal for the employees. Group insurance is in force in almost all large hotels, and the trend has now been toward doing likewise in the better restaurants.

Cordially,

J. O. DAHL, *Editorial Director.*

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LAUNDRY AGE,  
New York, February 6, 1935.

Mr. MALCOLM MUIR,  
President McGraw-Hill Publishing Co.,  
The Associated Business Papers, Inc.,  
330 West Forty-second Street, New York City.

**DEAR MR. MUIR:** This morning Mr. Horchler phoned us and asked for some expression on the attitude of the laundry industry toward the Government's social security program which you could take along to the hearing which we understand you are to attend in Washington.

Laundry owners have increased wages considerably since the coming of the N. R. A. At the same time the hours of labor have been reduced from 48 to 44-40. This has meant that costs were increased sharply at a time when scarcely

any profits are being made since recovery in the industry has not arrived to a very appreciable degree as yet.

This being the case, we know that members of the industry look with a great deal of fear and concern on any move by the Government which would tend further to load them with burdens. Most of those who believe in the social security program, we believe would make the condition that workers themselves should contribute at least half the cost of any such program. This has been the contention in States such as Ohio and Wisconsin where State legislation is in effect.

The laundry industry does not deal in commodities; hence cannot regulate its prices to the consumer in the way that nonservice industries do. Any extra taxation at this time would make profits practically impossible. We feel that we can voice the general sentiment of the industry as being opposed to any program that will saddle them with a tax of from 2 to 5 percent on pay rolls for unemployment insurance under Federal sponsorship.

We are very much interested in your mission and will appreciate hearing of its result.

Very sincerely yours,

LAUNDRY AGE PUBLISHING Co.,  
J. M. THACKER, *President.*

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ROBBINS PUBLISHING Co.,  
*New York City, February 6, 1935.*

Mr. MALCOLM MUIR,  
*President McGraw-Hill Publishing Co.,  
330 West Forty-second Street, New York, N. Y.*

DEAR MR. MUIR: I have been asked to write you briefly relative to my personal opinion as to the subject of social security and its relation to the industry our publication reaches—the gas industry.

This is, of course, a very broad subject. We all look at it a lot differently than we did a few years ago when rugged individualism was the vogue. I still hold for the rugged individualism myself but realize we must deal with conditions as they are and not with what our own logic might dictate. There would seem to be little question that in the years to come the country will have some sort of social-security plan and the thing to do is to try and work out a plan that will be workable. There are many things in life that would be fine if they were practical. If a country could live on the money turned out by its printing presses, all our troubles would be over, but unfortunately there is always an end to such a method of procedure.

In our particular industry the wage scale is considerably higher than in most other industries. A number of companies do provide pensions for employees 60-65 years old. Continuity of employment is another feature of our industry. As a whole, therefore, our industry needs a social security plan far less than general industry.

Our industry has to bear very heavy direct taxes at the present time and due to public agitation for lower rates finds itself unable to pass those costs on to the consumer. Competition in all industry is such today as to make it difficult to pass many of the added costs of the "New Deal" legislation on to the public as in the past. This all tends to stifle incentive and so delay real recovery. If the cost of sound legislation is to be added to present burdens it means still further delay of recovery regardless of how desirable these plans may be. It is my personal opinion that for the good of the country and of the individuals involved that old-age pension and the like should be held down to very reasonable figures so that future thrift will not be discouraged and the incentive for work stifled on the part of those in the lower earning brackets. A 65-year age limit with a \$30 per month payment would seem to me the maximum burden the country could afford to bear.

Yours very truly,

H. O. ANDREW,  
*Editor Gas Age-Record.*

THE PAPER MILL AND WOOD PULP NEWS,  
New York, February 6, 1935.

MR. MALCOLM MUIR,  
President McGraw-Hill Co., New York City.

DEAR MR. MUIR: The enclosed is in response to your relayed telephone request. It was written after consultation with two outstanding gentlemen of this industry.

Self-typed after hours, please allow for inexperience.

A 1-man combined editorial, reportorial, and make-up staff who also indulges a fancy for writing sales letters frequently runs into such snags because of the speed of the clock and the N. R. A. provisions for stenographers.

I would appreciate hearing from you on the reaction to your presentation in Washington.

In a nutshell, I would say that the attitude of the pulp and paper industry toward social legislation is precisely that of my own toward gratification of the selfish pleasure I peculiarly, perhaps, derive from giving to others.

My income is half what it was in 1929, yet the opportunities for performing acts of worthy charity are many times as great now as then. I find it utterly impossible to begin to respond to my impulses to help many whom I know to be deserving of help.

Where I once handed out cash, my good wife now doles out old clothes of ourselves or those outgrown by the children, and some foodstuffs.

My own conviction is that mental and physical laziness brought us to this condition, aggravated by a modicum of general dishonesty, and nothing will serve as a remedy but hard intelligent work, plus honest service for an honest price.

Sincerely yours,

JOE HODGINS, *Editor.*

#### FEDERAL LEGISLATION ON SOCIAL PROBLEMS AND THE PAPER AND PULP INDUSTRY

The paper and pulp industry of the United States, ranking among the 10 largest industries has yet to make an official declaration of its attitude on the question of social legislation through any of its three major associations, the American Paper and Pulp Association (with 24 subordinate associations, grouped according to grade of paper made), the Association of News Print Manufacturers of the United States, and the National Paperboard Association.

As editor of the Paper Mill and Wood Pulp News, published every week for more than 57 years in the interest of the pulp and paper industry of the United States, it is this writer's personal observation, based on frequent conversations with a large number of paper-company executives, that this industry's attitude is much the same as that of the average self-respecting citizen.

The writer believes that on the whole the pulp and paper manufacturers realize their responsibilities toward their less fortunate fellow citizens; that they are in sympathy with the principle that the deserving who are destitute, either because of old age or unemployment, should be given assistance.

But the industry is decidedly apprehensive as to the method of approach to this problem, as to the kind of plan that is finally adopted. Will it be rational? Will it be practical? Will it be equitable? Will it place an unfair burden, for instance, on the pulp and paper industry which is already excessively laden with the task of absorbing the increased labor and raw-material costs and higher tax charges that have been a necessary part of the "new deal"? These extra loads have been all the more onerous because demand for pulp and paper through 1934 did not permit operation at more than 60 percent of plant capacity, barely touching the break-even level.

Despite this problem of underconsumption, it is doubtful that any industry cooperated more readily and more fully with or gave less trouble to the National Recovery Administration. This observer never ceased to be amazed at the spirit of self-sacrifice manifested by the members of this industry in their negotiations with N. R. A. True, something was gained in the way of price stabilization. Ruinous price wars were effectively curbed in two of the three major branches of the industry, but the newsprint mills of the United States, because of foreign competition, have been and are forced to sell their product at a price that is unprofitable; to many mills in this country the present price involves serious losses.

With newsprint paper and all kinds of wood pulp admitted into this country free of any duty, this menace of foreign competition has grown rapidly to alarming proportions with the ascendancy of Russia and Finland as producers of wood pulp and newsprint paper.

Under N. R. A. the pulp and paper industry has made a magnificent contribution to unemployment relief, and this with annual sales only slightly more than half of the industry investment. The greater number of employees, the higher wage rates, and the drastically reduced working week have served to increase the labor cost per ton of product by more than 15 percent above comparable costs in the peak year of 1929. There were approximately 80,000 productive workers employed by the pulp and paper manufacturers in 1933, and this total under N. R. A. was increased to 105,000 in 1934. So that the industry has gone a long way toward the solution of its own immediate unemployment problem.

A new disturbing factor has been created by the amendment to the Reconstruction Finance Corporation Act, which will from now on permit R. F. C. to finance up to 50 percent the cost of erecting pulp and paper mills in the South. An industry that is operating at 60 percent or less of capacity cannot escape damage by the advent of new production capacity.

In short, the writer would say that while the pulp and paper industry looks with favor upon some form of governmental relief for the destitute aged and unemployed, its own sadly depleted financial resources renders it helpless to follow whatever inclination it may have in the matter of contributing to the fund that must necessarily be established.

Absolute protection against unfair competition from beyond our borders would undoubtedly render the industry of pulp and paper manufacture in the United States more nearly capable of meeting obligations of this character.

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**THE IRON AGE,**  
*New York, February 6, 1935.*

Mr. MALCOLM MUIR,  
*President McGraw-Hill Publishing Co.,*  
*330 West Forty-second Street, New York, N. Y.*

**DEAR MALCOLM:** I understand that you would like to have from me an expression regarding our industry's attitude toward social security. This is enclosed and I hope it will suit your purposes.

With best regards to you, I am  
Sincerely yours,

J. H. VAN DEVENTER, *Editor.*

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#### STATEMENT OF J. H. VAN DEVENTER, EDITOR, THE IRON AGE

Private industry places a justly high value upon the objective of social security. It has demonstrated this by the expenditure of many millions of private dollars and by the initiation of all of the mechanisms of security that are now being contemplated.

Private initiative inaugurated unemployment-compensation plans, such as the "Rochester plan" and many others, before legislation looking toward this objective was contemplated.

Private initiative introduced the pension idea for workers. Last year the United States Steel Corporation expended close to nine millions of dollars in connection with its old-age pension plan.

Private initiative originated the "work spreading" idea as a depression measure long before the 30-hour week was placed upon the legislative calendar.

Private initiative aided depression-stricken workers by inaugurating relief plans long before Federal, State, or local governments assumed the burden.

These things are cited merely to show that industry is in sympathy with the broad objectives leading to social security. It has no objection to having these burdens transferred to Uncle Sam's shoulders, provided it is a practical load for him to carry. Industry's chief concern, I believe, is that these measures should be soundly conceived, capably executed, and that their cost should be sufficiently considered.

BOOT AND SHOE RECORDER PUBLISHING Co.,  
New York, N. Y., February 6, 1935.

Mr. MALCOLM MUIR,  
President McGraw-Hill Publishing Co.,  
New York City.

DEAR MAL: As yet no program of social security with job insurance and old-age insurance has been proposed or studied by the retail shoe field.

I can, however, give you the National Retail Dry Goods Association resolution on the subject:

"Our objective should be to give the worker work, and through adequate reserves and insurance protection against the hazards of unemployment, old age, sickness, disability, and dependency. Unfortunately, the building up of reserve for each of these purposes reduces purchasing power, particularly in its initial stages. This, however, should not cause us to delay the development of programs, nor should it prevent us from taking the initial steps, and progressively increasing a general program of economic security."

The complete program can be obtained from National Retail Dry Goods Association headquarters in New York City, for it is the fine work of the committee headed by Percy S. Straus, of R. H. Macy & Co., Inc., and including such well-known names as Gen. R. E. Wood, of Sears, Roebuck & Co.; Samuel W. Reyburn, of the Associated Dry Goods Corporation; Dr. Paul H. Nystrom; David Ovens, of J. B. Ivey & Co., Charlotte, N. C., president of the National Retail Dry Goods Association.

With kindest regards, I am  
Heartily,

ARTHUR D. ANDERSON,  
Boot and Shoe Recorder Publishing Co.

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DRY GOODS ECONOMIST,  
New York City, February 7, 1935.

Mr. MALCOLM MUIR,  
President McGraw-Hill Publishing Co.,  
New York City.

DEAR MR. MUIR: The dry-goods and department stores of America are thoroughly in sympathy with the administration's policy during our present emergency to provide work, where possible, and relief, where necessary.

It is hoped that these emergency measures will not be confused with a general program of economic security as it applies to old age, unemployment, sickness, mothers' and widows' pensions, etc.

The merchants of this country hope the administration will see fit to use extraordinary caution, and to make a thorough and basic study of the conditions leading up to these emergencies before adopting any definite social plan.

Emergency measures are always expensive, and were our present ones to be incorporated in a general plan, the cost would be so great as to materially decrease the purchasing power of the consumer.

Department-store figures available, show the very small margin of profit that has been made over a period of many years. These figures show how necessary it would be for the department and dry-goods stores to increase prices in direct proportion to the amount that would be called for in a social program.

The increase of prices on merchandise decreases immediately the number of units bought. It is upon units of merchandise sold that our factories and mills operate. If prices are increased through social programs and taxes at this time, it will materially decrease the flow of units of merchandise through factories in hundreds of industries, and this will add to our already serious problem of unemployment.

It is interesting to know that while department stores have shown an increase of approximately 12 percent in sales for the year 1934, the number of units of merchandise sold is less than for the year 1933.

While the merchants of this country will back any and all programs for the betterment of living conditions of American people, it is not believed this will be accomplished through adding, in any manner whatsoever, to the costs of merchandise and to the costs of distributing it, at this time.

It is the consensus of opinion of the thousands of retailers that you urge upon your committee and associates an unusual amount of caution in adopting any program which so vitally affects production and distribution of the lines sold through over 100,000 department, dry-goods, and general stores in this country.

Very sincerely yours,

ERNEST C. HASTINGS, President

F. W. DODGE CORPORATION,  
New York, February 7, 1935.

Mr. MALCOLM MUIR,  
President McGraw-Hill Publishing Co., Inc.,  
New York, N. Y.

**MY DEAR MR. MUIR:** By request of the office of Associated Business Papers, I am sending you herewith the report of the committee on old-age pensions and insurance of the New York Building Congress, of which I am chairman. This report was made 3 years ago; its conclusions are stated on page 14.

This committee has not made any special studies of late, nor did it go into the important subject of unemployment reserves. I am of the opinion that some plan for setting up unemployment reserves is inevitable and desirable. The difficulties of administration in an industry with sporadic and seasonal employment conditions like construction are very great. This difficulty should probably be recognized in any legislation that is enacted; provision might be made for setting up separate administrative machinery for such groups, based upon surveys of labor-union administration of unemployment benefits and other pertinent facts.

I regret that I am only able to send you rather general information and opinions on this, but I think the committee report will be of some use to you.

Yours very truly,

THOMAS S. HOLDEN,  
Vice President in Charge of Statistics and Research,  
F. W. Dodge Corporation.

## REPORT OF THE COMMITTEE ON OLD AGE PENSIONS AND INSURANCE

Prepared by Committee on Old Age Pensions and Insurance of the New York Building Congress

### A. THE COMMITTEE'S PROGRAM .

The Committee on Old Age Pensions and Insurance was authorized by the executive committee of the New York Building Congress on January 17, 1930, for the purpose of investigating the subject of pensions, with a view of determining what type of plan was best adapted to meet the general requirements of old-age security; that is, whether a State plan, an industry plan, or a trade-group plan; such study to concentrate on the problem of old-age security for building-trades workers in New York.

The committee's organization meeting took place on March 20, 1930. Subsequent to that date its activities have developed along two lines:

1. Committee meetings, usually attended by a guest speaker who was a recognized authority on pensions on some important phase of the subject.
2. A research program, conducted by Murray W. Latimer, of Industrial Relations Counsellors, Inc., which organization was employed as research consultant to the committee.

Under item 1 (above), nine committee meetings were held, as follows:

1. *March 20, 1930—Organization meeting.*—The committee decided to investigate desirability of pensions to be carried (a) by individual trade or groups in the trade, (b) by industry as a whole, and (c) by State or community.

2. *July 8, 1930.*—W. F. Wieland, secretary-treasurer of the board of insurance trustees of the electrical industry of New York, gave a résumé of the development and administration of that plan to date.

3. *September 18, 1930.*—Charles W. Hanson, president district council of New York, Carpenters and Joiners of America, described the pension fund in the International Brotherhood of Carpenters and Joiners of America.

4. *October 28, 1930.*—Ingalls Kimball of the Metropolitan Life Insurance Co. spoke on contributory and noncontributory features of pension plans.

5. *December 5, 1930.*—Discussion of data based on original research in records of Carpenters' and Joiners' Local No. 257.

6. *February 26, 1931.*—Frank J. Taylor, commissioner of the Department of Public Welfare, New York City, discussed the administration of the New York State pension plan, veterans' relief, and other welfare activities of a kindred nature under his supervision.

7. *May 6, 1931.*—Abraham Epstein, executive secretary of the American Association for Old Age Security, explained the underlying principles of the New York State plan and suggested means for extending it.

8. *June 2, 1931.*—John R. Hall discussed the desirability of a plan to include old-age, life, disability, sickness and unemployment insurance.

9. *July 9, 1931.*—R. B. Thomas, counsel Structural Steel Board of Trade, described the thrift plan in the steel trade and gave details of its operation during the past 10 years.

#### B. IMPORTANCE OF THIS STUDY TO THE NEW YORK BUILDING CONGRESS

Population statistics have shown an ever-increasing proportion of older people in our population and careful students of population trends state that, while we now have 1 person past working age to every 2 in it, by the time a young man entering industry in America today reaches the retiring age of 65 there will be 2 persons past the prime of life to every 3 in it.

The increased number of State old-age security plans, following adoption of national plans by a number of foreign countries, has led American industry to an ever-increasing recognition of its responsibility in this matter. Many large industrial companies have adopted old-age plans for their own employees, and the increasing number of these private-pension plans would seem to indicate, at least among the leaders of large business organizations, a very definite preference for the shouldering of this responsibility by industry itself rather than by the State. State pensions are favored by others on the ground that it is impracticable to expect that industry will ever completely meet the social necessities of the situation.

The recently published proposal of Gerard Swope, setting forth for the serious consideration of American business a plan for organizing business for the purpose of stabilizing employment and stabilizing prosperity included among its recommendations unemployment insurance, life and disability insurance, and old-age pensions. Mr. Swope's proposal recommended that the old-age pension plans, to be put into effect by individual companies should be such plans as are adopted by the trade associations of which those companies may be or may become members.

Even if this trade-association feature had not been included in Mr. Swope's proposal, thus indicating it to be within the trend of thought among progressive and responsible leaders of industry, the irregular nature of employment in the building industry makes it manifestly impracticable for individual employer companies to set up pension plans to cover building-trades workers or others whose periods of employment are short, irregular and highly seasonal in character. If the building industry of New York or any section of it is to assume responsibility for an old-age pension plan, the responsibility must be met by some trade association within the industry or within the particular group.

Within the building industry the need for old-age security and other forms of group insurance was first recognized by those to whom the irregularity of building industry employment presented the most immediate and personal problems, building labor. International unions of building-trades workers adopted plans for financial relief of aged members as early as 1867 and four international unions, within the building-trades group, now have definite old-age relief plans, which will be described briefly in a subsequent section of this report.

But the thing that has done most to bring this subject to the immediate attention of the New York Building Congress has been the adoption, by contract agreement between organized employers and organized employees, of the old age insurance-plan of the electrical trades of New York City. The building industry of New York has now within its midst a full-fledged old-age-insurance plan, benefiting a specific group of employees and operating according to a plan that puts on every building project in New York City a portion of the insurance expense. This brings to the New York Building Congress the necessity of at the very least informing itself as to the fundamentals of the old-age security problem, the trend of current thought on the subject and the practicability of attempting any general plan for the entire building industry of New York.

#### C. SUMMARY OF EXISTING PENSION SCHEMES

##### 1. STATE OLD-AGE-PENSION SYSTEMS IN EUROPE

National governments in 23 European countries and 7 smaller divisions of 3 other nations have by legislative enactment provided some protection for their citizens, or such of them as are deemed in need of it, against the hazards of old age. The extent and form of this protection vary from country to country as do the sources of support. Germany was the first nation to provide pensions on a

State-wide basis, beginning in 1889. In 16 countries the existing systems were initiated since 1920, though some of the more important, particularly the British scheme, were revisions of earlier plans which had not proved entirely satisfactory.

The predominant practice in Europe has been to form systems in which future beneficiaries, their employers and the state participate. In 16 of the 30 systems all 3 parties pay toward the support. Included in these 16 are Great Britain, France, Germany, Austria, Italy, Hungary, Spain, Czechoslovakia, and Yugoslavia. In 5 the member and the state contribute; in 2, employee and employer; and in 2, the employer and the state. Under 5 schemes the pension is provided entirely by the state.

All the systems except the last five are largely based on the principle of insurance. Funds are built up during the active working life of the members, presumably in sufficient amounts to pay the promised benefits.

With the exception of one system which applies only to salaried workers, these insurance schemes cover substantially all industrial wage earners. In a considerable majority of the cases, salaried workers are members of the systems as well, while under a few schemes agricultural workers and domestic servants are added, and in some instances virtually the whole of the population is eligible to membership. Membership, almost without exception is compulsory upon those who are eligible.

The benefits usually seem moderate; in the absence of detailed examination it is difficult to determine the adequacy of benefits, though the fact that a number of the schemes provide for some relationship between wage and benefit would tend to produce a reasonable amount. The age at which insured persons become entitled to benefit varies from 55 to 70, though a majority tend to fix the age at 65. In most cases the benefit is payable irrespective of the period of membership.

The European trend in pensions has thus been strongly toward nation-wide systems of contributory compulsory insurance. France, Belgium, and Italy experimented for a number of years with voluntary insurance, but found that even the offer of a state subsidy was not sufficiently attractive to induce any large number of people to save; or, perhaps, more correctly, offered no means by which savings could actually be made. Belgium and Great Britain first operated non-contributory systems but found them unsatisfactory. There has been almost continuous broadening of the scope of the systems to protect larger and larger sections of the population.

## 2. STATE PENSION SYSTEMS IN OTHER COUNTRIES

Although the most extensive development of nation-wide pension systems has taken place in Europe, a number of schemes are in existence elsewhere. Australia, New Zealand, Canada, Newfoundland, and South Africa maintain free pension systems. Voluntary systems for certain industries or groups are found in Japan, Argentina, Uruguay, Chile, Bolivia, and Cuba.

## 3. STATE OLD-AGE PENSIONS IN THE UNITED STATES

Seventeen States in this country have enacted old-age-pension legislation. These States, together with the dates at which the systems were established, are as follows: 1923, Montana; 1925, Nevada, Wisconsin; 1926, Kentucky; 1927, Colorado, Maryland; 1929, California, Minnesota, Utah, Wyoming; 1930, Massachusetts, New York; 1931, Delaware, Idaho, New Hampshire, New Jersey, West Virginia.

The Territory of Alaska also adopted a scheme in 1915. Under the provisions of these plans, persons aged 65 or 70, with inadequate means of support, are to be granted pensions (or relief) of not more than \$250 to \$360 per year. In New York State and Massachusetts, however, no maximum amount is specified. Generally, to be eligible for a benefit one must be a citizen of the United States and have been a resident of the State for 10 or 15 years. The earlier laws gave counties authority to grant pensions and provided for no support from the State. In the last few years, however, most of the statutes have made payment of pensions or grant of relief mandatory upon the counties and in some the State is defraying part of the cost.

At the present time the total number of State pensioners in this country probably exceeds 55,000, and the payments are being made at the rate of \$16,000,000 to \$17,000,000 per annum. The average benefit rate runs just under \$300 per annum.

## 4. INDUSTRIAL PENSION PLANS IN THE UNITED STATES

Until recent years the employers of the United States were the chief providers of old-age pensions in this country. Some of these employers were the Federal Government, the States, municipalities, educational institutions, and churches. The most important group of employers, however, were and are now engaged in industry.

About 450 formal industrial pension plans are now in operation, covering, in terms of 1929 employment, about 4,000,000 persons. The predominant practice requires that to be eligible for a benefit employees must have served 10 to 20 years continuously with the pensioning company and either be 65 years of age or over or have become permanently incapacitated for the usual occupation. The benefits are ordinarily related to the average pay received in the last few years of service; the most usual provision is that the benefit shall be 1 percent of such average pay for each year of the entire term of service. A considerable minority of the companies, however, make the fraction  $1\frac{1}{2}$  or 2 percent per year of service.

At the end of 1925 about 85 percent of the existing industrial plans were supported entirely by the employers. Of the more than 100 schemes which have been established in the last 6 years, however, about 80 percent have provided for employee contributions; so that at the present time almost one-third of all the existing plans are based on the contributory principle. Most of these contributory plans are maintained by relatively small companies; not more than 7 or 8 percent of the employees covered by formal industrial plans at the present time are paying for any part of their future benefits.

Although in the last few years the financial bases of many pension plans have been greatly strengthened, there remain many systems which are operating on a most precarious hand-to-mouth basis. The financial experience of existing plans points strongly to the necessity of prompt and full funding of the liabilities involved by the maintenance of sound pension systems.

## 5. TRADE UNION PENSION PLANS IN THE UNITED STATES

Ten international trade unions and eight locals with a combined membership of approximately 1,000,000 members maintain pension schemes at the present time. Of these, 4 internationals and 3 locals are in the building trades. The international unions in the building trades are the Bricklayers, Masons and Plasterers International Union of America, International Association of Bridge, Structural, and Ornamental Iron Workers, International Brotherhood of Electrical Workers, and United Brotherhood of Carpenters and Joiners of America, while all three locals are in the electrical trade located in New York, Chicago, and St. Louis.

Benefits are payable under these plans to persons who attain age 60 or 65, or become permanently and totally disabled after having been members continuously for periods of 15 to 20 years or more. The amounts range from \$60 per annum to as high as about \$500, though under some schemes higher benefits will eventually be reached. Present payments average slightly over \$300 per annum. Under all the international union systems and in all but two of the local schemes the union members bear the entire cost of the benefits. Union finances have for the most part not been such as to permit adequate funding and most of the funds have never been more than a step or two ahead of payments. The most recently established of the international union pension plans, that of the United Brotherhood of Carpenters and Joiners of America, began to make assessments and build up a pension fund some time in advance of the time of beginning payment of benefits. This union, which is by far the largest among those maintaining pension schemes, was able by a small per capita assessment, to accumulate funds rapidly. Smaller unions may not be able to do this. In general, it is to be doubted whether the majority of the international schemes and those local plans in which the union members pay the whole cost can long survive.

Two locals of the International Brotherhood of Electrical Workers established schemes, one in New York and the other in St. Louis, which were put into operation in 1930, in which the entire cost was assessed against the employers, by agreement between the union and the employers' organizations. Boards of trustees were established to which the assessments were paid. In New York the assessments were originally 20 cents per hour worked in the trade and later reduced to  $17\frac{1}{2}$  cents in St. Louis, a flat assessments of \$2.83 per man per day worked was set. The New York Board (the practice in St. Louis could not be ascertained) paid premiums to a commercial insurance company which underwrote the anticipated benefits. The assessments, in the beginning, were pur-

posely made greater than the premiums in order to build up a substantial reserve.<sup>1</sup>

#### 6. GENERAL SUMMARY OF OLD-AGE PENSIONS IN THE UNITED STATES

Industry and industrial workers together have organized pension systems which offer some measure of protection to almost 5000,000 persons against the hazards of old age and disability in the United States. Though doubts may be raised as to their permanency they are together at the present time making payments to probably at least 125,000 persons who are superannuated or disabled. Of this number perhaps 110,000 to 112,000 are on the rolls of industrial organizations and 12,000 to 15,000 on the lists of the trade unions. There is some slight overlapping of the two fields, chiefly on the railroads, some brotherhood members drawing benefits both through their unions and under company pension schemes.

Total payments of benefits in 1931 will probably exceed \$75,000,000, of which at least \$70,000,000 will be paid under pension schemes maintained by employers.

The proportion of pensioners to persons covered by the industrial schemes, not much over 2.5 percent, is much smaller than the proportion of persons over 65 in the general population: 5.4 in 1930. A considerable proportion of the industrial pensioners, moreover, are under 65. This discrepancy arises from two facts; first, that industry in this country, particularly manufacturing and public utilities, is comparatively young and the age distribution of its employees much below that of the general population; and second, that the long service requirements prevent many persons who spend their entire life in industry from qualifying.

These conditions, together with the fact that not more than 20 percent of the persons gainfully employed are protected by various kinds of private pension systems, have made the growth of some form of state pensions inevitable. It is therefore not surprising that in the short space of 8 years 17 States, with over one-third of the population in 1930, should have adopted laws calculated to afford some measure of old-age security. It seems probable that this movement will continue.

The private and State pensions are not in conflict. Usually no one with an income of more than \$300 or \$400 per annum can qualify for a State pension. The majority of industrial and trade-union pensioners receive higher incomes. On the other hand, the State schemes do not cover permanent and total disability and the prevailing age of retirement is 70, clearly too high to be of much assistance to industry. There remains a large field therefore not covered either by industrial or State schemes. It is now being provided for, if at all, on a charitable basis.

The European answers to this problem have been systems of compulsory insurance in which employee, employers, and the State share in the assumption of cost. That stage has not been reached in this country. But these systems remain the only ones now existing in which complete protection is afforded the large body of citizens against the hazards of old age and disability.

#### D. PHILANTHROPY VERSUS EARNED OLD-AGE ANNUITIES

Considering the nation (or the community) as a whole, it may be said that, in the absence of any pension plan, people beyond the earning age are taken care of in four ways:

1. With their own savings.
2. By relatives.
3. By charity (in institutions, in their own homes, or in homes of relatives).
4. By combinations of any 2 or all 3 of the above methods.

Where the social consciousness of the community merely calls for the relief of the needy, the problem is met by philanthropy, private or public, or both; when the number of old people requiring assistance increases beyond the capacity of existing public and private philanthropic agencies, the necessity for more adequate and better organized relief must be recognized and met. Thus there arises a demand for pension plans from the social welfare point of view.

But, as is seen from the facts presented above regarding industrial-pension plans, there has also arisen within industry a recognition of the fact that it is desirable from many points of view to have a definite plan for retirement of aged or ageing workers of every grade and income, and that such plan should recognize that the retirement benefits have been earned by the worker's services to the

<sup>1</sup> In St. Louis, by court decree, the board of trustees was abolished. Wages, however, were raised by the amount of the pension assessment and a corresponding increase was made in union dues.

industry. From this point of view has arisen the concept of the earned retirement annuity, as distinguished from philanthropy.

A primary consideration, therefore, is forming an opinion or creating a policy with reference to pensions is agreement among those concerned as to whether the most desirable **basic** principle is to be philanthropy or recognition of the responsibility of industry. Proponents of State-pension plans and of increase and enlargement thereof argue that even though large numbers of specific industries might ultimately make adequate provision for their own superannuated workers there would still be many left unprovided for, and also that benefits provided by different industrial plans would vary considerably. From this they argue that the State should assume the entire responsibility.

Industry, on the other hand, viewing the constantly increasing costs of social benefits undertaken by the State, is to a large extent committed to the policy of solving this problem within the several industries. What we have today is a trend toward recognition of industry's responsibility for providing retirement plans for its own workers and the State (or States) assuming the responsibility of providing for needy aged people on the basis of public philanthropy.

#### E. CONTRIBUTORY VERSUS NONCONTRIBUTORY PLANS

Mr. Swope's suggested plan for industrial old-age pensions, referred to earlier in this report, contains the provision that all employees after 2 years' service may, and after 5 years' service shall, be required to put aside a portion of their earnings for the pension fund, and that employers shall match employees' contributions to the fund dollar for dollar. This is the principle of the contributory plan, based on the idea that the individual beneficiary should make some provision for his own ultimate retirement and that the benefits he ultimately receives shall be proportioned to his own savings earmarked for that purpose. The compulsory provisions of Mr. Swope's proposal recognizes the probability that a purely voluntary contributory plan would bring forth contributions from relatively few of the workers who should be covered by the plan and thus cause the failure of the plan to achieve its intended objectives. The fact that all the industrial plans put into operation in this country since 1929 have provided for some form of employee contribution, indicates the trend of business thought to be in this direction.

#### F. SHOULD OLD-AGE PENSIONS PLANS BE COMBINED WITH LIFE, SICKNESS, DISABILITY, AND UNEMPLOYMENT INSURANCE?

From the point of view of the individual worker, insurance to cover the risks of unemployment, sickness, disability and death are important and of approximately the same order of desirability as insurance to provide an old-age annuity. One guest speaker who appeared before the committee, Mr. John R. Hall, urged that industry should study the possibilities of insuring workers against all five of these major hazards. Mr. Swope's plan includes recommendations for life and disability insurance and unemployment insurance, as well as a pension plan. Another guest speaker, Mr. Ingalls Kimball, director of group annuities of the Metropolitan Life Insurance Co., indicated to the committee the varying character of risks involved in these different kinds of insurance and the complexities introduced into any study involving all five hazards. In view of the fact that the committee's instructions covered investigation of old-age security plans only, it has been constrained to confine its considerations to that subject, realizing that the others constitute closely related subjects of primary importance.

Although because of the limitations contained in the instructions, your committee has not made a detailed study of unemployment, the magnitude of the problem was forced upon our attention, and we have been impressed by the need for some provision against this hazard. While we would agree that the establishment of a single scheme to cover diverse risks would be attended with grave hazards, we are unable to see that this constitutes an argument against the adoption of measures aimed definitely to cover a single risk.

There have been established in this country a number of plans for the payments of unemployment benefits or for the guarantee of employment, all on a voluntary basis; some by individual establishments, some by trade unions, and some by joint agreement between employers and employees, the most notable of the latter type being the plans in the men's clothing industry in Chicago, Rochester, and New York City. A number of proposals have been made for legislation looking to the compulsory establishment of reserves from which benefits would be paid to persons unemployed. The problem of unemployment is a vital one in our indus-

try, and we suggest that the New York Building Congress would do well to familiarize its members with the developments of experiments in the payment of unemployment benefits and of proposed legislation on this subject.

**G. SHOULD A BUILDING INDUSTRY PENSION PLAN BE ON A LOCAL OR A NATIONAL BASIS?**

The only national retirement annuity or benefit plans for members of the building industry in operation today are the four existing plans of international building trades unions described above. There is today no national organization representing the entire building industry of the United States of sufficient strength and influence to deal with this problem as effectively as it might conceivably be dealt with locally by the New York Building Congress. Whatever changes may take place hereafter in the organization of the building industry will not be likely to change the dual character, local and national, of the industry, this dual character being necessitated by the fact that its operations are conducted on specific localized building sites. These facts, together with the fact of the existing electrical workers' plan, seem to point to present consideration of a localized New York building industry plan as a more practical basis of discussion than any general building industry plan covering a larger territory.

**H. IS IT FEASIBLE FOR THE NEW YORK BUILDING CONGRESS TO CONSIDER ESTABLISHING A PENSION PLAN FOR THE BUILDING INDUSTRY OF NEW YORK?**

While there are knotty problems of policy and administration involved in setting up any pension plan, which would be doubly complicated in this case by reason of the complexity of building industry organization and irregularity of employment, the most important fundamental questions to be answered are:

1. How much would it cost?
2. Who would pay for it?

Since continuance of any benefit plan can be reasonably assured only if it is conceived on a sound actuarial basis, the first step in making a cost estimate is the securing of necessary actuarial data. In the time at the disposal of your committee to date it has been possible to secure only a sampling of the actuarial data that would be essential for a study looking toward a complete plan. Through the courtesy of Chas. W. Hanson, president, Carpenters' and Joiners' Local No. 257, it was possible for Mr. Latimer, assisted by the Building Congress staff, to compile from the union's records data as to age distribution and withdrawal and transfer rates of its membership. Through the courtesy of the board of trustees of the electrical contractors' pension plan, similar data on the membership of Electrical Workers Union No. 3 have been made available to the committee. With these two sets of data, we have in one case a sample covering a group of workers in one of the old established hand trades and in the other one covering a mechanical trade of comparatively recent development. These two samples, considered together, may possibly be fairly typical of the New York building trades in general. The statistical findings in these two unions are summarized in the following paragraphs.

**I. ACTUARIAL ESTIMATES OF PENSION COSTS**

**1. INTRODUCTION**

In determining the advisability of action in respect to the establishment of a pension system by any group, one of the most important factors is that of cost. In this discussion, cost will be understood to mean the cash outlays required for the support of a given amount of benefit, awarded to individuals under certain specified conditions. The question as to whether such costs would be added to the costs already incurred in the construction industry will not be analyzed. The figures given will show merely the outlay, irrespective of the ultimate incidence of cost.

The cost of the pension plan will depend partly on the terms of the scheme itself and partly on the number of persons who will claim the benefit. The terms of the plan will specify at least the amount of the benefit, the age at which it will begin for the superannuation benefit, or the service requirement if a permanent and total disability benefit is provided.

There is an almost infinite variety of pension plans for which costs could be calculated. Partly because of insufficiencies in the data, and partly in order to simplify this report, cost calculations have been made in respect of only one plan: a benefit of \$600 per annum, payable for life, to all persons working in building

trades in the city of New York, upon attaining age 65. It is assumed that all persons over 65 would be retired immediately on establishment of the plan.

Returning to the second of the broad factors in cost, the number of persons who will receive the benefit, the number will depend in the first instance upon the numbers covered. There are, however, specific characteristics of the group covered, beyond total numbers, which are important. Among the more important of these are existing age distribution; age distributions of new entrants into the trade in the city; entrance into and withdrawals from the trade as conditioned by the relative attractiveness of work outside the building industry and building-trades occupations in other localities; and trade-union rules.

Most of these conditions vary with time. Men grow older; working conditions change; economic activity dwindles or rises; and unions change their rules. The introduction of a pension scheme might itself produce changes. Persons who would formerly have left the building trades, or have moved to another locality, might not do so if by such they forfeited claim to a pension.

It is difficult to isolate and evaluate all these various elements. The factor of mortality can be measured with a considerable degree of accuracy. But this is obviously not true of the other factors. The best that can be done is to take the net results of these factors from the experience of certain groups in New York City, and measure them over a period sufficiently long to include a variety of changing circumstances, and then further modify those estimates so that the cost figures will be conservative. This is what has been done.

For the purpose the experience of two local unions in New York City has been available. These were local 257 of the carpenters, the largest of a number in that trade in the city, and local 3 of the electrical workers covering the whole city.

These studies indicated that the building trades in New York City are being carried on by men in the prime of life, a considerable body of whom are remaining permanently in the local trade. There has been a considerable influx of younger members who on the whole have shown a considerable tendency to leave after a fairly brief period of membership. Despite this influx, the age distribution of membership has been tending gradually upward. If economic conditions in the industry become stabilized, and if this condition of stability produces neither the rapid influxes nor the almost equally rapid withdrawals from union membership which have characterized the past 7-year period, it seems altogether probable that the age increase will not only persist but quite probably be accelerated. This conclusion is strengthened by the fact that even with such rapidly changing conditions, among the carpenters at least, nothing has apparently arisen to affect adversely the ability of men past middle age to retain membership in the union. The rigid rules of this union concerning suspension for nonpayment of dues for 6 months furnish strong grounds for believing that union membership and work at the trade have an even more intimate relationship than would ordinarily obtain in most trade unions.

In the past, over and above the body of stable membership there has been a high degree of flux. So much so that, if past experience holds true for the future, a rather small minority of members will ultimately qualify for pension. It would be hazardous to assume that this past experience will hold good, for if a pension system is inaugurated, in addition to brining about more stability in the industry, there will be added an appreciable incentive to union members to remain in New York and in good standing with their locals. In estimating cost, therefore, it is necessary to be conservative in selecting a withdrawal rate. The margin of error is such that it was deemed advisable to use three scales of withdrawals, one the actual and two others lower than the actual. These withdrawal scales include only persons who ceased to be members of the international, but not members who transferred to another local. For more detailed analysis of the data on which these estimates were made see the appendix.

## 2. ANNUAL PER CAPITA COSTS

The cost of a pension plan depends not only on the terms of the plan and the personnel factors, but also on the method of financing adopted. In arriving at the estimates given below the costs of deferred annuities were calculated on a level premium basis.<sup>2</sup>

<sup>2</sup>In these calculations the premium was level with respect to the survivors of the groups at the various ages but not level with respect to each individual life at any time prior to the attainment of the retirement age. For a discussion of the connection between method of financing and cost, see the appendix.

(a) *Benefit paid for entirely by employers*

The purpose of these calculations is to arrive at figures which may be applicable to the problem of estimating the total cost of a pension plan extending over all the building trades men of the city. The most readily applicable figure under the circumstances seems to be a per capita cost, rather than one for a local or for the single trade; though data by trades would be relevant had substantially complete information for all been available.

For the members of the carpenters' union on November 1, 1930, the actual per capita cost would have been:

Approximate actual withdrawal rate high- - - - -	\$117. 98
Medium withdrawal rate- - - - -	131. 93
Low withdrawal rate- - - - -	152. 57

Other things remaining the same, this cost would tend to fall year after year for two reasons: First, 3.67 percent of the carpenters are 65 or over and would be entitled to draw benefits immediately. The liability in respect of such persons is fixed and ought to be liquidated with reasonable promptness. This total liability amounts to \$178.12 per capita for the union members covered by this study, and the initial annual payment's would be at the rate of \$22.03 per capita. The liability could be liquidated in about 9½ years if \$22.03 per capita were collected each year. And at the end of that time the total costs would fall by \$22.03. In the costs given above, however, it was assumed that the liability would be liquidated in 20 years at a per capita cost during that period of \$13.11. This would be safe under the financial method discussed here. At the end of the 20-year period this item of cost would disappear.

The second reason why the costs would tend to fall would be that as the union members attain age 65 and retire, they would be replaced by persons at much younger ages for whom costs were lower. This process would tend to proceed gradually for many years. It is a simple method for the liquidation of liabilities in respect of the past activity of trade unionists in the city. Despite these tendencies the level of costs will not be substantially lower for several years.

The annual per capita costs on a similar basis for the electrical workers were as follows, using membership records as of April 1, 1930:

*b. Noncontributory plan*

Approximate actual withdrawal rate (high) _____	\$64. 17
Medium withdrawal rate- - - - -	75. 55
Low withdrawal rate- - - - -	93. 13

All these cost estimates allow for no refund in case of death or withdrawal prior to retirement of contributory plan.

It would be possible to divide the cost between the employer and employee groups in various proportions. If, for example, the total present costs were divided evenly between the two groups and if, further, the assessments were levied on employees without extending to them any claim on the fund in case of death or withdrawal prior to retirement, the per capita costs for each group would be half the per capita costs given in the preceding section.

So far as individual contributors are concerned, however, it has been found in practice to be difficult to persuade employees generally to contribute without expectation of any return unless they fulfill the requirements for a pension. They will agree to contribute only on the condition that their own contributions be returned to them or their survivors in the event of withdrawal or death prior to qualifying for a pension. Some industrial pension plans provide for the return of contributions under such circumstances without interest, the employer usually getting most of the benefit of such interest. This practice we do not believe to be justifiable.

In case employee contributions were to be returnable with interest at the same rate as that assumed to be earned on accumulated funds, the average per-capita assessment would be \$107.67. This single figure conceals wide differences in the individual costs. At age 50, for example, the cost for each year between 20 and 65 would be only \$23.47, whereas at 64, since the whole fund would be accumulated in 1 year, the per-capita assessment would be \$2,815.92.

There are three objections to assessing all employees a uniform amount. First, some individuals would pay for part of the benefit of others. Moreover, in the present instance all persons under age 37 would pay more into the fund than the total value of the benefit, including that part supposedly paid for by the employers. Second, the annual cost of the benefit would tend to be lower as time passed to that the proportion paid for by the employees as a group would be

higher. Third, in case, for any reason, the number of building-trades men in city was reduced, it is probable that the younger group would be forced out. This would create a drain on the fund disproportionate to the liabilities canceled by the withdrawals.

On the other hand, it is inconceivable that persons now advanced in years could pay for one-half their own benefit. The employers would probably find it necessary to pay for the liability which had previously accrued in respect of work at the trade in the city prior to the inauguration of a plan. The data have been insufficient to enable calculation of such liability. It seems likely, however, that the cost of a contributory plan in which half the current cost was assessed against individual employees, but in which the past liabilities were borne by the employers, would for a period of several years cost the employers about 80 percent as much as a noncontributory plan carried entirely by the employers.

The average individual employee contribution would be about \$43.07 on the basis of the carpenter's data and \$30.80 on the basis of the electricians' for a benefit of \$600 per annum. On what basis the total would be allocated to individuals is beyond the scope of this report.

### 3. TOTAL ANNUAL COSTS FOR THE BUILDING TRADES IN NEW YORK CITY

It is considered a reasonable assumption that the carpenters and electrical workers taken together form a typical sample of the building tradesmen in the city. The chief question in regard to per capita costs relates to whether the average should be a simple mean of the per capita figures for each of the two unions or should be weighted by the membership, the data for the carpenters' local being assumed to represent the whole trade in the city. On the latter basis the carpenters' figure would have a weight of four and the electrical Workers', one.

Decision on this point in the absence of complete data is mainly a matter of guesswork. In an attempt to make the estimates conservative, it was decided to give the carpenters' figure a weight of three and the electrical workers', one.

The exact number of building tradesmen who would be covered by a pension scheme is not known. The numbers have been variously estimated. Two figures are therefore given, one for 175,000 and the other for 200,000 persons. On this basis the estimated annual costs are:

#### *Noncontributory plan*

[Benefit \$600. Payable beginning at age 65]

	175,000	200,000
Approximate actual withdrawal rate (high) _____	\$18,292,750	\$20,906,000
Medium withdrawal rate.....	20,622,000	23,568,000
Low withdrawal rate.....	24,090,250	27,542,000

#### *Contributory plan*

[Benefit \$600. Payable beginning at age 65. Individual members pay for half the cost of benefits in respect of service rendered after inauguration of plan. Employees' contributions returnable with interest]

	Annual costs to employers	
	175,000	200,000
Approximate actual withdrawal rate (high) _____	\$14,634,200	\$16,724,800
Medium withdrawal rate.....	16,497,600	18,854,400
Low withdrawal rate.....	19,279,400	22,033,600
Annual costs to all employees.....	7,000,000	8,000,000

These cost figures do not include any administration costs, which would ultimately have to be taken into consideration. They would amount to approximately 1 percent of the total funds handled by the administrative body.

These estimated cost figures, to be fully comprehended, should be viewed in comparison with the gross income of the construction industry of New York and with the total income of the building trades. For this purpose they have been

compared in the following table with total contract figures for all building and engineering construction in the five Boroughs of New York, as recorded by F. W. Dodge Corporation. It has been assumed that 40 percent of the total dollar value of contracts represents wages paid to construction labor. The comparisons as shown in the following table.

COST COMPARISONS OF PENSION PLANS

TABLE I.—*Noncontributory plan (cost borne by employer group)*

Period covered	Total contract volume	Minimum annual cost, \$18,292,750 covering 175,000 workers, high withdrawal rates		Maximum annual cost, \$27,542,000, covering 200,000 workers, low withdrawal rates	
		Percent of gross income of industry	Percent of total wages	Percent of gross income of industry	Percent of total wages
Average, 1919-31.....	\$698,977,000	2.62	6.55	3.94	9.85
Lowest year, 1919.....	279,478,200	6.55	16.38	9.85	24.64
Highest year, 1926.....	1,157,041,800	1.58	3.95	2.38	5.95
This year, 1931 (estimated).....	459,655,000	3.98	9.95	5.99	15.00

TABLE II.—*Contributory plan*

[Employer group bearing total cost of retiring all workers aged 65 at inception of plan and half the costs of benefits to all other workers thereafter; employees under 65 at inception of plan to pay half the cost of their own benefits and have the privilege of collecting accrued cash surrender value of benefits with drawal]

EMPLOYERS' SHARE

Period covered	Total contract volume	Minimum annual cost—\$14,634,200 covering 175,000 workers, high withdrawal rates		Maximum annual cost—\$22,033,600 covering 200,000 workers, low withdrawal rates	
		Percent of gross income of industry	Percent of total wages	Percent of gross income of industry	Percent of total wages
Average 1919-31.....	\$698,777,000	2.09	5.24	3.15	7.88
Lowest year, 1919.....	279,478,200	5.24	13.09	7.88	19.71
Highest year, 1926.....	1,157,041,800	1.26	3.16	1.90	4.76
This year, 1931 (estimated).....	459,655,000	3.18	7.96	4.97	11.98

EMPLOYEES' SHARE

	Total contract volume	Minimum—\$7,000,000		Maximum—\$8,000,000	
			Percent of total wages		Percent of total wages
Average 1919-31.....	\$698,777,000		2.50		2.86
Lowest year, 1919.....	279,478,200		6.26		7.16
Highest year, 1926.....	1,157,041,800		1.51		1.73
This year, 1931 (estimated).....	459,655,000		3.81		4.35

J. CONCLUSIONS FROM COST COMPARISONS

1. A noncontributory plan, with the cost borne by the employers and, presumably, passed on to the public would increase the cost of construction operations from 2.6 to 4 percent, assuming that future construction volume in dollars will average the same as in the years 1919-31. The exact percentage would depend on the exact number of beneficiaries covered and on the rate of withdrawal of those beneficiaries from the industry. (Table I.)

2. The burden on the industry of a noncontributory plan with a fixed lump-sum benefit would constitute a fixed change that might be easily met in prosperous

years, but would be increasingly onerous in a year of depression. From the figures in the table it is seen that while the minimum annual cost figure represents 2.62 percent of the average gross income of the industry during the past 13 years, it represents 6.55 percent of the 1919 income, only 1.58 percent of the 1926 income, and 3.98 percent of this year's income. If sufficient funds were accumulated in good years to effect depleted earnings of the industry in bad years, this irregularity might be smoothed out. But this would not take care of a permanent or long-enduring reduction in total dollar volume of construction brought about by reduced construction costs persisting over a long period. To obviate the possible burden of a fixed lump-sum benefit, a plan based upon devoting a fixed percentage of the industry's gross income or of its total pay roll, with benefits to the extent that pension-fund accumulations will pay for, might be preferable. (Table I.)

3. The contributory plan is for many reasons more desirable than a noncontributory plan. However, its total cost to employer and employee groups combined is somewhat greater than that of the noncontributory plan because of the necessity for refunding the whole of their accumulated contributions with interest to members who withdraw before qualifying for a benefit. This feature is an added benefit of considerable value to the participants in the plan. (Table II.)

4. Fluctuations in total construction volume and in the value of the construction dollar impose the same variability of cost burden in the case of a noncontributory plan as with the contributory plan. Here again consideration should be given to the possibility of a flexible benefit provision proportioned to the amounts the administrators of the fund could collect on the basis of fixed-percentage assessments on employers and employees.

#### K. PROBLEMS OF ADMINISTRATION

There is not today any organization within the building industry of New York set up to administer a general pension plan. Such administrative body would have the duty of collecting and administering the pension funds and of keeping complete records of all pertinent data as to age, union-membership status, and employment of all participants. For collecting funds and keeping statistical records a sizable clerical staff with competent supervisory officers would be necessary. For administering the funds and paying benefits a policy would have to be determined, to decide whether this should be done by placing the business with insurance companies, by employing a trust company to handle the investments, or by permitting the administrative organization to set up an investment committee, probably aided by competent investment counsel, to invest the funds and disburse the benefits. The latter plan is certainly full of dangers against which adequate safeguards would have to be made. The administrative organization would probably be supervised by a council, or board of trustees, on which employers, employees, and independent interests would be represented.

#### L. CONCLUSIONS. AND RECOMMENDATIONS

1. Your committee concludes from its study that a sound system of old-age pensions for the building industry is socially desirable and that the need for such a system or systems is likely to increase with the growing proportions of older people in our population. A contributory system with compulsory participation of all those eligible would in our judgment be desirable.

2. The New York Building Congress should recognize that industry has a responsibility for furthering sound old-age pension plans, and for coordinating any New York building industry plan that might be set up with the New York State pension plan.

3. The cost of a contributory building industry plan to approximate an old-age annuity benefit of \$600 a year, as used in section F of this report for purposes of illustration, would not be so great in moderately prosperous times that it should alone deter the building industry of New York from setting up a private old-age pension plan for its members.

4. While administrative problems inherent in such a project for the loosely organized building industry may possibly be even more difficult of solution than the problem of total cost of the plan, the joint action of employer and employee groups on such a project might conceivably be a great benefit to the industry in uniting it for a common objective of cooperation and stability.

5. In spite of the conclusions stated in paragraphs 3 and 4, your committee does not recommend the adoption of a private building industry plan such as described, for reasons appearing herewith. The studies which have been made of the flow

of employees into and out of the building trades in the city indicate that only a small minority would remain in the industry, locally or elsewhere, long enough to qualify for a pension. The same condition is known to prevail in industries which have private pension plans. Therefore it appears likely that universal adoption of industry pension plans of the type now in vogue would fail to benefit substantial numbers of persons who attain pension age.

6. In view of this probable inadequacy of private plans, State pension plans are likely to be extended in scope and geographical coverage, and the New York State Old Age Assistance Act is likely to be broadened. In line with this broadening process the committee recommends that the New York Building Congress endorse a proposal to amend the New York State act by reducing the minimum age of eligibility from 70 to 65.

7. The committee recommends that the New York Building Congress adopt as its policy in regard to future old-age pension developments the principle of a State compulsory contributory plan to which the employers, employees, and the State would contribute; in which the needs of the building industry will be fully considered in formulating the plan and in which existing organization of the industry would be recognized in the administration of the plan.

8. It is recommended that no further study of this subject be undertaken by the New York Building Congress unless its executive committee wishes to inaugurate complete research studies with the intention of putting an actual plan into operation. For such a purpose much more intensive research, involving the securing of data on all the building trades of New York, is necessary. In the case of many trades, it would probably be necessary to induce the union officials to set up such statistical records covering their members as are not in existence today. Furthermore, conditions of employment in the building field change rapidly, and changes in age distribution go on all the time, so that data collected in advance for research purposes might be quite obsolete by the time the Building Congress, or any other building field organization, was ready to inaugurate a pension plan.

9. It is recommended that this report be printed and distributed to all members of the New York Building Congress and all building-trades organizations in Metropolitan New York and to those who have cooperated in making this study.

CHICAGO, ILL., February 6, 1935.

MALCOLM MUIR,

*President McGraw-Hill Publishing Co.,  
New York, N. Y.:*

Retel contractors building industry because of individualistic nature of business not actively concerned over social legislation as an industry. Results Federal housing program particularly and public works program slightly make such readers generally sympathetic or apathetic administration efforts. Manufacturing readers are minority group with us and only a few larger ones are seriously concerned over program.

R. V. SAWHILL,  
*Domestic Engineering.*

FEBRUARY 7, 1935.

Mr. MALCOLM MUIR,

*McGraw-Hill Publishing Co., New York City.*

DEAR MR. MUIR: Yesterday I received a telephone call asking me to submit any special ideas I might have regarding legislation relating to such matters as old-age pensions and unemployment compensation. Needless to say, I would have liked very much to cooperate with you, but because of the fact that I had just returned/to my desk after several weeks in the South, I just couldn't do so.

In the first place, so many people in my own organization tackled me with various matters that I really did not get any time of my own until this evening and, in the second place, I really feel (because of my absence from town) quite a bit out of touch with the latest developments and trends as regards so-called "social legislation."

In the course of my travels, I did become increasingly impressed with one idea, namely, that standardization on a Nation-wide basis of almost anything from prices and wages to doles and unemployment compensation is thoroughly impractical and unintelligent.

While my own beliefs in this matter may be thoroughly out of step with those who are better informed and those who constitute the ruling majority, I neverthe-

less hold to the opinion that the Federal Government as such should not be a direct party to either old-age pensions or unemployment compensation on the grounds that such matters should be handled strictly by the States or subdivisions thereof. Through no other means does there seem to be much chance of assuring nonpolitical allotment of money or distribution which in the eyes of local people is strictly fair and justified from the standpoint of both the receivers of benefits and the real donors thereof (taxpayers). Of course, it is not hard to believe that political considerations will cause certain of the poorer States to be anxious to draw social benefits for their people from the people of those States which are able to amass greater composite profits. In fact, the danger in this regard seems so great that it at least seems vital for business men and publishers to make every possible effort toward seeing that the Federal Government does not become the sole contributor to either old-age pensions or unemployment compensation, but only a participating contributor; provided, that the major load is carried by State governments or political subdivisions thereof and by employees. It also seems to me that there are many advantages in seeing that Federal contributions to such ends are not based on income taxes or pay-roll taxes, but upon a sales tax.

Hope to have a visit with you in the near future.

Sincerely,

RAYMOND BILL, *President.*

[Air mail]

RADIO MANUFACTURERS ASSOCIATION,  
Chicago, Ill., February 6, 1935.

Mr. RAY V. SUTLIFFE,  
*Radio retailing, New York, N. Y.*

DEAR RAY: I am sorry about the delay in attending your telegraphic request which was due to my absence from the city, consequently I hope that this air-mail letter may arrive in time to attend your needs.

Unfortunately I am not in a position to give you a typical or industry viewpoint on the Social Security Act, consequently I am offering my personal views which should not be construed as representative of R. M. A.

The social service program of the President as proposed in the bills now before the Senate and House, will undoubtedly be beneficial to the general public; provided, there are cooperative measures between the State, the employee, and the employer in order that the additional burden to industry may not increase prices to the extent of retarding sales. The cooperative payment plan between these three elements would in my opinion, keep the cost to industry down, as well as create a responsibility with the employee that should be beneficial to the labor relations of business.

All of the elements of this program should improve the mental attitude of the employee and as a result of this assist business to the extent of this improved confidence.

While I do not fully agree with all of the percentages and elements in the program, I feel confident that after it is pushed around to both the Senate and House, the modified form resulting will be the most economical method for offsetting the rather numerous other forms of pensions, dole, and employment insurance that will be presented to Congress this year.

I also feel that it is definitely necessary for the President to present something of this type in order to avoid the highly burdensome radical plans which would have a reasonable chance of approval in the absence of the social security program.

Sincerely yours,

LES.

**The CHAIRMAN.** *Rachelle Yarros, M. D.*

**STATEMENT OF DR. RACHELLE YARROS, HULL HOUSE, CHICAGO, ILL.**

Dr. YARROS. Mr. Chairman: In connection with title VII in your bill dealing with maternal and child health I am particularly interested in representing to you a certain phase of health protection as far as the mother is concerned.

Reading over very carefully the statements made by Miss Grace Abbot and Dr. Adair at the hearing on this bill before the Ways and Means Committee in the House of Representatives I wish to say I agree with them thoroughly that the danger to the mother from birth is still far too high ; it is alarmingly high. Now I have been in practice for 40 years, and I was associate professor of obstetrics of the medical department of the University of Illinois. In that connection I had a great many cases. I, myself, brought into the world about 2,000 babies among the poor people, and I had a great deal of experience in watching the situation personally, realizing what the dangers were.

Strange as it is, with all the efforts that the schools have made to prepare their physicians better for maternity wards, and with all the methods that have developed to improve the nursing service, the mortality rates remain very high.

Now, in my opinion, we haven't gone deep enough into the subject. There is no doubt that a great deal of child care is lacking on the part of the mother, because she has not the information, but a good deal more is due to the fact that she, herself, is not in any condition physically to continue the repeated efforts of her body resulting from childbirth. In my opinion, and in the opinion of those who have watched women bringing forth children in rapid succession, we have found that the health of the mother deteriorates. It is a tremendous physical effort, and now we know that all the endocrine glands make a special effort during that time and it takes at least 2 or 3 years to make a recovery.

Therefore I think, and many of those of my colleagues who have watched the situation feel, that if the mothers among the poor could face the number of pregnancies and childbirth as they are faced among the more fortunate, the mortality among them would decidedly decrease. These mothers would be in better shape to face the additional effort. They practically have very little rest .

It is in that work that I first became deeply interested, in the problem of spacing, limiting the number in the family, among not only the poor but those of our workers who have a rather low wage, and constantly, as I watched them, I have seen that if they have a chance actually to learn how to space the children and they have a rest that they do better for themselves.

Now at one place the question was asked of Miss Abbott about the mortality, this high mortality in childbirth, and she said there is no doubt it is due to the lack of care during childbirth and during pregnancy. To a great extent she is right, but to some extent she has omitted a very important part, and that is that even with the best of care a woman cannot recover rapidly enough to do her job well and to do justice to herself if she keeps on having those frequent pregnancies and childbirths.

Another point that was made by Dr. Adair, and the point that we must consider very carefully, is the fact that women all through the ages, with the encouragement of their husbands, and now particularly, feel that they cannot continue to carry the child and often the result is abortions. Now, abortions are highly prevalent. In these United States we haven't the exact estimate, but approximately it is stated between half a million and a million women abort. Now a good many of them are not self-induced abortions, but the mortalities from self-induced abortions is extremely high. They continue to do it,

not because it is a pleasure, because on the whole most women are against such procedure, they are very unhappy about it, but they resort to it as the lesser evil, and those of us who have come across hundreds of those women feel that it is extremely unfair in modern society not to give those women a chance to have the scientific information that the contraceptive clinics could give.

A study has been made by the Children's Bureau of the women who have had a certain number of births and it is quite clear from that study that the more children that a woman brings into the world, the more pregnancies, the more her life becomes endangered. Now, this is a thing that we must consider with the prevalence of abortions, self-induced or criminal abortions, to which these perfectly fine people have to resort or are resorting, and the fact that it is dangerous to their health to continue these pregnancies and childbirths.

It seems absolutely necessary now, in this new undertaking, which is such a marvelous thing for women, to save their lives and to save the children that are born, it is absolutely obvious that we must begin to face this fact: Instead of letting women induce abortions on themselves, with great danger to themselves, and having thousands of abortions criminally induced, that we ought to begin to take this remedy that we have before us, which many of the more intelligent women and men take advantage of, and that is the methods of contraception. It is practiced in this country very extensively. Most of our educated people, professional people, have small families. The mortality among the women is lower, the morbidity is lower, the death rate among children is lower, and consequently the advantages we have reached from this knowledge ought to be included as a part of this great health protection that is going to be given to the women and the children of those who are less privileged. On the whole, by doing that we would give the mother a chance to do better for herself, better for her children, and there would be a lower mortality among the women, there would be a lower mortality among the children. They would be able to have a better education, a better upbringing.

We hope that we will not always have to protect those people by this extra grant. We hope that in the future the situation will be such that they will be able to do it for themselves, but I am very sorry to say that because of tragedies and because of fear we have not included this remedy, or this phase of protective work, which is the prevention of conception, regulation of the number of children born, spacing the children, in our work among the women and children of those who claim our protection., particularly in these days.

It has been estimated recently in two very important studies, that the birthrate is much higher, between **50** and 60 percent higher, among those who are unemployed than it is among those who are partially employed. That in itself is a tragedy. It is a tragedy because those families are already exposed to the highest strain. There is tremendous discord among them, there is friction, and to add to that the strain of pregnancy and childbirth, with all the uncertainties, is almost cruel.

It seems to me in this emergency, where we are facing so many things and have tried to see facts, we ought to clear our minds on that subject. It is a perfectly decent thing. It is practiced by the finest! most enlightened, educated people. Instead of destroying life after it is born, which is dangerous, it is simply to prevent conception.

We have learned from long experience that there is no danger of the race dying out. A hundred thousand histories that have been carefully studied, prove that a great many women and couples that space their children have had more children, they have regulated their families. Those who have the knowledge of birth control very likely are going to have children, because they know they stop at any moment and there is not this fear that exists and produces psychosis.

One can go on and talk about these things that are so important to bring out in connection with the protection of women and children. The only tragedy, it seems to me, is the lack of courage even among thoroughly enlightened physicians and enlightened social workers, philanthropists and thinkers, to link this problem of the lack of conception with the whole scheme of health and protection to women. If you did that adequately, I think it would soon be recognized as just one of our preventive measures, which should be a perfectly legitimate one, just as many others are legitimate.

The **CHAIRMAN**. I would be very glad, if you want to elaborate your views, to incorporate your statement in the record.

Dr. **YARROS**. Thank you very much.

SUPPLEMENTARY STATEMENT TO THE COMMITTEE ON THE SOCIAL SECURITY ACT,  
BY DR. RACHELLE YARROS, HULL HOUSE, CHICAGO

As previously stated a number of distinguished men and women have already appeared before a Congressional committee and have expressed their views concerning that part of the Economic Security Act which deals specifically with maternal and child welfare. The statements made by Miss Grace Abbott, Dr. Adair, and other authorities in this field have been very significant. We must indeed provide the mothers and children of this country not only with economic security but with the best medical and nursing care. If our work is to be at all effective and constructive and of permanent value to the family and community, adequate maternal and infant medical care is essential. There is one vital measure, however, which has thus far not been mentioned by the other speakers, a measure of tremendous significance for the health and protection of motherhood. I have reference to the dissemination of scientific and adequate knowledge concerning contraception. It is this aspect of maternal health conservation that I should like to stress before this committee. In this great crisis it is even more important that we should face all facts courageously and realistically.

In what way will the dissemination of contraceptive information conserve maternal health? First, it will give the opportunity to every woman to space the births of her children according to her own physical, psychological, and economic status. It has been amply proven time and again that too rapid successive childbearings has a deleterious effect upon the general health of the mother as well as upon the survival rate of the offspring. A great many deaths of mothers during childbirth can no doubt be ascribed to the fact that they had not had sufficient time to recover and recuperate from the previous delivery. Dr. Walter Timme, an outstanding endocrinologist has recently said that every woman should have at least 2 summers of sunshine between childbearings if she is to retain her physical, mental, and emotional balance. When the period between childbirths is too short, the mother's resistance is low and she is, consequently much more subject to the infections and complications which are responsible for so large a percentage of our maternal death rate. Obviously then, if the mother is to properly space the coming of her children and at the same time retain her normal marital relations with her husband she must be provided with adequate contraceptive information.

Secondly, contraceptive information for mothers will tend to reduce the infant mortality. Dr. Woodbury of the Children's Bureau has shown statistically that the infant death rate is definitely related to the period of time which elapses between childbirths. The shorter the period, the higher the infant mortality. According to his report; children born 3 years apart are subject to a death rate of 86 per 1,000 births; when the period is 2 years, the infant death rate is 98; when children are born only 1 year apart! the rate rises to 146. Clearly, then, contraceptive advice for the spacing of children is of vital importance to infant welfare.

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

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

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

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

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

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

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

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

I thank you.

The CHAIRMAN. Mr. Filene.

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

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