SOCIAL SECURITY

The Senate resumed consideration of the bill (H. R. 7260) to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes.

Mr. HARRISON. I ask unanimous consent that the formal reading of the bill may be dispensed with and that the bill be read for amendment, committee amendments to be first considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. HARRISON. Mr. President, as briefly as possible I shall explain the provisions and purposes of the pending measure, the so-called "social security" bill. I shall try to make the explanation as brief as possible, and I trust Senators will permit me to finish my analysis before I shall be asked to yield for any questions. At the conclusion of my statement I shall be glad to answer any questions with respect to the bill that I can or make any further explanation that may be desired.

In general, the purpose of this legislation is to initiate a permanent program of assistance to our American citizens in meeting some of the major economic hazards of life. It is, of course, impossible for all social problems to be met with this measure, nor does it attempt to do so. Many problems remain untouched by its provisions; some because not within the purview of Federal legislation, and some because it was decided proper that this legislation should be directed only against those major causes of insecurity for which experience has developed an efficient remedy.

Mr. LONG. Mr. President, will the Senator yield for a question?

The PRESIDENT pro tempore. Does the Senator from Mississippi yield to the Senator from Louisiana?

Mr. HARRISON. I had hoped that I might be permitted to finish my explanation before interruption came, but I yield.

Mr. LONG. I do not want to ask about the bill. I want to find out what course the Senator proposes to take with reference to the bill. Are we first to consider committee amendments?

Mr. HARRISON. Unanimous consent has been granted that committee amendments shall be first considered.

Mr. LONG. Then it will be some time before we come to the point of the introduction and consideration of any individual amendments which Senators may wish to offer?

Mr. HARRISON. I hope we may expedite the matter as much as possible, but I doubt whether we will reach that point for several hours.

Nor is the bill intended as emergency legislation, to cope with an emergency situation, but rather it is designed as a well-rounded program of attack on principal causes of insecurity which existed prior to the depression and which we may expect to continue in the years to come. The depression did not create but merely accentuated and forcefully brought to our attention, human suffering resulting from these principal hazards of life.

This measure includes several related subjects. It attacks major problems presented by recurrent unemployment, by destitution of the aged and blind, and of physically handicapped or orphaned children, and seeks to accomplish these purposes largely through encouragement given the States to meet these problems by State action.

Before mentioning any details I wish first to call attention to the general outline of this measure. Neglecting for the moment its provisions dealing with public health and vocational education, this legislation may be classified into three general kinds of provisions, designed to meet three major problems: (1) Pensions for the aged and blind, (2) provisions for child welfare, and (3) unemployment-insurance provisions.

I might here mention the Federal appropriations required for the purposes of this legislation. The measure authorizes about three and one-half million dollars for Federal supervisory and administrative expenses in carrying out the provisions encouraging State pension and child-welfare services; and for allotments to States authorizes $49,750,000 for State old-age pensions, $24,750,000 for dependent children, generally called "mothers' pensions", and $11,991,000 for other items, including child health and welfare services, pensions to the blind, and vocational education. Eight million dollars is authorized for augmenting the public-health service of the States. This makes a total for the fiscal year 1936 of a little less than $98,000,000. The measure authorizes increased appropriations with respect to pensions and vocational education in succeeding years.

In addition to the above, there is an authorization of $4,000,000 as a grant in aid to assist States in administering unemployment insurance for 1936, and $49,000,000 annually thereafter, which amounts will be more than offset by a tax imposed by the measure on employers of four or more persons. Likewise, it is thought that the other taxes the bill imposes on employers and on employees will offset the fiscal requirements of Federal annuity provisions of the measure.

As I have stated, besides augmenting existing public health and vocational rehabilitation services, the measure has three general types of provisions: First, those dealing with pensions for the aged and blind; second, those pertaining to child welfare; and, third, unemployment insurance legislation. At this point I wish to discuss briefly each of these classes in the order named.

In taking up the problem of security for the aged, I should first like to mention a few facts pertinent to this question. Some seven and one-half millions in this country are over 65, and best estimates indicate that about a million of these are dependent on the public for relief. A huge number are on the Federal Emergency Relief, which was not designed and is not suited to meet this permanent problem.

As the trend of our civilization leads away from the farm and into the cities, a growing percentage of our people have come to depend for subsistence on a weekly pay check, and, when cut off from employment because of age, have become dependent on the helping hand of public charity. We are all familiar with the poorhouses to which many of these aged must now turn, and those with experience in the local administration of poorhouses will recognize the wastefulness and inefficiency of this method of taking care of the needy aged.

Many States have sought a better method for meeting this problem. Thirty-three of our States and the Territories of Alaska and Hawaii have State pension laws for the care of destitute aged, and the number of beneficiaries increases rapidly despite the financial difficulties confronting State and local governments. Because of this financial stringency, as might be expected, pensions in many cases are necessarily quite inadequate.

Further, the States face an increasing burden of pension costs in the years to come. The percentage of people over 65 to the total population is rapidly increasing, and a study

of age groups as shown by the census, indicates that the number of these old will be about doubled by 1970. So, obviously, the burden of taking care of these increasingly large groups of needy aged should be met in some manner other than merely the present methods.

The provisions of the social-security bill dealing with this problem may be grouped according to the two purposes sought to be accomplished; first, that of alleviating, and second, that of largely eliminating the said prevalence of poverty in old age.

Eliminating, so far as possible, the necessity of providing a charitable pension for aged people is a primary object of this legislation. In 1931, while Governor of New York, President Roosevelt felt this need, and in a message to the legislature with respect to the gratuitous old-age pension of the State, said:

I have many times stated that I am not satisfied with the provisions of this law. Its present form, although objectionable as providing for a gratuity, may be justified only as a means intended to replace to a large extent the existing methods of poorhouse and poor-farm relief. Any great enlargement of the theory of this law would, however, smack of the practices of a dole. Our American aged do not want charity, but rather old-age comforts to which they are rightfully entitled by their own thrift and foresight in the form of insurance. It is, therefore, my judgment that the next step to be taken should be based on the theory of insurance by a system of contributions commencing at an early age.

It has been found actuarially possible, and the bill provides a method, for those in industry to contribute from year to year a tax, covered into the Treasury of the United States, sufficient to bear the costs of an old-age annuity for those in industry.

These are provisions for what we may term, for convenience in distinguishing them from other pension provisions, annuities.

Beginning in 1937, all employees in the United States, save casual and agricultural labor, private domestic servants, employees of the Federal or State Governments, and of nonprofit religious, charitable, scientific, literary or educational employers, will pay a Federal tax of 1 percent of their wages, up to $3,000 per year salary, which tax will be increased one-half per cent each 3 years, until it reaches a maximum of 3 percent for 1949 and thereafter. Employers of these employees also pay a similar tax at the same rates, based on the taxable pay of each employee, and also are required to deduct the employee's tax from his wages, and report and pay both taxes to the Bureau of Internal Revenue. Penalties with respect to this tax are those of the revenue act, and as collection devices the Commissioner of Internal Revenue may prescribe the purchase of stamps or other tokens. This tax is calculated as sufficient to provide funds, covering the cost of the annuities in the years to come, which will be paid, with only one or two small exceptions, to those workers in industry who paid the tax.

These employees of industry are eligible for annuities on reaching 65, if they have paid tax on total wages of $2,000 or more earned during 5 or more years after 1936 and before reaching the age of 65.

The Finance Committee added an amendment which provides that a man will receive this annuity only if he has retired from regular employment. This was based on the belief that no person holding a regular job should retain this job after 65, receiving an annuity along with his pay check. Rather, he should retire and make it possible for others to obtain work.

These annuities are based roughly on the salary which has been earned after 1936. The measure provides a pension, however, of larger amounts where small salaries or a short period under the system would otherwise result in a very small pension. The annuity is $15 per month for the first $3,000 in salary before the employee reaches 65, plus about 83 cents per month for each additional thousand, up to $45,000, plus about 42 cents per month for each thousand over $45,000, with the further provision that no pension may exceed $85 per month.

For example, take the case of a person whose average salary is $100 per month, retiring at the age of 65. His monthly pension would be:

$17.50 where he earned wages 5 years.
$22.50 where he earned wages 10 years.
$32.50 where he earned wages 20 years.
$42.50 where he earned wages 30 years.
$51.25 where he earned wages 40 years.

A lump-sum benefit of 3½ percent of all wages is provided for the estate of any person dying before 65, and a like amount is paid any person retiring at 65 and not eligible for benefits. For example, suppose such wages after 1936 amounted to $10,000, this benefit would be $350.

This plan is expected to take care of a majority of our people in the future, but there are some groups, not employed by industry, necessarily omitted under this system. It was thought proper, and the Finance Committee amendment to the measure accordingly provides, that these groups, such as farmers and professional men, be given an opportunity, as similar as possible to those in industry, to build an annuity. Persons who desire may, in very small installments, or by lump-sum payment, purchase annuities from the Treasury which will pay them up to $100 per month after they reach 65. These annuities are, of course, on an actuarial basis, and accordingly require no tax measure or appropriation, and none is provided in the bill.

There is yet a third group to consider, those who now or in the future face a dependent old age and have not been able to secure either of the annuities which I have just mentioned. For a complete old-age program this group must also be considered. This is the second part of the old-age security plan—providing for those whose old-age dependency cannot be eliminated by these annuities.

The social-security bill authorizes the appropriation of $49,750,000 for 1936, and such sum as may be needed annually thereafter, to be allotted the States with approved plans, to be used in making payments under their old-age pension laws. The average pension now paid by the 33 States and 2 Territories which have already enacted these laws is about $15 per person per month. Accordingly, up to $15 a month per beneficiary the Federal Government will match whatever the States appropriate. This Federal aid will be available immediately to each State with a satisfactory plan for State old-age pensions and will result in the Federal Government bearing half the costs of paying pensions up to $30 per month per beneficiary. If the State wishes to add to its costs and pay a more liberal pension, of course it is at liberty to do so.

The administration of these pension laws is left to the States themselves, with an absolute minimum of Federal participation, other than the granting of the money to match State funds. It is right and proper for the States, where old-age pension laws began, to go on administering these laws in their own way, for their own people.

The measure provides, however, for obvious reasons, a limitation on requirements States might set up, and which might leave large groups ineligible for a pension in any State. It may have a residence requirement of not exceeding 5 of the 9 years preceding application for a pension, and a continuous residence requirement of 1 year immediately preceding application. Further, United States citizens, who have met the residence requirement, may not be excluded on a citizenship requirement.

To sum up, for old-age security, the measure provides for Federal industrial annuities, for voluntary annuities, and, in addition, provides assistance to the States in paying pensions to those so unfortunate as to face old age without these annuities, or other income of their own.

The necessity of the bill making this twofold attack upon destitution in old age can be readily appreciated when one realizes the terrific cost of trying to meet the problem by merely grants in aid to the States to pay gratuitous pensions. As I have stated, the number of needy old people is steadily increasing. The average length of life is getting longer; industrial civilization has made it harder for the young to care for their parents. For these reasons, if the measure merely granted aid to the States for old-age pensions, the cost would grow enormously. The actuaries say that if this was the only plan providing for the aged,

by 1960 the total annual cost of pensions, to the State, Federal, and local governments, would be as much as $2,000,000,000. In drafting the social-security bill, therefore, it was thought necessary to look around for additional means of meeting this problem; and the thing that has been proposed and sponsored by the President is the national system of old-age annuities which I have just described, which will be paid for in large part by the very people who will get the benefits.

By inaugurating this threefold system—and this is very important—we will thus be vastly reducing the Federal and State burden of paying the gratuitous pension, for this annuity system should eliminate the necessity of a gratuitous pension in at least half the cases. I have said that the actuaries figured that in the absence of any all-embracing Federal system the total cost by 1960 for State old-age pensions might be $2,000,000,000. With the self-supporting Federal system in existence, however, the annual cost by 1960 for the State old-age pensions would almost certainly be less than $1,000,000,000. This system, therefore, would mean a saving of over a billion dollars a year.

It is well worth while to remember this tremendous saving to the Federal and State Governments, in considering placing on industry the graduated pay-roll tax it will assume under this uniform national system. This tax on employers, and the tax on employees, begins in 1937 with equal contributions of 1 percent, and is 2 percent in 1943. Even when it reaches its maximum of 3 percent in 1949, it will amount, on the average, to only something like 1 percent of the regular selling price of the average employers' product. This is a relatively small amount to pay for a system which will provide annuities in lieu of gratuitous pensions costing over a billion dollars a year, and will bring assurance of a small but regular income to more than half of our aged people.

Besides the saving to the Nation as a whole, the annuity system will give to the worker the satisfaction of knowing that he himself is providing for his old age.

This system of meeting the problem of the needy aged is the nearest approach to ideal that could be reached after months of patient study. It is believed to be within the financial ability of our Government, and achieves in the largest measure found possible, the ideal of the President and those of us who believe as he does, of banishing the gaunt specter of need in old age.

Besides the grant in aid to States for assistance in paying pension for the needy aged—and this does not refer to one who has reached the age of 65 only, but he must be in need—the bill authorizes $3,000,000 for 1936, and such sums as may be necessary thereafter to match State funds for pensions to those totally blind. Approximately the same conditions attach to these grants in aid as attach to grants for State old-age pensions.

I do not know when any committee was ever moved more than was the Finance Committee when several old gentlemen, who were totally blind, were led into the committee room by their dogs and presented their case for aid to the needy blind in this country. I may say, with reference to the blind, that the provision was not in the bill as it passed the House, but is a Senate committee amendment.

As indicative of the need of this provision I might mention two or three pertinent facts. About half of the States already have such pension laws, but State financial stringency has resulted in very inadequate provision.

There are more than 65,000 listed as totally blind by the 1930 census, which recognizes this as an understatement, and of these nearly 45 percent are persons over 65, as much blindness comes from causes developing late in life. Due to this fact, and the difficulty of finding suitable occupations, it is not surprising that less than 15 percent of the blind are gainfully employed. Encouragement to the blind to become self-supporting is, of course, desirable, but the fact that only a few even of the 15 percent gainfully employed are self-supporting shows the necessity of encouraging and financially assisting these State pensions for the blind.

The Federal agency passing on State plans providing pensions for the blind and aged, and State unemployment insurance plans, and which administers the contributory annuity system, is the Social Security Board. Before passing on to the next phase of the bill, that dealing with child-welfare, I will mention the main provisions as to the Social Security Board.

This is a three-member board, and the Finance Committee amended the bill to provide that during membership a person could engage in no other employment; that no more than two members shall belong to the same political party, and established the Board in the Department of Labor.

Board members serve 6-year staggered terms and are, with the advice and consent of the Senate, appointed by the President, who also designates which shall be chairman.

This Board is, as I have mentioned, in general the Federal administrative agency for Federal annuities, and passes on State plans and other matters with respect to assistance for the blind and aged and for unemployment insurance.

It appoints and fixes compensation for needed officers and employers, of which attorneys and experts are not subject to civil service. Its report is, of course, made through the Department of Labor.

Your committee's amendment locating the Board in the Department of Labor was largely because by this arrangement savings might be effected, and its work could be better integrated with other agencies that are now in the Department of Labor.

I now direct your attention to the second phase of the measure, that of child welfare. At the outset I desire to pay tribute to the great work the States have done in this field, and to mention that all the provisions of the bill affecting children are designed to assist the States.

The large problems relating to child welfare are the problems of the child in the broken home without adequate income, the neglected child, and the crippled child. In addition, the matter of child and maternal health is of vital importance.

The pending bill has provisions designed to alleviate each of these hazards.

With respect to the first child-welfare problem. that of the child in the broken home, where there is no adequate income, I desire to call your attention to facts developed by the relief survey. This survey indicates that there are some 350,000 families of this type, with 700,000 children, which have been supported by the relief. With relief no longer available the necessity will naturally arise of throwing these children in institutions, as the mother cannot usually care for them and at the same time go out and work.

The problem of keeping such broken families together has caused 45 States to enact laws, generally termed "mothers' pensions", and with the termination of the Federal emergency relief measures it would seem almost imperative that the States be assisted in bearing the financial burden of providing these pensions.

The measure meets this situation by authorizing an appropriation of $24,750,000 for 1936, and such amounts as may be needed annually thereafter, for grants in aid, to be apportioned among the States for use in paying pensions to dependent children. Where the State has an approved plan, the Federal Government thus will bear one-third the cost of the total pension, except in no case shall the Federal share exceed $6 per month where there is one dependent child, and $4 for each additional child where there is more than one dependent child. These limits are roughly in accordance with the limitations in the allowances to the widows and families of World War veterans, as the contemplated total pension would amount to $18 for the first child and $12 each for any additional children in the family.

A State will not have to aid every child which it finds to be in need. Obviously, for many States, that would be too large a burden. It may limit aid to children living with their widowed mother, or it can include children without parents living with near relatives. The provisions are not for general relief of poor children but are designed to hold broken families together.

The Ways and Means Committee report, in mentioning the next problem of child welfare, the alarmingly large number of neglected children, said that they "are in many respects the most unfortunate of all children, as their lives have already been impaired." To assist the States in strengthening public-welfare agencies, especially in rural areas, and thus helping to care for homeless and neglected children, the measure authorizes an appropriation of $1,500,000 for 1936 and for each year thereafter. This grant to the States is to be apportioned by first giving $10,000 to each State, and dividing the remainder among the States on the basis of their respective rural populations, as compared with the total rural population of the United States.

The importance of the provisions for crippled children, the third problem attacked, is evidenced by the fact that there are between 300,000 and 500,000 of these, many of whom can be effectively dealt with by early treatment. This will not only save them from lifelong physical impairment but also from being public charges.

The measure authorizes $2,850,000 annually to assist the States in meeting this problem, especially in rural areas and those in economic distress. The appropriation is on a 50-50 matching basis, apportioned first $20,000 to each State, the remainder to the several States based on the number of crippled children and the cost of locating and hospitalizing them.

The fourth and last problem attacked is that of maternal and infant care. From 1922 to 1929 the Federal Government participated in this program, and all but three States cooperated. Due to financial stress this work has been curtailed, and several States have felt unable to continue it.

The American maternity and infancy death rate, particularly in rural areas, is much higher than that of most civilized countries, and experience has taught that an intelligent program is very effective in remedying this condition. The measure accordingly has authorization for $3,800,000 annually to be used in aiding the States. This is to be allotted, first $20,000 to each State, then $1,800,000 is apportioned according to the live births of each State, compared to total live births throughout the country. This is on a 50-50 matching basis. In addition, $980,000 is for allotment without the necessity of the State matching, based on the financial needs of the State in carrying out its plan, and taking into consideration the live births in the State.

Approval of State plans for children is vested in the Children's Bureau, which has done notable work for many years. The measure authorizes $625,000 annually for its expenses in administration, and for further study and investigation.

Save this sum, it will be noted, all the appropriations for child welfare are granted to and administered by the States under State law. The apportionment of these funds is largely administrative, as I have indicated in dealing with each provision. This is also true with respect to passing on State plans for child welfare, the principal duties of the Bureau being to make suggestions and to determine whether State plans meet the requirements set out in the bill. I shall briefly mention these principal requirements, which are believed proper to insure the greatest benefits from the grants in aid for child welfare which have been just reviewed.

State plans for crippled children, for maternal and child health, and for dependent children must each be State-wide in operation, with the State contributing financially to its support, and with a State agency charged with final administrative responsibility, and making reports to the Secretary of Labor. The Chief of the Children's Bureau passes on whether these requirements are met, and, in the case of mothers' pensions, on whether the methods of administration are efficient. In no case, however, does this include jurisdiction to pass on tenure of office, selection, or compensation of State personnel. In the case of mothers' pensions any person whose claim is denied must be given a right of appeal to the State agency, and the plan cannot have a residence restriction excluding any child who lived within the State a year before aid is requested or, in case the child is born within the year, if the child's mother has lived in the State a year. In carrying out child-welfare services the measure provides for the State and Children's Bureau to jointly work out a plan.

To sum up, the provisions of the social-security bill affecting children are for grants in aid to the States, assisting them in making provision for dependent children in broken homes, which are usually termed "mothers' pensions"; also for child-welfare services, for medical assistance to crippled children, and for mother and infant health. In addition, the appropriation authorized for continuing and augmenting existing vocational education and public-health services will be of benefit to children as well as adults.

We have discussed two of the three main phases of this legislation—provisions for the aged and blind, and those for child welfare. I have omitted any discussion of the parts of the bill dealing with public health and vocational education. This omission is not because I deem these provisions of small importance, but because they are along traditional lines, merely augmenting and extending these services, and meeting universal approval. The necessity of the provisions was demonstrated at the hearings by a host of witnesses.

The third and last great phase of this measure is the attack upon unemployment. In discussing the provisions with respect to unemployment insurance, I wish to again emphasize that it is not the purpose of unemployment insurance to meet the extraordinary situation with which we are now faced.

This situation is being met by the public-works program, and if in the future a similar emergency again must be met, it will probably call for some similar effort. The field of unemployment insurance is essentially that of meeting the normal condition of temporary lack of employment, and to mitigate the immediate effects of large-scale unemployment.

For in normal times, and in fact even in boom years, there is always considerable unemployment. Some 3,000,000 people who wanted work did not obtain it in the comparatively prosperous year of 1928. When machinery is replaced by more efficient machinery, when overproduction arises from any of many causes, when an industry is dying because its product is being supplanted, men are thrown out of work.

Further, with little thought directed toward stabilization, many industries operate with considerable irregularity of employment. There are peak periods and there are low periods, and a plant that employs thousands of men in March and April carries on with merely a skeleton force in the autumn months. The thousands who are thus dropped face a resulting period of unemployment, exhausting, in many instances, their meager savings, and sometimes becoming a charge on charity before an opportunity for regular wages is again afforded them.

It has always been natural for the cost of this unemployment to fall upon the local community. Those who are out of work first look to their neighbors for help; and, when that source is no longer sufficient, to their local and State governments. Unemployment may, in extraordinary depressions, necessitate the Federal Government assisting the States to meet the problem, but otherwise the problem of so-called "normal" unemployment is one that primarily is of local concern.

This has long been recognized by the States, and the problem of meeting this "normal" unemployment has been the subject of earnest study by commissions established by them. Especially has this been true since 1929, when increasing ranks of the unemployed brought the necessity of some action more keenly to public attention.

It is significant that almost every State commission investigating the subject urged some form of unemployment insurance, and, while differing as to details, uniformly recognized that part or all of the cost should be borne by employers in industry and that reserves should be built up in good times to help in providing for the welfare of those unfortunates cut off from regular work by seasonal unemployment, or that resulting from the many other causes found even in normal times.

Looking backward, it is easy to see how unfortunate it was that no more steps were taken toward actually inaugurat-

ing State unemployment insurance systems. For instance, if the State of Ohio had started unemployment insurance back in 1923, paying their workers who were honestly unemployed half their wages for periods of not longer than 6 months, the fund would have stayed wholly solvent for 2½ years after the depression began. Probably the rigors of the depression would have been largely mitigated with such a system in force throughout the several States. Certainly the regular income still received by each man who lost his job would not only have kept up his courage in the face of adversity but would also have given him a purchasing power enabling him to consume products of industry, which were left unsold on the shelves of the clothing store and the grocery.

One large factor deterring States from acting on the recommendations of commissions for the establishment of unemployment insurance has been the belief that it would put the local industry of the State at a competitive disadvantage with industries of States which did not have such systems. "If", the argument runs, "this burden, small though it may seem, is placed on the employers of this State, and is not likewise placed on the employers of our neighboring States, we shall in effect be driving industry out of our State and into the neighboring States, if we pass this bill."

The argument was made that if, for example, an unemployment-insurance plan were put into effect in Ohio, and no unemployment-insurance plan were put into effect in Kentucky, the industries of Ohio would be affected disadvantageously.

While, despite this obstacle, Wisconsin enacted an unemployment compensation law in 1932, and during the past winter Washington, Utah, New York, and New Hampshire also enacted such laws, other States have been deterred because of the fear of interstate competition, and it has been considered a most desirable step for the Federal Government to eliminate this barrier to State legislation.

This object is accomplished by the provisions of title 9 of the bill, which I now call to your attention. An excise tax is levied on employers of four or more persons, effective for 1936, and payable first in January 1937. This tax is for the first year 1 percent of the employer's pay roll, and increases to 2 percent for the second, and 3 percent for the third and subsequent years. Against this tax, up to 90 percent thereof, the employer may credit any amount he pays the State for State unemployment compensation. This places employers of all States on the same footing, and allows and encourages the inauguration of State compensation laws by eliminating the fear of driving business out of the State by the imposition of the burden of supporting a State unemployment-insurance system.

The credit of State contributions against this Federal tax is allowed whenever the Social Security Board, established by the measure, finds that the State law is a genuine unemployment-insurance measure fulfilling a few minimum standards set up in the bill. These standards are not designed to limit the States from using wide discretion in the types of unemployment insurance established by them, but only to insure the satisfactory working of any unemployment-compensation system.

There are six of these requirements. First, so as to provide a close check-up on malingers, benefits are to be paid through public employment offices, where the State has such offices. Second, to insure satisfactory reserves, benefits are not to begin until after the State has required contributions to be collected for 2 years. Third, the funds must be used only to pay unemployment compensation. The fourth provision is for the protection of the worker, who is ordinarily cut off from benefits where he refuses proffered employment. It provides that such proffered employment need not be accepted where the hours or other conditions of the job offered are substantially less attractive than those of similar jobs in the locality, and that the employment is not such as to necessarily interfere with his union affiliations. The fifth requirement is that the State law does not create a system which cannot be amended when experience indicates the need for such amendment.

The sixth and last requirement is that the State unemployment funds be deposited with the Secretary of the Treasury. This requirement is coupled with the provision that interest be paid on the State balances, and is for the purpose of safeguarding their investment. It is thought that no matter how soundly invested by the States, there would come times of unemployment when the investment would have to be liquidated in large quantities, with a depressing effect on the securities and a resulting loss.

In completing my statement on unemployment insurance I wish to call your attention to two amendments the Finance Committee thought wise to add, which provide for wider choice of types of unemployment-insurance systems and also for a stabilization incentive to employers. As I said before, the State of Wisconsin was the first State to pass an unemployment-compensation law. The statute was based upon a very definite philosophy that if employers are given a real cash incentive to stabilize and regulate their employment they will be able to make progress in eliminating so-called "normal" unemployment. The Wisconsin law provides that every employer shall set up reserves against the unemployment of his own employees, and when his reserve fund reaches a certain amount he will thereafter have contributions reduced so as to pay only such sums as are necessary to keep the reserves up to this amount. It is therefore to his advantage to prevent unemployment and so escape the necessity of large contributions to these reserves. It is easily seen that the heart of this system is the lessening of contributions because of good employment experience, and that for it to be effective such credit should be allowed against Federal as well as State tax. The bill was passed by the house allowing only pool-type systems such as will be set up under the New York law and not providing for this stabilizing credit. The senate amendments allow either type of system and also the credit against Federal tax.

If the provision adopted by the House had been carried through in the Senate bill, then the Wisconsin system would have had to be completely changed. The Senate Finance Committee thought that the State itself should decide between these systems and adopt the one they thought most beneficial.

The final provisions of unemployment insurance are for grants in aid to States with approved systems, for their use in paying the costs of administering the system. As I have stated, there is a Federal tax and an allowance of 90 percent of credit against this tax because of contributions to State unemployment systems. The remaining 10 percent, which remains in the Federal Treasury, is thought sufficient to offset an appropriation authorized by the measure, to be allotted to States for these administrative costs.

Mr. President, I desire to congratulate the House of Representatives on the great improvement they made in the bill which was originally presented. They have made a marked improvement and I believe the Senate Committee on Finance has further improved the proposed legislation.

Mr. President, in concluding this statement, may I add that the development of our industrial civilization has presented these pressing problems which this legislation seeks partly to meet. The President has pointed the way, and the measure before you is the result of careful study by the Committee on Finance. The committee received the assistance of the best experts on this question throughout the country. It coordinates the efforts to lessen the major hazards of our civilization. It deals with matters which other countries have already dealt with, and from whose experience we can be guided. It will not commence with unwise speed, but rather will be a gradual development, proceeding carefully and surely for the goal which is now far distant.

Further study, beyond that already given would avail us little, and the need for delay in this legislation does not exist, as the provisions of the measure itself provide for no hasty action which might have a retarding effect upon recovery. I trust, therefore, with such reasonable discussion as may be found necessary, we may proceed without delay

to the consideration of this bill, with every hope of its appeal to an expeditious passage.

Mr. HASTINGS. Mr. President, I do not know whether or not the Senator covered the point I am about to make, as I did not hear the very first part of his discussion; but I wish to give an illustration and see whether the Senator can explain how this situation is to be met:

For instance, if a man 50 years of age going into this plan on January 1, 1937, is earning $100 a month and pays in until he is 65 and lives out his expectancy of 12 years, he will be entitled under this plan to $17.50 a month, or $210 a year. In 12 years that will amount to something like $2,500. There will have been paid in by him and for him during that time $24 for the first, second, and third years, and $36 for the next 2 years, making $144. If that $144 were invested in an annuity, as is the plan here, it would earn him only $1.17 a month, something like $14 a year, or a total of $168 during the 12 years as against twenty-five hundred and some odd dollars he would get under the plan proposed by the bill. It costs for that particular individual something over $2,300.

In view of the fact that this plan contemplates that the taxes collected shall pay all the expenses, I ask the Senator to explain—and I am not asking this question for any other purpose than to have the explanation from the chairman of the committee—I should like to have the chairman of the committee explain to the Senate how this difference of $2,300 in that particular class is made up.

Mr. HARRISON. I may say here to the Senator from Delaware that, without question, under the plan favored treatment is accorded to those who are now of advanced years.

Mr. HASTINGS. Let me give the Senator another illustration, in order to show that, from the point of view of some persons, there must be discriminations existing in this bill. That is one of the objections I have to it. If we take a young man who enters employment in 1949, when the full tax of 6 percent is payable and he pays in for a period of 45 years he will have earned during that time $54,000, and under the plan will be entitled to $53.75 a month, or $645 a year. If he should live out his expectancy, he would have paid to him under the plan $7,740; while if the same young man had paid in the same amount under some regular annuity plan, from which he got all the benefits, he would be entitled under the ordinary plan which the insurance companies adopt—and this is figured out carefully—to $68.50 a month, or $822 a year, which over a 12-year period would make a payment to him of $9,864. As under the plan proposed by the bill, he will get only $7,740; he will, therefore, lose $2,124. Of course, I am not asking the Senator to do anything more than assume that my figures are correct. I have gone over them with some care.

Mr. HARRISON. Are the figures based on the 3 percent the employer pays?

Mr. HASTINGS. Yes; on the 3 percent the employer pays and the 3 percent the employee pays. If that fund were paid in, as is done in the case of many of the corporations of the country—unfortunately by not enough of them—and an insurance policy taken out for that man, and he should start to work at 20 and should work for 45 years and should make his full pay every month, he would be entitled at the end of the 45-year period, when he reached 65, to have paid to him $68.50 a month; and, if he lived out his expectancy, $9,864, while under this plan he would lose $2,124.

I cite those two extreme illustrations—the first one I gave, and the second—in order that the Senate may know that the way the difference in favor of the elder man is made up is by punishing the youth of the Nation. In this connection I might call attention to the fact that the same thing is true with respect to the provision for death benefits.

If a man enters the plan at the age of 60 years and earns $1,200 a year for 5 years, at the end of the period he will have earned a total of $6,000. If he should die just as he reached the age of 65, his estate would be entitled to have paid to it a lump sum of $210. The amount this particular man has paid in, plus the accumulated interest at 3 percent, will amount to $76.92, making an overpayment to the estate of $133.08. This is one end of the problem. I have worked out the other end of it also.

But if we take the illustration of a man who begins to pay in the year 1949 and pays for a period of 45 years, we find that his estate is entitled to $1,890, although the amount the employee has contributed to the fund, with its accumulated compound interest, would amount to $3,383.52, showing a loss to his estate of $1,493.52.

I invite attention to the fact that this same youth is penalized if he should pay in for 45 years and then die at the age of 65 in that his estate would receive only $1,890, whereas the amount he has paid in, with accumulated interest, would be $3,383.53, a difference of $1,493.52; so if he lives to be 77 and draws his pension he has a loss of $2,124, while if he dies at 65 before beginning to draw his pension, his estate is out $1,493.52.

Mr. President, in my own time I propose to discuss the discrimination at some length, and if I have time and the chairman of the committee does not hurry me too much, I desire to point out several other discriminations. I wish the Senator from Mississippi to understand—and I know he does understand—that I shall do so for no other purpose than to present to the Senate and to the country the facts with respect to the matter.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. FLETCHER. I ask the Senator from Delaware if he has separated the amount paid in by the insured from the accumulated interest? He mentioned the two together. I think it is important to separate the accumulated interest from the total amount paid in.

Mr. HASTINGS. I have based all the figures I am using upon the figures which it is contemplated the Government uses under the plan. The theory of the Government under this plan is that the amounts paid in plus 3-percent interest will take care of the whole plan. The point I make is that in order for that to be true—and I expect to show that it is not true in fact—we must discriminate between the young man of today and the old man of today and give the older man a great advantage. My theory is that in the later years the young man who participates in this plan, when he, too, grows to be old, will call upon the Congress to make up to him in 1980 that which has been taken from him in order to take care of some older man who lived in the year 1940.

I merely desired to call this point to the attention of the Senator, so that before he concludes, if he so desires, he may discuss it.

Mr. HARRISON. Of course, the Senator from Delaware need not suggest to me that I have any doubt about the sincerity of his opinion. In the first place, I never question the motives of the sincerity of any Member of this body. I do not know of any member of the committee who attended more regularly and more diligently performed his duties in connection with the consideration of this measure than did the Senator from Delaware.

It is natural that there should be a difference of opinion and different interpretations of the bill. There is no difference as to this particular matter between the Senator from Delaware and myself when it comes to the fundamental facts. It is quite true that when the bill shall go into effect as a law, those persons of advanced age will be favored. However, as suggested by the Senator from Illinois, this is not an investment plan. It is a plan which is worked out for security in the years to come. We are trying to be of help to people in their old age. I cannot believe that those of the younger generation, who are to realize in later years under the plan, will begrudge the possible advantage to those men who now have reached 55 or 60 years of age.

Mr. JOHNSON. Mr. President——

The PRESIDING OFFICER (Mr. MURRAY in the chair). Does the Senator from Mississippi yield to the Senator from California?

Mr. HARRISON. Certainly.

Mr. JOHNSON. I should like to inquire whether or not the Senator from Mississippi and the Senator from Dela-

ware have discussed the constitutionality of the pending measure? [Laughter.]

Mr. HARRISON. Mr. President, I do not want to have any bill passed that cannot be upheld by the Supreme Court. I say nothing against the Supreme Court. We have done everything we could to eliminate questionable matters of constitutionality. We had before us a representative of the Department of Justice with instructions that he should study the bill from every angle. There was assigned to this work in the Department of Justice one of the assistants to the Attorney General, who is a most highly respected man and a really great lawyer. The views of the Department through this man and others whose views we have received are that the bill will be upheld by the Court on all constitutional questions.

Mr. JOHNSON. Mr. President——

Mr. LA FOLLETTE. Mr. President, before the constitutional question gets much farther away from the suggestion of the Senator from Delaware I should like to make a suggestion or two.

Mr. JOHNSON. Let met say that the query I put to the Senator from Mississippi was more rhetorical or intended to be more facetious than otherwise, because long ago in my experience, the first I had in government, I learned that whenever there is any progress to be made, whenever we touch the human equation, whenever we seek to aid those who are in distress and those who require sympathetic treatment on the part of the Government, always there arises the bogey man of unconstitutionality.

Mr. LA FOLLETTE. Mr. President——

Mr. HARRISON. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. I think the Senator has completely answered the suggestion of the Senator from Delaware, but I did want to add one or two suggestions if he will permit.

In the first place, the shedding of tears about the burdens placed upon the youth under this plan would be viewed with less sympathy if we should stop to think that without this plan and, except for this extraordinary emergency, the youth of the Nation would be, as usually they now are, called upon to meet, without any assistance, the burden of the aged dependent.

In the second place, the Senator from Delaware lumps in the contributions made by the employer in arriving at this apparent differentiation between the treatment of the younger group and those who are in the older groups at the time the system shall go into operation. I see no reason in the world, if the plan is to be agreed to at all, why we should not require the employer to help take care of the aged in his employ for whom he has made in the past no provision whatsoever.

In that connection I desire to point out that, as a matter of fact, if we separate the contributions of the employee and the employer, we find in every instance, whether they be aged or in the younger group, that when they become eligible for annuities under the proposed plan they will receive more than they themselves will have contributed.

Mr. McNARY. Mr. President, will the Senator from Mississippi yield?

Mr. HARRISON. Certainly.

Mr. McNARY. In the Senator's very able presentation of the bill he stated somewhere in his remarks that those over 76 years of age constitute 7,500,000 of our population. I think the Senator must have meant 65 years of age.

Mr. HARRISON. Yes; I meant over 65 years of age. If I said 76, I was in error.

Mr. FRAZIER. Mr. President, I should like to ask the chairman of the committee a question, if I may.

I have had some inquiries from men working for corporations that have pension plans of some kind. They wished to know if an exemption could be made whereby their company would give them a larger pension under the plan they are now working under, and under which they have been paying for a number of years, than would be given under the plan offered here.

I should like to know whether that matter has been considered by the committee.

Mr. HARRISON. I may say to the Senator from North Dakota that the issue which was more sharply contested before the committee than any other was that of permitting private pension plans to continue and be excepted from the plan outlined in the bill. The thought of some of the best lawyers was submitted on it; and they thought we would be taking a very doubtful position if we permitted some companies to carry on their private plans and be exempt from the tax and at the same time imposed this tax on others. We were informed that there is no pension plan in operation by any private institution at the present time which is more favorable than the one we are here offering.

Mr. WAGNER. Mr. President, I desire to say that there is nothing in the proposed legislation which would prevent an employer, if he desired to do so, from supplementing the amount of pension paid under this system by having a pension system of his own to add to that provided under the proposed legislation.

Mr. FRAZIER. I assumed, of course, that was the situation.

SOCIAL SECURITY

The Senate resumed the consideration of the bill (H. R. 7260) to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes.

Mr. WAGNER obtained the floor.

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bulow	Couzens	Guffey
Ashurst	Burke	Davis	Hale
Austin	Byrd	Dickinson	Harrison
Bachman	Byrnes	Donahey	Hastings
Bailey	Capper	Duffy	Hatch
Bankhead	Caraway	Fletcher	Hayden
Barkley	Chavez	Frazier	Johnson
Black	Clark	George	Keyes
Bone	Connally	Gerry	King
Borah	Coolidge	Gibson	La Follette
Brown	Copeland	Glass	Lewis
Bulkley	Costigan	Gore	Lonergan

Long	Murray	Reynolds	Trammell
McAdoo	Neely	Russell	Vandenberg
McCarran	Norbeck	Schall	Van Nuys
McGill	Norris	Schwellenbach	Wagner
McKellar	Nye	Sheppard	Walsh
McNary	O'Mahoney	Shipstead	Wheeler
Maloney	Overton	Smith	White
Minton	Pittman	Steiwer	
Moore	Pope	Thomas, Okla.	
Murphy	Radcliffe	Townsend	

The PRESIDING OFFICER. Eighty-five Senators having answered to their names, a quorum is present.

Mr. WAGNER. Mr. President, the senior Senator from Mississippi [Mr. HARRISON] has given the Senate so comprehensive an explanatory statement regarding the pending bill that I can add little. But as the sponsor of the measure, and as a long-time advocate of social insurance, I ask that the Senate bear with indulgence my remarks upon the subject.

ECONOMIC INSECURITY AS AN INDICTMENT OF AMERICA

Mr. President, social insecurity in its modern aspects has not been an offshoot of the depression. It has been a persistent problem since the dawn of the factory era, intensified by the increasing urbanization of American life and by the virtual disappearance of free farm lands in the West.

To grasp the full ethical and economic implications of this problem, we must indulge in a brief survey of our history since the Civil War. During that time our energy and genius built upon this continent a Nation of unparalleled economic strength. Our mechanical equipment became the most extensive and the most efficient in the world. Our fabulous resources seemed to insure us against the possibility of adversity. Our wealth doubled and redoubled until it exceeded the wildest flights of fancy. No accomplishment seemed too great for us to attain. We became at once the envy and the admiration of the universe, and a shining example for the ages yet to come.

If some prophet of old could have foreseen the material wealth with which we were to be blessed, what else might he have prophesied? He would have envisaged the worker liberated from the nerve-racking struggle for bread alone, secure against the peril of unemployment, enjoying opportunities to work under conditions calling forth creative intelligence, and enjoying ample leisure for the cultivation of family life and the enrichment of spiritual outlook. He would have seen the man who has become too old to work spending his declining days in mellow comfort, tasting neither the humiliation of charity nor the bitterness of unrequited efforts. He would have been sure that little children would be spared the gnawing hunger of poverty, and that society would recognize in full its obligation to care for the fatherless and the maimed.

But if this prophet had awakened during the period between 1922 and 1929, which was regarded as the era of unmatched prosperity, what a rude disillusionment would have been his. Three million unemployed, deprived even during so-called "good times" of the sacred human right to earn their bread, were being fed upon dogma about self-reliance and individual thrift. Fully 20,000,000 families were living in the cold cellars of poverty dug beneath the streets of our most prosperous cities. Countless old people were being buffeted from pillar to post, forced at best to rely upon the help of younger relatives whose own slender resources were scarcely equal to the task. Children without end were being denied the simple joys of carefree childhood, their minds handicapped by improper schooling, their bodies stunted by the relentless pressure of factory work. Misery and destitution were the sordid realities of every Main Street, not in a poverty stricken country, but in a land where the inequitable distribution of tremendous wealth was sharpening the tragic contrast between the House of Have and the House of Want.

Some people there were, it is true, who saw the solemn tragedies lying beneath the gilded surface of our national life. But their protests were ignored and their warnings were derided. As early as 1928 I had the bitter experience of encountering the public apathy which greeted my proposals for a survey of unemployment, for the creation of a Nation-wide job exchange system, and for the inauguration of a long-range public-works program. After the onslaught of depression, I introduced in 1930 and 1931 the first two measures designed to promote Federal encouragement of unemployment insurance laws in the several States. Containing essentially the same idea which has crystallized in the present bill, they were promptly buried in committee. Then I introduced the first resolution calling for a special senatorial investigation of the whole problem of unemployment insurance. Pursuant to it, a committee of three Senators held protracted hearings. The majority members wrote a report deprecating the potentialities of Federal action; and I filed a minority report again urging immediate legislation along the lines of the measure now before the Senate. It is gratifying to note that many Senators who were doubtful of the wisdom of this type of social legislation a few years ago are now its stanch and hearty advocates.

When future historians of the gilded age from which we have emerged seek a moral to adorn their story, they will find that social injustice brought the retribution of sure decline. The income of the masses, shriveled by the blight of wide spread unemployment and uncompensated old age, was not sufficient to buy the goods flowing from the ever expanding factories. The huge profits of the few, which could not be spent in self indulgence, were reinvested again and again in plants and machines. When the market became flooded with unsold surpluses, the depression came with the certainty of nightfall.

From that emergency we have been rescued by a program combining constructive action with enduring faith in the essential fortitude and strength of the American character. We now seek a new era of well being in which the social inequalities of the past will be driven forever from the scene. We seek a more even tempered and widely diffused economic enjoyment that will provide a bulwark against the resurgence of hard times. The social-security bill draws its inspiration from both of these objectives. It is a compound in which are blended elements of economic wisdom and of social justice.

UNEMPLOYMENT INSURANCE: LEGISLATIVE PHASE

At the very hub of social security is the right to have a job. Even in the care-free decade of the nineteen twenties, an average of 1,500,000 workers per year were care-worn and tormented by the visitation of unemployment. Between 1922 and 1933, 15 percent of our total man power remained idle and disdained. When 15,000,000 people walked the streets of despair in early 1933, we knew at last that the fall and rise of our national prosperity kept pace with the rise and fall of unemployment; and we knew that until we solved this baffling enigma, our bravest and sincerest efforts would spend themselves in vain.

There is no quick relief for unemployment that has reached its zenith, any more than there is a sure cure during the last stages of a malignant disease. But the common experience of many progressive countries has revealed a relatively humane and economical method of alleviating the sporadic or seasonal unemployment which occurs even during normal times. And in addition to its curative aspects, it is a method which serves as a check upon further unemployment. Needless to say, this remedy is unemployment insurance.

There are many reasons why unemployment insurance in the United States should be developed along State lines. The tremendous expanses of our territory and the infinite variety of our industrial enterprises create totally dissimilar conditions in different parts of the country. Besides, it would be unwise to fit an inflexible strait-jacket upon the entire Nation without testing by comparison in operation the two or three major proposals for unemployment insurance, each of which has elements of merit urged by divergent schools of reputable thought.

At the same time, the disheartening results of 50 years of agitation for unemployment insurance prove conclusively that there will be no substantial action unless the Federal Government plays its part. Less than one-half of 1 percent of the workers in this country are covered by the much-heralded private and voluntary plans for their protection. And so paralyzing has been the fear of unfair competition by backward States that only Wisconsin dared to proceed in splendid isolation by enacting an unemployment-insurance

law. The very fact that four other States have taken the same course in the short period of time since the inception of this measure is the best token of the validity of Federal encouragement.

The social-security bill sets up two powerful Federal incentives to State action. In the first place, it appropriates $4,000,000 for the fiscal year beginning this June, and authorizes the appropriation of $49,000,000 for each succeeding year, to be allocated among the States in the form of subsidies for the administration of such unemployment-insurance laws as they may enact. These subsidies will be on the basis of need, taking due account of the population of the respective States, the number of persons covered by their unemployment-insurance laws, and other relevant factors.

As a second incentive to State action, the bill imposes a Federal excise tax upon the total pay roll of each employer engaging four or more workers. This tax is fixed at 1 percent for 1936, 2 percent for 1937, and 3 percent for each succeeding year. Against this imposition any employer may offset, up to 90 percent, whatever sums he contributes to pulsory unemployment-insurance funds created under the State law. Since the States will be anxious to draw this Federal tax back into their own borders, the natural result will be the enactment of unemployment-insurance laws in every State.

Practically no restrictions are placed upon the types of statutes that the States may enact. They may provide for State-wide pooled funds or for individual company reserves. They may exact contributions from employers, or from employees, or from both. They may add their own contributions if they desire to do so. The only important requirement is that the State law shall be genuinely protective, and that its revenues shall be devoted exclusively to the payment of insurance benefits.

UNEMPLOYMENT INSURANCE: ECONOMIC POTENTIALITIES

It is obvious that a 3-percent pay-roll tax cannot be a panacea for a burden of unemployment such as we have borne in the past. As contemplated in the present bill, its protective features would extend to only 24,000,000 people out of 48,000,000 gainfully employed. At best it would provide, after a waiting period of 4 weeks, 15 weeks of benefit payments to the unemployed, at a rate equal to about 50 percent of the working wage, but in no case more than $15. If the rate of unemployment between 1936 and 1950 should be the same as it was between 1925 and 1934, the total wage and salary loss in the covered group of workers would be $75,000,000,000, or over six times the sum that would be raised by a 3-percent pay-roll tax.

But such a simple analysis overlooks both the purpose and the indirect effects of unemployment insurance. In the first place, it is designed not to supplant, but rather to supplement the public-works projects which must absorb the bulk of persons who may be disinherited for long periods of time by private industry. It is designed to provide for intermittent, short term unemployment, a remedy that is more dignified, more humane, more certain, and more economical than emergency relief, with its inflated ballyhoo and its deflating effect upon the moral stamina of the recipients.

More important, unemployment insurance will serve a preventive as well as an ameliorative function. The mere focus of business attentiveness upon the problems of the jobless will tend to prolong work, just as the study of life insurance has tended to increase the length of the average life. The drive toward the ultimate goal of a stabilized industry will be quickened by the inauguration of a coordinated Nation-wide campaign against the most demoralizing of all economic evils. A provision in the present bill requires that the Federal tax rebate shall be used to encourage a close connection between State job-insurance laws and unemployment-exchange offices. This provision emphasizes the fact that the relief of existent unemployment is but a subordinate phase of the main task of providing work for all who are strong and willing.

The bill provides an even more specific incentive to business men to diminish the volume of unemployment. If a State law permits an employer to reduce the amount of his State contribution because of his good employment record, he may offset against his Federal tax not only the amount of his actual payment under the State law but also the amount of the reduction that he has won. For otherwise he would not benefit in the slightest by securing such a reduction. This special allowance is designated in the bill as an "additional credit."

At the same time it should be noted that the bill takes great pains to prevent any State from circumventing the law by allowing employers such reductions in their contributions as would enable them to recapture the Federal tax without setting up adequate safeguards against unemployment. Thus it is provided that a taxpayer who is contributing to a State-wide pooled fund shall receive an "additional credit" from the Federal Government only if the State reduction that he has won is based upon his comparatively good record during at least 3 years of actual compensation experience. Let us now suppose that a taxpayer is subject to a State law under which he guarantees to maintain the employment of a designated group of workers and contributes to a segregated guaranteed employment fund to cover breaches in his guaranty. In such case he would be allowed an "additional credit" only if his guaranty had been perfectly fulfilled in the past and if his guaranteed employment account amounts to at least 7½ percent of the pay roll that it protects. Finally, if a taxpayer is participating in a State system whereby each employer maintains an isolated reserve account for his own workers, his enjoyment of "additional credits" from the Federal Government will be hedged in by safeguards similar to those surrounding guaranteed accounts.

Added to its salutary effects upon the overt activities of business men, unemployment insurance will have a stabilizing effect upon industry by providing income in times of stress for those consumers who otherwise would be without purchasing power to patronize the markets. By way of illustration, we may examine the likely effects had the present bill become law in 1922. The 3-percent tax upon pay rolls, even if we assume, contrary to my own firm opinion, that an unemployment-insurance system might not have checked the business decline in the slightest, would have provided $10,000,000,000 for unemployment relief between 1922 and 1933. It would have provided an accumulative reserve of $2,000,000,000 in 1929. There can be little doubt that the prompt release of this reserve flood of purchasing power would have mitigated and abbreviated the downswing of the business cycle.

Contrary to these claims are the arguments advanced from time to time that the taxes involved in unemployment insurance would curtail the purchasing power of the public during prosperous times, and thus provoke the advent of depressions. But it should not be overlooked that business regression is encouraged, not by a general collapse of national purchasing power, but by an insufficient dispersion of purchasing power among masses of wage earners. A pay roll tax upon employers alone would intensify this maldistribution only upon the assumption that the tax would be shifted entirely to wage earners by means of lower wages or higher prices or both. To my mind such an assumption is based upon an overmechanical concept of economic forces. It accepts bodily the wage fund theory of the classical economists that real wages can be neither raised nor lowered by legislation. Its logical corollary is laissez faire. In truth, the various factors, including custom, bargaining power, and standards of living, that help to determine wage rates will not be nullified by the imposition of a pay roll tax. Moreover, the several States may add their contributions to unemployment insurance by means of the general taxing power, and thus may exercise their power to redistribute more justly rather than to concentrate income. Even if we assume that part of the cost of the insurance would be shifted to wage earners, the temporary reduction in their purchasing power would only be a small part of the increased purchasing power that would be returned to them in benefits when most needed.

Nor is there any ground upon which to rest the claim that unemployment insurance, by withdrawing money from circulation, might depress the level of business activity. Un-

employment insurance funds are not buried under the ground. The present bill requires that all State funds, in order that contributors to them may qualify for Federal tax rebates, shall be deposited in separate accounts with the Secretary of the Treasury. Centralized management of this reservoir of purchasing power will have a tremendous stabilizing effect upon industrial operations and credit transactions. In addition, it will obviate the necessity of dumping securities upon an overburdened market when hard times call for the liquidation of unemployment reserves. Instead, the United States Government will simply take up the securities which have been issued to the depositing States. Or if the Federal Government has elected to issue non-negotiable obligations, it may pursue the alternative of canceling them as they are paid.

OLD AGE DEPENDENCY IN THE UNITED STATES

Partial insecurity in the prime of life is highly provocative of complete dependency in later years. The needy old are exonerated from the unjust stigma of improvidence by a study of income in the United States. It has been revealed that during the year 1929 about 6,000,000 families living in dire poverty were able to save nothing. Fifty-nine percent of all American families, who were earning less than $2,000 each, could save only 1.4 percent of their annual income. In contrast, a family earning $5,000 saved 17 percent of its income, while a family earning between $50,000 and $100,000 stored up 44 percent. Viewed in the large, 80 percent of the families in the United States owned only 2 percent of the savings, while the remaining 20 percent of the families accounted for 98 percent of the savings.

Even a momentary glimpse at these statistics makes it abundantly clear why about one-half of the total number of people in the United States over 65 years of age are dependent. Moreover, the situation is being constantly aggravated by the lengthening span of the average life, by the general rise in population, and by the technological changes driving the elderly worker from the factory. While only 3,000,000 inhabitants of this country were more than 65 years old in 1900, there are about 7,500,000 in this category today, there will be approximately 13,500,000 by 1960, and 19,000,000 by the end of the century. Thus we may expect within 25 years to be confronted by seven or eight million elderly folk without means of self-support.

The care of the old cannot be left indefinitely to the miserably weak pension laws which exist in only 33 States. Due to the unusual difficulties which localities always encounter when attempting to raise money, and to the general lethargy which surrounds social legislation until it receives some Federal impetus, the average monthly pension under State legislation is only $15.50 per month. At the present time, to the Nation's shame, every person over 65 years of age upon the pension rolls of the States is matched by three people upon the relief rolls.

TEMPORARY RELIEF: OLD AGE PENSIONS

To meet these pressing needs, the social security bill inaugurates a system of Federal subsidies to the States for old age pensions. For this purpose, there is appropriated $49,750,000 for the fiscal year 1936, and for each succeeding year there is authorized to be appropriated whatever amounts may be necessary to round out the plan. While these grants will be on an equal matching basis, they will in no case exceed $15 per month per person. This check upon Federal expenditure will in no wise circumscribe the limits of State activity. Those people who bewail that this bill in practice will limit pensions to $30 per month are shedding crocodile tears, because the average protection afforded today is less than half that sum; and because no evidence can be produced to show that Federal aid will prove an anchor rather than a propeller to progressive State action.

While a great degree of flexibility is permitted to State pension systems qualifying for Federal assistance, certain fundamental requirements must be observed. Relief must extend to every county in the State, nor can it be denied to any needy person who is a citizen of the United States and who has lived in the State for 1 year immediately preceding his application and for any 5 years during the 9 years preceding his application. This fusion of Federal and State responsibilities is along well established lines and has proved uniformly successful in this country.

The claim cannot be sustained that the cost of these pensions will be a greater burden than the country should bear. If we assume an average pension of $20 per month for each dependent person, this plan during the first year of its operation will cost the 48 States only $109,000,000, ranging from $11,000,000 in New York to $107,000 in Vermont. During the next 15 years, assuming the all-important fact that we enact contemporaneously the Federal old age benefit plan, the grand total of Federal and State expenditures for pensions will be only $2,445,000,000, or $163,000,000 per year. The high water mark will be about $1,200,000,000 in 1960, and will decline thereafter to a level of about $1,000,000,000 per year by 1980. Certainly these are not excessive sums for so great a task in a country as wealthy as ours.

In truth, the argument addressed to cost overlooks the simple fact that every civilized community does and must support its old and dependent people in some way. In this country we have been doing it largely by inefficient relief methods, by shabby pension systems, and by imposing burdens upon millions of younger members of families, with consequent impairment of their industrial efficiency, their morale, and their own opportunities for future independence. Our present method of dealing with the old is compounding the rate of old age dependency at terrific speed. More systematic treatment will involve a saving in material expenditures, a restoration of national self-esteem, and a salvaging of precious human values.

Fear has been expressed that the enactment of a comprehensive system of old age assistance would increase the number of persons upon the pension rolls. Long citations to this effect have been drawn from the experience of foreign countries. But granting the truth of this prediction, it is totally irrelevant. We might reduce the number of pensioners to zero by abolishing every pension law in every State. Of course, the enlargement of pension facilities will multiply the number of people receiving aid, just as the extension of workmen's compensation laws has increased the volume of relief against accidents. But pensions are no more the cause for poor people growing old than accident insurance is the cause for people getting hurt. Pensions do not create the evil; they merely recognize it and provide the most effective remedy.

PERMANENT RELIEF: RETIREMENT BENEFITS

However, sole reliance upon a system of old age gratuities might provoke unduly large increases in public expenditures. The cost would rise to $2,500,000,000 per year by 1980. The proportion of the total population dependent upon such assistance would rise from 15 percent in 1936 to 50 percent in 1957 and remain stable thereafter. For this reason it is necessary that the core of old age relief should be not gratuities but a systematic and actuarially sound system of earned old age benefits. Such a system, in addition to placing a governor upon general taxation, will provide an infinitely more humane method of dealing with the problem. Security after a life of work should be a matter of right, not of charity; it should be a certainty, not a mere expectancy.

In the long history of agitation for social insurance in this country, every proposal for consolidated public responsibility has been confronted by the plea that the matter should be left to the initiative of private enterprise. Thus it is now urged that all businesses possessing private pension systems should be exempted entirely from the provisions of Federal law. The best answer is experience. For a hundred years the way has been cleared for the development of private pension systems. But, aside from the railways, only about 2,000,000 people in the United States are within their purview. In many cases, even where a system exists, its protection is unfunded and uncertain. It is amazing to note that only about 4 percent of the workers covered by such plans actually draw any benefits upon retirement. A rapid labor turnover, or a dismissal for one cause or another, cuts

short their expectancy before its maturity. Students of this problem tell us that the encouragement of private pension systems promotes the antisocial practice of discharging men in middle age and is closely allied with the company dominated union. Despite claims to the contrary, no private system provides certain benefits to the run of average workers which are superior to those contemplated by the pending bill.

But while the Federal plan of old age benefits proposed under this bill is uniform in its application, there is nothing that would prevent any private system which might be more liberal in its terms from supplementing the public system. The accounting problems involved in such adjustments are well known and relatively simple.

The social security bill therefore provides a Federal system of old age benefits, computed and maintained upon an actuarial basis. Beginning January 1, 1942, any employee will be entitled to retire upon reaching the age of 65 or at any time thereafter, and to receive upon retirement monthly benefit payments from an "old age fund" in the United States Treasury. These benefits will represent a fixed percentage of the worker's earnings between January 1, 1937 and the time he reaches the age of 65. They will thus depend upon his average salary and his period of service subsequent to the inception of the system. Special allowances in the form of higher rates are to be made for the older workers of today, who will retire within a comparatively short period of time. The plan will cover employees of all grades and salaries, but that part of a man's annual income above the first $3,000 will be ignored in calculating benefits.

A few simple figures will convey an idea of the amount of protection afforded by this system. In the typical case of a man who works 40 years after the passage of the proposed law, the monthly benefit payment will be $32.50 if his average salary has been $50, $51.25 if it has been $100, $61.25 if it has been $150, and $71.25 if it has been $200. In the event a person dies before attaining the age of 65, or before receiving in benefits an amount equal to at least 3½ percent of his earnings between the inception of the system and his 65th birthday, his estate will receive an amount sufficient to bring his total receipts up to 3½ percent of such earnings.

The old age fund for the payment of these benefits will be maintained by annual appropriations beginning with the fiscal year ending June 30, 1937. These appropriations will be based upon actuarial principles and mortality tables, and will be sufficient to build up an adequate reserve and to pay 3 percent interest thereon.

Only those who know the frightful social cost of old age dependency will envisage in entirety the human values that will be salvaged by the establishment of this system. And it must not be overlooked that industry will receive its full measure of benefit. The incentive to the retirement of superannuated workers will improve efficiency standards, will make new places for the strong and eager, and will increase the productivity of the young by removing from their shoulders the uneven burden of caring for the old. The purchasing power that will result from a flood of benefit payments, beginning with $52,000,000 in 1942 and rising gradually to $3,511,000,000 in 1980 will have an incalculable effect upon the maintenance of industrial stability.

VOLUNTARY ANNUITIES

To provide opportunities for self-protection to persons of modest means who are excluded from the provisions of the Federal benefit plan, and who do not want to rely upon the gratuitous pensions, the bill contemplates the sale of annuity bonds by the Federal Government. These shall have a maturity value not in excess of $100.

PROTECTION OF THE YOUNG, THE MAIMED, AND THE SICK

Certainly the depression that has affected the strong could not have been expected to overlook the weak. Seven million four hundred thousand children under 16 years of age are now members of families upon the relief rolls. Only 109,000 families in the United States are receiving aid in the form of mothers' pensions under State laws, while at least 300,000 families are in need of such assistance. These pensions, where in effect, range as low as $7.29 per month per family, and are paid in only one-half of the counties within the States in which they operate. In addition, there are 300,000 homeless children, 200,000 new delinquents every year, and perhaps 500,000 who are crippled. For all these unfortunate groups, as well as for public health, maternal aid, and the care of the blind, the social security bill makes modest appropriations along the well developed lines of Federal subsidies to the States. These grants will be extended primarily upon a matching basis in order to stimulate the States to action, but they will take full account of the special needs of those localities which are genuinely without capacity to help themselves.

FINANCIAL ASPECTS

The total cost of all of these minor expenditures for the next 15 years will be less than $2,000,000,000. I have referred earlier to the special tax for unemployment insurance. Aside from old age pensions, which will be supported by general revenues, the main outgo will be in connection with the Federal old age benefits. To cover this, two types of taxes are imposed.

First, every employer is to pay an excise tax upon his total pay roll, but no single salary will figure in this computation to an extent greater than $3,000 per year. This tax will begin at 1 percent for the calendar year 1937, and will rise by one-half percent every 3 years until it reaches its maximum of 3 percent for 1949 and subsequent years.

The second tax is to be levied against wages and paid by employees, at the same rate and upon the same terms as the employers' tax. Thus the total burden upon each employer will be exactly the same as that imposed upon all of his employees.

The two revenue measures will yield over $15,000,000,000 by 1950, while the cost of old age benefits until that time will total only $2,445,000,000. Allowing for interest, the reserve fund will reach $14,000,000,000 within 15 years.

CONSTITUTIONAL VALIDITY OF THE MEASURE

In examining the constitutionality of this measure we may pass very quickly over the sections which provide for outright Federal subsidies to the States for old age assistance, for child welfare, for unemployment relief, for public health, and for maternal care. Analogous grants have formed a part of the fabric of our Government for half a century. Since the Maternity Act of 1921 was upheld in the case of Massachusetts against Mellon, found in Two hundred and Sixty-two United States Reports, page 47, I do not believe that a single reputable authority has questioned the plenary power of Congress to extend such assistance.

Let us turn then to the part of the bill which provides for Federal benefit payments to employees retiring at the age of 65. It is clear that no distinction ever has been, or logically can be, drawn between Federal subsidies to the States as organic entities and Federal aid to large classes of stricken individuals. The test in either case is whether the grant is within the authority of Congress to appropriate money.

Our Constitution provides, in part, that the Congress shall have power—

> To lay and collect taxes * * * to pay the debts and provide for the common defense and general welfare of the United States.

It is now generally agreed that this general welfare clause is a restriction upon the power to tax rather than an independent grant of legislative authority. But it has been equally clear for at least 75 years that the power to tax is coextensive with the power to spend; and that both, far from being circumscribed by the enumerated powers of Congress, extend to every tender solicitude for the general welfare.

Hundreds of illustrations come readily to mind where unchallenged expenditures of Congress have been far more tenuously linked to the general welfare than those contemplated by the present bill. Congress has appropriated money for the relief of the distressed inhabitants of other lands. Can there be less power to ameliorate the wide spread distress of our own people? Congress has devoted funds to the extinction of the Mediterranean fruit fly. Was that fly a greater scourge than unemployment? Congress has provided generously for the victims of Mississippi River floods. Are these floods more constant or more dreadful than the

advent of uncared for old age? Such comparisons invite no speculation.

Having probed the question of appropriations, let us now examine the tax sections of the bill. It is indisputable that the tax imposed upon pay rolls and wages by section 8 is a genuine revenue measure. It is calculated to raise $300,000,000 during the first year of its existence, and $2,000,000,000 annually within a dozen years. And when a genuine revenue measure is in question, the power of Congress to tax is practically unrestrained. In Flint against Stone Tracy Co., reported in Two Hundred and Twenty United States Reports, page 107, the Supreme Court said:

The Constitution contains only two limitations on the right of Congress to levy excise taxes; they must be levied for the public welfare and are required to be uniform throughout the United States.

In Brushaber against Union Pacific Railroad, found on the first page of the Two Hundred and Fortieth volume of United States Reports, the highest tribunal added that the authority of Congress to tax "is exhaustive and embraces every conceivable power of taxation."

The Flint case also brushed aside the argument that an excise tax might be invalid because it singled out specific groups and excluded others. It was there said:

As to the objection that certain organizations, labor, agricultural, and horticultural, fraternal and benevolent societies, loan and building associations, and those for religious, charitable, or educational purposes, are exempted from the operation of the law, we find nothing in that to invalidate the tax As we have had frequent occasion to say, the decisions of this Court from an early date to the present time have emphasized the right of Congress to select the objects of excise taxation, and within this power to tax some and leave others untaxed, must be included the right to make exemptions such as are found in this act.

Viewed in isolation, there can be no doubt that all of the excise taxes embodied in the social-security bill are a valid exercise of congressional power. The only serious question is whether they may be set aside on the ground that their real intent is to stimulate social insurance laws by the several States, or that they form part of a designing Federal scheme to invade the provinces reserved for State action. But no constitutional principle is more firmly embedded in case law than that no concomitant motive will invalidate an otherwise valid exercise of the taxing power. In Veazie Bank against Fenno, reported on page 533 of the eighth volume of Wallace, the Supreme Court upheld an act of Congress levying a 10 percent tax upon bank notes issued by State banks, although the clear intent and the accomplishment was to drive these notes out of existence. In McCray against United States, One Hundred and Ninety-fifth United States Reports, page 27, sustaining tax measures discriminating against the sale of yellow oleomargarine, Mr. Justice White said:

It is self-evident that on their face they levy an excise tax. That being their necessary scope and operation, it follows that the acts are within the grant of Federal power.

The most persuasive opinion, however, is contained in the Two Hundred and Forty-ninth volume of United States Reports, at page 86. In the case of United States against Doremus upholding the constitutionality of the Harrison Narcotic Act, the Court said:

An act may not be declared unconstitutional because its effect may be to accomplish another purpose as well as the raising of revenue. If the legislation is within the taxing authority of Congress—that is sufficient to sustain it.

And further corroboration by Mr. Justice Sutherland, writing for the Court, came in *Magmano Co. v. Hamilton* (292 v. c. 40), where it was said:

From the beginning of our Government, the courts have sustained taxes although imposed with the collateral intent of effecting ulterior ends which, considered apart, were beyond the constitutional power of the lawmakers to realize by legislation directly addressed to their accomplishment.

The further objection may be raised that the excise tax and the income tax levied by section 8 are invalid because the measure taken as a whole indicates rather strongly that these taxes may be used to defray the costs of the special benefits to workers retiring at the age of 65. While the Supreme Court has not decided this question, the constitutionality of the Agricultural Adjustment Act, which went much further by directing that the proceeds of the taxes provided for therein should be devoted to specific purposes elaborated in the same act, was maintained by Judge Brewster of the United States District Court for Massachusetts. In the case of Franklin Process Co. against Hoosac Mills Corporation, located at page 552 of the eighth volume of the Federal Supplement, we read:

The act, taken as a whole, leaves no doubt of the legislative intent to levy the tax for the purposes of defraying the expenses of administering the act and paying the debts incurred for benefit payments. * * * If * * * it should appear on the face of the act that it was calculated to benefit only private interests, it would be the duty of the court, I take it, to declare the tax unlawful. It is not, however, within the province of the court to substitute its judgment for that of Congress upon the effect of a particular measure manifestly designed to promote the general welfare of the people of the United States. It is no objection that individuals will derive profit from the consummation of the legislative policy. Individuals benefit from every bounty, subsidy, or pension provided for by statute, whether Federal or State.

The famous child-labor tax case, embalmed in the Two Hundred and Fifty-ninth volume of United States Reports, beginning on page 20, has been cited in opposition, but it is not applicable. There the Supreme Court said:

In the light of all these features of the act, a court must be blind not to see that the so-called "tax" is imposed to stop the employment of children within the age limits prescribed. Its prohibitory and regulatory effects and purposes are palpable. All others can see and understand this. How can we properly shut our minds to it? * * * So here the so-called "tax" is a penalty to coerce the people of a State to act as Congress wishes them to act in respect of a matter completely the business of the State government under the Federal Constitution.

In marked contrast, the social security bill embraces not a penalty but a series of genuine tax provisions. Nor does it embrace a single regulatory feature extending within the boundaries of the several States, except the regulations incidental to the collection of all taxes.

The tax embraced in section 9 of the bill involves exactly the same considerations. Its only additional feature is the rebate allowed to taxpayers who contribute to unemployment insurance funds created under State laws. But this allowance falls squarely under the protection of Florida against Mellon, as reported in Two Hundred and Seventy-three United States Reports, at page 12. There the Federal estate tax, under the Revenue Act of 1926, allowed an exemption, up to 80 percent, based upon the taxpayers' subjection to similar estate taxes under State law. Florida, having no such law, claimed the act an unconstitutional discrimination designed to coerce the States to pattern their statutes upon the Federal Government's ideal. These objections were overruled, Mr. Justice Sutherland stating in the opinion of the Supreme Court that—

The contention that the Federal tax is not uniform because other States impose inheritance taxes, while Florida does not, is without merit. Congress cannot accommodate its legislation to the conflicting or dissimilar laws of the several States nor control the diverse conditions to be found in the various States which necessarily work unlike results from the enforcement of the same tax. All that the Constitution (art. I, sec. 8, cl. 1) requires is that the law shall be uniform in the sense that by its provisions the rule of liability shall be the same in all parts of the United States.

There remains to be considered only the extent to which the very recent decision of the Supreme Court in Railroad Retirement Board against the Alton Railroad Co. affects the Federal old-age benefit system. Insofar as that case went upon the ground that there was no direct relationship between the regulation of interstate commerce and the retirement of superannuated workers, it has no 'earing here. The present bill is based not upon the commerce power but upon the power to tax and to spend for public purposes. But it may be argued that the decision in the Alton case threatens the present project with extinction under the due-process clause, since it held that the pooled funds arrangement embodied in the railroad retirement law violated the fifth amendment. But the Supreme Court in that case was tremendously influenced by the specific provisions of the particular pooling system under fire, particularly in its application to past periods of service, and it is far from certain that the Court intended to strike down every Con-

gressional attempt to spread the incidence of major industrial risks.

It is doubly hard to believe that the Court desired to sound the death knell of all forms of social insurance, in view of its broad language in *Malton Timber Co.* v. *Washington* (243 U. S. 219), upholding a State workmen's compensation act.

The opinion said:

To the criticism that carefully managed plants are in effect required to make good the losses arising through the negligence of their competitors, it is sufficient to say that the act recognizes that no management, however careful, can afford immunity from personal injuries to employees in hazardous occupations, and prescribes that negligence is not to be the determinative of the question of responsibility of the employer or the industry. Taking the fact that accidental injuries are inevitable, in connection with the impossibility of foreseeing when, or in what particular plant or industry they will occur, we deem that the State acted within its power in declaring that no employer should conduct such an industry, without making fairly apportioned contributions adequate to maintain a public fund for indemnifying injured employees and the dependents of those killed, irrespective of the particular plant in which the accident might happen to occur.

In my opinion, this decision is precisely applicable to old age and unemployment insecurity. But irrespective of the shadows that the Alton case may cast upon the validity of pooled funds, there is the further consideration that the social-security bill makes no provisions for pooling as that term has been understood. The old age benefits are paid, not from a pool, but from an account fed by appropriations from the general funds of the United States. If this procedure constitutes pooling within the prohibition of the Alton case, then it is hard to conceive of a Federal expenditure that would merit the sanction of the Supreme Court.

The decision of the Supreme Court in the case of A. L. A. Schechter Poultry Corporation against United States invalidating certain features of the National Industrial Recovery Act has no application to the pending bill, which contemplates neither delegation of power nor the extension of Federal authority under the commerce clause.

The social-security bill embraces objectives that have driven their appeal to the conscience and intelligence of the entire Nation. We must take the old people who have been disinherited by our economic system and make them free men in fact as well as in name. We must not let misfortune twist the lives of the young. We must tear down the house of misery in which dwell the unemployed. We must remain aware that business stability and prosperity are the foundation of all our efforts. In all these things we are united, and in this unity we shall move forward to an era of greater security and happiness.

Mr. LONG. Mr. President, I should like to ask the Senator from New York a question.

Mr. WAGNER. I yield.

Mr. LONG. I understand that, under the proposed plan, if a State put up its $15 per person, the United States would contribute its $15, so that the State could pay the person above the specified age $30 a month.

Mr. WAGNER. Mr. President, the Senator from Louisiana [Mr. LONG] refers only to the old-age-pension feature of the bill.

Mr. LONG. I understand. The point I wish to make is this. Let us take a State like Mississippi. The taxes of the State of Mississippi are already so high that half the property in that State was advertised for sale at a tax sale a year or so ago. If they should meet the requirements of the $15 to every person within the pensionable age it would require taxes for pensions alone in that State in excess of the total taxes now collected by the State of Mississippi, and that is only a small part of the bill, as the Senator says. I shall propose an amendment to the bill, on Monday, perhaps—I hope to have it looked over by that time by some parties whom I wish to consult—so that these benefits may be paid without taxing any laboring man, without taxing any poor man, without a State having to tax its property. I will propose that the Federal Government shall furnish the States the money with which to pay the old-age pensions, and other things of the kind, by levying a graduated tax only on those, wherever they may live, whose wealth is in excess of 100 times the average family fortune, and graduate it from that figure up.

In other words, under the amendment, which I hope I may have the support of the Senator from New York in having adopted, I think we can actually grant the benefits proposed under the bill without imposing burdens upon the people to whom we are supposed to be giving benefits, by levying a graduated tax to be paid only by those whose fortunes begin at not less than 100 times the average family fortune.

Mr. WAGNER. Of course, I am not in a position either to support or refuse to support the proposed amendment until I have a chance to read it.

Mr. LONG. I know that.

Mr. WAGNER. Under the old-age-pension feature of the bill, the money is to be paid in entirety by the taxpayers of the United States and of the States.

Mr. LONG. I understand. I do not expect the Senator to commit himself. I know his heart is already open on this kind of a matter, and I want to ask him to keep his mind open.

Mr. FLETCHER. Mr. President, will the Senator from Louisiana permit me to ask the Senator from New York a question?

Mr. LONG. I yield.

Mr. FLETCHER. There are some organizations, some incorporations, which are already operating certain pension plans of their own. Are they taken into consideration in the bill? In other words, will the people who have been for years participating in plans which have been in successful operation lose all they have been entitled to?

Mr. WAGNER. So far as past acts are concerned, any potential benefits that have accrued to workers through contribution by employers or employees, or both, are in no way affected by this bill. Any worker retiring at any time in the future may receive in full whatever has been stored up in his behalf. The only question is whether employers, by continuing their contributions to private systems in the future, should be allowed to escape the provisions of this bill. I strongly urge that they should not. These private systems are not extensive in the United States, and a study shows that only about 4 percent of the workers under them actually draw benefits. In many cases men are discharged in middle life and never receive the benefits.

In addition, the private systems increase the immobility of the workers. I think a system that makes a man free to leave his employment and still enjoy a pension in old age is preferable to one that glues him to a particular job. But there is nothing in the bill that prevents an employer from being more generous with his workers than the Federal plan requires. He may easily supplement the Federal plan with one of his own.

Mr. NORRIS. Mr. President, the question of the Senator from Florida leads me to ask another question of the Senator from New York, going, I think, a little further along the line of the Senator's question.

Let us take a concrete case. I understand the Pennsylvania Railroad has a pension system. I do not know anything about its details, but I am assuming that it has been very successful, a system in which the employees contribute a portion of the funds from which the employees receive pensions after retirement.

If a man had been an employee of the Pennsylvania Railroad for 25 or 30 years at the time this proposed law went into effect, he would have a very considerable interest in that pension system. What effect would the enactment of this measure have on that man and on that system?

Mr. WAGNER. There is no absolute obligation that the railroad pay the pension. It is a pure gratuity, and the promise may be revoked before fulfillment.

Mr. NORRIS. Then perhaps we ought to take an example a little different from that. As I have said, I am not familiar with this pension matter, but I should like to ask the Senator this question. Under some of the systems where the employer has been contributing, as well as the employee,

where the employee has been contributing for a number of years, and old age is about to come upon him, and he has a direct interest in the fund, what is going to happen to him?

Mr. WAGNER. There is nothing to interfere with an employer paying at any time in the future whatever pensions have accrued due to action already undertaken. And as to future undertakings, he has a perfect right to supplement whatever money may come out of the Federal pension funds.

Mr. NORRIS. Let us take a concrete case. The proposed law would provide for levying a tax on both the employer and the employee, running ultimately to 3 percent. Under the old system, we will assume, it was something different.

Mr. WAGNER. The employee has no assurance under the old system.

Mr. NORRIS. I know he has no assurance, but even if he has no assurance, it has been operating for a good many years, a great many people are getting benefits from it, and no one would want to destroy it if it is possible to avoid it. What would happen in that kind of a case?

Mr. WAGNER. In the first place these voluntary associations are not as widespread as the Senator assumes.

Mr. NORRIS. That may be true. I am asking the question, I may say to the Senator, not as a critic; I am as much in favor of the proposed legislation as the Senator is. However, I do not want to do any harm to any other system, which may involve both the employer and employee, since they have invested money in a fund or something of the kind, which would make it unfair, for instance, to levy an additional tax upon those people.

Mr. WAGNER. There is no additional tax, because these taxes operate only in the future. The employer is at liberty not to continue his private contributions in the future. Nothing destroys what he has done in the past, or prevents the employees from reaping the benefits of what he has done. All this bill provides is that, as to the future, the worker will have the absolutely sure protection of a public system.

Mr. NORRIS. I see that.

Mr. WAGNER. Whereas under these private systems the worker depends upon a mere matter of generosity.

Mr. NORRIS. I understand that.

Mr. WAGNER. If the firm fails, the employee loses his pension.

Mr. NORRIS. That is true.

Mr. WAGNER. But there is nothing to interfere with an employer who may desire to be more generous than the law.

Mr. NORRIS. I understand that.

Mr. WAGNER. That is all that happens.

Mr. NORRIS. That does not answer the question, if the Senator will allow me to say so, in the particular case I cited.

Mr. WAGNER. There is nothing to destroy such a system as the Senator assumes, except that in the future the employer and the employee are taxed to help finance the public system.

Mr. NORRIS. I hope there is nothing to destroy it, but if they are paying under a system which has been in operation for years, and then they are called upon to pay into this system in addition to that, it might mean a burden which would be unfair.

Mr. WAGNER. The Senator refers to the employee?

Mr. NORRIS. And the employer.

Mr. WAGNER. There is no double payment, because the employer can wind up the old system. As to what has already been paid under it, the worker has a vested right to whatever contributions he has made. He does not lose that money.

Mr. NORRIS. If he had such a vested right, he would not get it under this bill; he would get it as a matter of law. There may be some systems under which he would not.

Mr. WAGNER. An effort will be made upon this floor to perpetuate private systems in the future; but I think it is a very undesirable thing.

Mr. NORRIS. I think I agree with the Senator. I do not want to do anything to interfere with the operation of this measure, which I think is one of the most forward steps we have taken in a great many years, but, at the same time, I should hate to have the system injure other systems, some of which, in years past, have done a magnificent work.

Mr. WAGNER. I do not see how this plan can possibly injure or interfere with what these private systems have done, or with money already paid in to pay future benefits. These benefits may still be paid. There are bound to be some minor difficulties of adjustment, just as there were in relation to the workmen's compensation laws. At the time they were adopted there were some States where workers were paid greater compensation for injuries under the private plans than were provided by the new laws. But in order to protect all the other workers, it was necessary to pass mandatory legislation.

Mr. HARRISON. Mr. President, I ask unanimous consent that there be inserted in the RECORD at this point a very illuminating article written by Mr. Edwin E. Witte, executive director Committee on Economic Security, on the question of private pension plans.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article referred to is as follows:

SOME REASONS WHY EMPLOYERS MAINTAINING INDUSTRIAL RETIREMENT SYSTEMS SHOULD NOT BE EXEMPTED FROM THE TAX IMPOSED IN TITLE VIII OF THE SOCIAL SECURITY ACT

(By Edwin E. Witte, executive director Committee on Economic Security, June 13, 1935)

I. RELATIVELY FEW EXISTING PRIVATE INDUSTRIAL RETIREMENT SYSTEMS GIVE AS ADEQUATE PROTECTION TO THE EMPLOYEES THEY INCLUDE AS THEY WILL RECEIVE UNDER TITLE II OF THE SOCIAL SECURITY ACT

Up-to-date information regarding industrial pension plans is very scant. The exhaustive study by Murray W. Latimer, Industrial Pensions Systems in the United States and Canada, brings the story down only to the early months of 1932. Since then there has been a considerable increase in the number of group annuity policies issued by insurance companies; and despite some abandondonments, some increases in the total number of industrial pension plans. In May 1932 there were, according to Latimer, 434 industrial pension plans, exclusive of railroad companies. Firms having such plans employed approximately 2,000,000 employees. Mr. Forster testified in the Senate hearings on the Social Security Act that there are now in the neighborhood of 600 industrial pension plans applicable to a total of between two and three million employees. Three hundred of these plans involve insurance through insurance companies, and, according to Mr. Forster, these plans apply to 1,000,000 employees. The information furnished by the Equitable Life Assurance Society, which is included in the Senate hearings on page 725, agrees fairly well with this estimate of Mr. Forster's as to the number of group annuity plans which are insured through insurance companies, reporting that there were 325 such plans in operation in December 1934. The number of employees reported covered, however, was very much smaller than estimated by Mr. Forster, being only 290,000.

The 600, or thereabouts, pension plans now in operation differ greatly as to their provisions. The following general statements, however, are believed to accurately summarize, in general terms, some of the principal features of these plans:

1. Many industrial pension plans have no reserves whatsoever, or only very inadequate reserves. This statement does not apply to the 325 plans which are insured through the insurance companies, and also does not apply to some of the noninsured plans. While the insured plans are one-half of the total number, they have only about one-tenth of the employees covered in industrial pension plans.

2. The benefits payable under a majority of the industrial pension plans are less than those to which employees will become entitled under title II of the Social Security Act. Under title II the annuity rate is one-half of 1 percent per month (6 percent per year) of the first $3,000 of the earnings of the employee during his industrial lifetime; one-twelfth of 1 percent per month (1 percent per year) of the earnings between $3,000 and $45,000; and one twenty-fourth of 1 percent per month (one-half of 1 percent per year) of the earnings in excess of $45,000. In practically all cases this figures out as an annual annuity of at least 1½ percent of the employee's total earnings. Latimer's study of more than 400 industrial pension plans in 1932 revealed that the majority of these plans provide for an annuity (annual) of 1 percent per year, and only 25 percent have an annuity rate of above 1¼ percent.

3. Few, if any, of the existing industrial pension plans make any provisions for the transfer of credits when an employee leaves employment to take work elsewhere. The most liberal of the plans provides that this employee shall in such a case get back the money he personally contributed; in no case does the employee get all of the contributions standing to his credit unless he remains with the company until age of retirement.

4. Practically all industrial pension plans provide for payment of annuity benefits only to employees who remain in employment until they reach the retirement age (with the variation that many plans provide for payment of death benefits to the estates of employees who die before reaching the retirement age). Fully one-

half of all industrial employees lose their jobs or retire voluntarily before they reach age 65. Under the existing industrial pension plans such employees who quit work or voluntarily retire before they reach the retirement age get no benefits at all, except for the rate, in some cases, of the money they themselves have contributed.

5. Most of the industrial pension plans can be discontinued at the option of the employer. This applies particularly to uninsured plans, which almost invariably are noncontractual. It is well-settled law that employees have no redress when employers discontinue or modify industrial pension plans, even if they have already been retired on a pension.

II. THERE IS NOTHING IN THE SOCIAL SECURITY ACT (AS A MATTER OF LAW) WHICH WILL COMPEL ANY EXISTING PLAN TO BE DISCONTINUED OR WHICH WILL IN ANY MANNER AFFECT THE RETIREMENT ALLOWANCES OF EMPLOYEES ALREADY PENSIONED

The question at issue is one of tax exemption, not of the right to continue industrial pension plans. The Social Security Act does not outlaw industrial pension plans or regulate them in any manner. Employers may feel that they cannot pay the taxes imposed in title VIII and also continue their industrial pension plans, but they are not prevented from doing so.

With regard to employees already retired, not only is there nothing in the bill which would require employers to discontinue or modify the pension grants already made, but it would be outrageous for them to use this bill as an excuse for doing so. Under a proper industrial pension plan reserves have been created for the payment of the pensions to people who have been retired. Under most of the existing plans the employers can discontinue the pensions at any time, but if they use the Social Security Act as an excuse for doing so they are exhibiting gross bad faith.

III. WHETHER OR NOT EMPLOYEES ARE EXEMPTED FROM THE TAX IMPOSED IN TITLE VIII, ALL OR NEARLY ALL OF THE EXISTING INDUSTRIAL PENSION PLANS WILL HAVE TO BE FUNDAMENTALLY ALTERED

It is inconceivable that Congress will grant exemptions to industrial pension plans which do not provide for transfer of credits or payment of benefits to employees who leave employment before the retirement age. Few, if any, of the existing plans provide for such transfer of credits. Most of the uninsured plans further provide that the employers may discontinue these plans at their option, and these clauses will certainly have to be eliminated before the Social Security Board can make the finding that these plans give as liberal benefits as those under the Social Security Act. Changes in these provisions will necessitate changes also in the rate of contributions or the benefit scale, or both, since the cost of the industrial pension plans is figured on the assumption that the great majority of all persons hired will never qualify for pensions. In short, all or practically all existing industrial pension plans will have to be fundamentally recast whether the employers are exempted from the tax in title VIII or not.

IV. IT WILL NOT BE APPRECIABLY, IF AT ALL, MORE DIFFICULT TO ALTER THE EXISTING INDUSTRIAL PENSION PLANS TO GIVE BENEFITS SUPPLEMENTAL TO THOSE UNDER TITLE II THAN TO ALTER THESE PLANS TO MEET THE CONDITIONS WHICH MUST BE IMPOSED IF EMPLOYERS ARE TO BE EXEMPTED FROM THE TAX IN TITLE VIII

A considerable number of firms with industrial pension plans have already announced that if the Social Security Act is passed they will alter their present plans to give only supplemental benefits to those which will be received by employees under the provisions of title II. Progressive employers will gain many advantages through such supplemental benefit plans. To set up such supplemental plans will require extensive changes in the present industrial pension plans; but there are no insurmountable obstacles. Mr. Folsom of the Eastman Kodak Co. has stated that in France this company maintains an industrial pension plan supplemental to the governmental plan and has had no difficulty with this plan.

As noted under III above, all or nearly all existing industrial pension plans will have to be very materially modified even if an amendment is adopted to exempt employers who maintain approved plans from the tax imposed in title VIII. These changes will at least, in many cases, have to be quite as extensive as those which are necessary to convert the existing plans into plans giving supplemental benefits to those provided under the Social Security Act.

V. THE EXEMPTION OF EMPLOYERS HAVING INDUSTRIAL PENSION PLANS FROM THE TAX IMPOSED IN TITLE VIII IS UNFAIR TO OTHER EMPLOYERS

In all amendments which have been proposed, employers are not required to elect whether they wish to be exempted for all their employees or to be included within the provisions of the Social Security Act. The amendments proposed contemplate that some of the employees only of the exempted employers are to be outside of the act. This is done on the theory that the employees shall be left free to determine for themselves whether the industrial pension plan is more favorable to them or the Social Security Act.

Actually, most industrial pension plans treat all employees alike, which means all employees either are better or worse off under the industrial pension system than under the Social Security Act. The freedom of an individual employee to choose under which plan he will come is inserted in the proposed amendments, not for the benefit of the employees, but for the benefit of the employers. Under the Social Security Act a higher percentage for computing annuities applies to employees who have relatively small total earnings. This gives an advantage to the employees who make contributions for a relatively short time—that is, to the workers who are now half old. If one of the proposed exemption amendments is adopted and individual employees are allowed to choose which plan they prefer, it is very natural that the older employees will be the ones who are brought under the Social Security Act. These employees will get a disproportionate share of the benefits and the employers who have the industrial pension plans will thereby escape a part of the liability which they ought to help to bear.

VI. EMPLOYERS WILL GAIN NOTHING THROUGH EXEMPTION, EXCEPT INSOFAR AS THEY ARE ABLE TO TRANSFER THE BURDEN OF PROVIDING PENSIONS FOR THEIR OLDER EMPLOYEES TO THE NATIONAL FUND

Under existing plans which are at all adequate the rate of contributions required from employers is at least 3 percent. This is the maximum rate that employers will have to pay under the Social Security Act, and that rate will not apply until 1949.

The only way that employers can gain through exemption is through having only their younger employees in the industrial pension plans while the older workers are within the national system. Through such a method employers can pay higher benefits to their younger workers because they escape the accrued liability for their older employees. As noted previously, however, this is at the expense of other employers who operate without an exemption.

VII. EXEMPTION OF INDUSTRIAL PENSION PLANS LEAVES THE DOOR OPEN TO GRAVE ABUSES OF EMPLOYMENT POLICIES

Where employers have private industrial pension plans they can greatly reduce the cost of such plans through employing as few workers of middle age or older as possible. The labor unions have often claimed that this is a policy of many of the firms which now have industrial pension plans. Whether this claim is correct or not, it is evident that such abuses are possible, and there is nothing in any amendments proposed which in any manner guards against this danger.

In this connection it should be noted that the arguments which can legitimately be made in support of individual employer unemployment reserves do not apply to private industrial pension plans. Individual employer accounts in unemployment compensation are advocated because they are expected to reduce unemployment since the employers must pay for the cost of their own unemployment. In industrial pension plans employers will likewise try to keep down costs, and can do so by employing as few older workers as possible, or by getting these older workers to come under the national system. Old age, however, is a very different risk from unemployment, inasmuch as everybody gets old. While it is socially desirable that unemployment should be reduced to a minimum, it is socially undesirable that the workers past middle age should be barred from employment.

VIII. THE ADOPTION OF AN EXEMPTION AMENDMENT WILL VERY GREATLY INCREASE THE DIFFICULTIES OF ADMINISTERING THE SOCIAL SECURITY ACT

One great difficulty will be to determine whether an industrial pension plan does or does not provide benefits which are more liberal than those which are provided under title II of the Social Security Act. An industrial pension plan, for instance, may allow annuities at a higher rate than does title II, but may apply (as is common) only to employees who have been with the firm for 6 months, a year, or other specified period of time. Is such a plan more liberal than title II? Similarly, an industrial pension plan may make no provisions for death benefits, although being distinctly more liberal than title II in regard to annuity allowances. Many other similar questions are certain to arise, and the Social Security Board will face an almost impossible task in trying to measure equivalents.

Another factor which will greatly increase the administrative difficulties is the necessity for including in any exemption amendment provisions governing taxes or credits when employees leave the employment of exempted firms. Such provisions are absolutely essential since the purpose of the Social Security Act is to provide old-age security for all industrial workers. If an exemption is allowed, there must either be a provision for the transfer of the accumulated reserve funds or for back payment of the taxes which the exempted employers would have had to pay on account of the employees who have left their employment and have come into the national fund. In either case, the computations will be most difficult. Transfers from plant to plant are very common in American industry, and in the normal case occur many times during the life of an industrial worker.

IX. THE ADOPTION OF AN EXEMPTION AMENDMENT WOULD PROBABLY MAKE TITLE VIII UNCONSTITUTIONAL

The constitutionality of the tax imposed in title VIII depends upon whether this is a genuine tax levy or a subterfuge for an unconstitutional regulation of intrastate commerce. If an exemption is allowed from the tax in title VIII to employers who establish approved industrial pension plans, it is evident on its face that it is not a genuine tax levy.

SOCIAL SECURITY

The Senate resumed the consideration of the bill (H. R. 7260) to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes.

WHO SHALL BE TAXED—THE BEGGAR OR THE MULTIMILLIONAIRE?

Mr. LONG. Mr. President, I hope I may have the attention of the Senators from New York, Mississippi, and other States who are interested in the bill.

On Monday I shall offer a plan which I believe ought to meet a very hearty response from those who are actually interested in social security. I do not think there is anybody here who believes he is going to do the working man or poor man any good with a pension or unemployment plan if he is levying upon him a tax which will be as heavy as the good he will get out of it. In other words, already the working man in this country is underpaid. He does not receive a subsistence wage. He is not able to lay up anything, because he does not earn as much as it would take to buy the bare necessities of life, and only a very small percentage of our people—less than 4 percent of them—earn as much as their bare subsistence costs within the same period of time.

Those are not my figures alone, Mr. President. Those are the figures which have been gleaned by many disinterested publications, and by the Government itself.

Mr. WAGNER. Mr. President, I have said that time and time again.

Mr. LONG. That is all the more reason why my amendment should be sponsored by the Senator from New York, who, I am glad to say, has said it time and time again, and I have heard him say it. When we realize that 96 percent of our people make less than is needed for bare subsistence, we know that those people who not only have none of the luxuries of life, who do not have the conveniences of life, and who, in fact, have far less than the bare essentials of life, certainly those people should not be taxed for the purpose of their own relief. Such is like trying to pull a sick man up out of his sick bed by his bootstraps when he has not even a boot on his foot.

Therefore, I am heartily in favor of all the systems of relief contemplated by the bill.

I think I am the first Member of this body ever to propose an old-age pension and much of this legislation by any resolution or by any bill which has been introduced in the Senate. I think I introduced in the United States Congress the first effort to grant an old-age pension to the people of the United States.

Mr. President, if we admit—as the Senator from New York says, and as I have confirmed, and we are both on solid ground—that 96 percent of the people of the United States earn far less than the bare essentials of life, earn less than will buy luxuries or even conveniences, earn even less than it takes to buy what the United States Government says is necessary to keep together soul and body, hair and hide, then certainly we do not wish to levy on those people a tax for any future benefits when they must live today and are not making a living today.

Only a week or two ago I saw published a table which showed that over 95 percent of the savings of the American people from their earnings are saved by something like 3 percent of the people. The table showed that something like one-half of the people did not earn enough to save anything at all, and that about one-half of the people, I think, earned so little that even by starving themselves their savings were infinitesimal and amounted to almost nothing. That is one reason why I say to the Senate that if we tax the beggar in his youth—and 96 percent of our people, nearly all of them are more or less beggars when they are making a subsistence wage—to provide for the beggar in his old age, we are not helping the beggar very much.

Further than that, I wish to say that there are States in the Union, such as the State of Mississippi, that have no natural resources to tax, except bare land. The State of Mississippi has no oil, it has no gas, it has no sulphur, it has no salt. The State of Mississippi has not even a fishing ground. That State has to get its shrimp, its crabs, and most of the fish used in the State from outside its boundaries. Most of its fish have to be taken out of the Gulf of Mexico in the waters of the State of Louisiana, and the fishermen have to pay a tax to the State of Louisiana before the fish can be carried by boat to the State of Mississippi, where the canning factories undertake to put them into containers for the market.

The State of Mississippi has been very badly off through no fault of its people. Many of my relatives live in the State of Mississippi. I have traveled that State from one end to the other, and from one side of the State to the other.

It is said by authorities of the State of Mississippi that if it were called upon to supply its one-half of the money for pensions alone—not for all the other things that it is proposed to do by way of social relief in this bill—if the State of Mississippi were called upon to supply the $15 a month that is needed for old-age pensions alone, it would take more money than the entire tax revenues of the State of Mississippi. That does not include unemployment insurance nor does it include many other features of this bill. It is a physical impossibility for the money to be raised in that way. It never can be done. It never will be done.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BARKLEY. The statement which the Senator makes is rather surprising to me—that the amount necessary to be raised by the State of Mississippi, for instance, in order to match the $15 per month to all those eligible for pensions under this bill, would amount to more than all the taxes for all State purposes. Has the Senator a list or

table showing the number of eligibles in the State who would be entitled to this pension, and has he multiplied that number by the $15 a month or $180 a year which would be the minimum, so that he is sure his statement is correct?

Mr. LONG. Yes. I shall be glad to give the Senator the figures tomorrow morning, word by word and letter by letter. There is no material difference. I based my statement upon figures given me from the State of Mississippi. The Governor of the State, Governor Connor, gave me the information I am now giving. I shall be glad to get the figures and give them to the Senator.

Mr. BARKLEY. Does the Senator contend that that information will apply to all the States?

Mr. LONG. I am coming to that. It will apply to many of the States. As a matter of fact, it will apply to a large number of the States. Unfortunately, those who have the wealth to pay would domicile themselves in States where they would be less affected by taxation.

For example, we put on an income tax in Louisiana. Already there are men who are going to locate themselves in other States to keep from paying the little income tax of from 2 to 6 percent to the State of Louisiana.

I know that these figures are substantially correct, and I know that this bill is even less than a shadow. It takes the principles incorporated in the bills or resolutions I have heretofore offered in the Senate, and it proposes to do what is contained in some of them; but no man would ever receive 5 cents' worth of anything if it should be carried out. It would simply mean that the laboring man receiving less than a wage on which he can live would not only pay for a pension, something he cannot now pay, but the cost of collecting the payment from him would be deducted from the amount received.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. WAGNER. Has the State of Louisiana passed any law providing for old-age pensions?

Mr. LONG. We have a local pauper assistance law. The State of Louisiana has done much social-security work, including what are known as the "paupers." We do not call our payments "old-age pensions", and they are not old-age pensions, no more than the people to be paid by this bill. This ought to be called a "pauper's bill", because we do not give an old-age pension when we require a man to take a pauper's oath and prove that he is not able to live without the so-called "pension."

I want to show Senators how this measure will act. In Louisiana we had a free-schoolbook law. All that a child had to do to get free schoolbooks was to take the pauper's oath, or to make out a declaration that the father and mother did not have the means with which to buy schoolbooks. That was a thing that we could not get the children of Louisiana to do. They would rather stay away from school than to make the pauper's declaration that their parents were not able to buy books for them. So what we did in Louisiana on this social-security work—I call it social-security work; education comes within that purview, I believe—was to provide that every child could have free schoolbooks whether he did or did not take the oath of a pauper. The books came to him as an absolute matter of right. Every child used free schoolbooks. None, rich or poor, used any other kind.

We have here what Senators call an "old-age pension" bill. We never have said that we had old-age pensions in Louisiana, but to some extent we have what there is contained in this bill. We call it a "pauper's law", under which in some cases a man is given a pension. As many as 500 persons are beneficiaries of that law in one parish in my State—in other States it would be called a "county"—and I understand the parish St. Landry has at one time had a large number, maybe nearly as many as I have mentioned; at least it did have at one time, if it has not now. Under that State law an annuity of $12 or $15 a month is granted to those in a helpless condition. That is what we call a "pauper's aid", given to the beneficiaries by the county board or the governing authorities, by what we call in Louisiana the "parish police jury." Let me say that resort to that law, of course, has been restricted. Very few people want to take a pauper's oath, and the subdivisions of the State would not be able to pay the annuity if many applied for it.

There is only one kind of old-age pension that is worth anything, and that is a universal pension. If pensions are paid only to those who can satisfy the governing authorities by proof that they are unable to care for themselves and that a pension is necessary for their welfare, immediately the dispensation of the pension fund is subjected to politics of the locality, and it is within the power of the local authorities to say at any time they want to, "John Smith does not need this pension", or "John Smith is not entitled to this pension"; or, if not that, the applicant is at least forced to degrade himself by proving that he is a pauper before he can go on the rolls. The only kind of a pension that is worth anything whatever to the people of the United States is one that is paid without people having to place themselves in the attitude of being paupers or indigents in order to get it. Therefore, if I were writing this bill, I would strike out the proviso which requires that only those coming within its qualifications, who might be said to be paupers, shall be paid pensions; and I would give a pension to every man who had reached 60 years of age and whose income did not exceed a certain amount or the value of whose property did not exceed a certain amount. That is the only basis upon which to put an old-age pension and make it practicable and feasible.

Secondly, if we are going to pay old-age pensions this Government ought to do it. I would not have proposed that in the Senate had I not thought that it ought to have been done as one of the elements of social security. Let us pension a man and not tax a man for the pension. If we are going to tax my son and my daughter and collect out of their weekly pay roll a sufficient amount to pay my pension and are going to take out the cost of administration from that and give me what is left for a pension, I do not know but that I would be better off if I took such surplus as my son and my daughter might be able to give me, without going to the expense of paying the administrative costs in Washington.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Nebraska?

Mr. LONG. I yield.

Mr. NORRIS. While I think the Senator's statement and the general propositions laid down by him as to compelling the people who are going to be the beneficiaries to pay the taxes have a great deal of weight, nevertheless, if there were nothing in the bill except what the beneficiary when he got old was going to get, it would still, I believe, have many elements of merit.

Mr. LONG. That is insurance.

Mr. NORRIS. Yes. And still it could be said, as an objection to such a measure, "If you would let me handle the money, I would have made more out of it." Sometimes that would be true, but we all know, from our own experience that, as a general rule, it has not been so.

Mr. LONG. I admit all that.

Mr. NORRIS. Most men when they were earning, if they had properly invested their money, or if they had not lost it in some plan by which they expected to make a lot of money, would have when they reach old age a pretty good "nest egg", and so it would be a good thing if we did not do anything else—I should like to do more, of course, as I think everyone else would, but if we only went that far, it would accomplish a great deal of good.

Mr. LONG. If they were made to save something?

Mr. NORRIS. If they were made to save something.

Mr. LONG. I admit that; I admit that every man ought to take out a life-insurance policy; if he could, he ought to have some life insurance. I always have had, but it is mighty hard to understand how a man can lay up very much for his old age when during his useful years he is making less than it takes to live in the barest poverty. That is the point I am making. How can a group of men, 96 percent of whom are earning less money than it takes to live

in what is even worse than poverty, lay up enough money for the future to be of any real good? It would be better for a man to starve himself a little more during his useful years than he is now starving himself or that at least 96 percent of us are starving ourselves. In other words, if we are eating half enough it would be better to eat two-fifths enough and to save up one-tenth against the time when it will be needed even worse. But we cannot collect very much money for the Federal Treasury if we are levying the tax upon 96 percent of the people who are now earning, according to the Government tables, less than it costs not for luxuries, not for conveniences, but for the bare subsistence necessities of life.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Kentucky?

Mr. LONG. I yield.

Mr. BARKLEY. Following the inquiry I made of the Senator a while ago, he was referring specifically to the State of Mississippi. I find in the hearings, on page 321, a table showing the number of eligibles in 1934.

Mr. LONG. What does the Senator mean by "eligibles"?

Mr. BARKLEY. Those above 65 years of age.

Mr. LONG. I propose to pension at the age of 60.

Mr. BARKLEY. In the hearings it is shown that there are 14,218 people in the State of Mississippi——

Mr. LONG. Who are over 65?

Mr. BARKLEY. Who are over 65.

Mr. LONG. I would not have the pension start at 65. That is not a pension.

Mr. BARKLEY. In order to match the $15 per month, which amounts to $180 a year, the State of Mississippi would be required to contribute $2,559,000.

Mr. LONG. What does the Senator mean by eligibles at 65—if they have reached 65 regardless of what they are doing?

Mr. BARKLEY. If they have reached 65 and are eligible for pension.

Mr. LONG. What does the Senator mean by "eligible"?

Mr. BARKLEY. I mean under the terms of this bill. If the Senator is going to apply it to everybody who reaches 60 or 65 or whatever the age may be, regardless of conditions or circumstances, of course the number would be larger, but I am taking the number who would be eligible under this measure. So it would require the State of Mississippi to raise two and one-half million dollars, and it would require my State to raise about $3,000,000. For the ordinary expenses of the State we raise now about $18,000,000, which, of course, includes the road tax and all that. I call the attention of the Senator to that because of his statement a while ago——

Mr. LONG. I will show the Senator I am right.

Mr. BARKLEY. That the contribution of the State of Mississippi, for instance, and I supposed he was taking that as typical of a great number of States——

Mr. LONG. I am right, and what the Senator has there is wrong.

Mr. BARKLEY. Is greater than all the taxes they raise for all purposes. Of course I am not going to get into a controversy with the Senator——

Mr. LONG. We will not have any controversy; we will go on the figures that the Senator cannot dispute; we will not argue on figures. Here is what this bill does: It proposes to start a pension first at 65. If we are going to start pensions at 65, why not make it 75? Then we will not have any expenses at all; or make it 85. That would be the best way. [Laughter.]

The PRESIDING OFFICER. The Chair will remind the occupants of the galleries that under the rules of the Senate no signs of approval or disapproval are permitted.

Mr. HARRISON. Mr. President, will the Senator permit me to interrupt him?

Mr. LONG. Let me finish this; then I will be glad to yield. To begin with, men cannot obtain employment at an age past 50, and the greatest economist have argued that the age of unemployment ought to be 45 or 50.

I have never yet known of anybody to propose an old-age-pension plan that was worth the paper it was written on when it proposed to pay a pension to anyone later than at 60 years of age. At the age of 60 there is generally no employment possible. I know Mississippi. I know what Mississippi needs as well as almost any man, probably as well as its own Representatives in Congress, because I have been through the State many times. There are the same kind of people in Mississippi as there are in northern Louisiana in the rural sections. My father and my grandmother came from Mississippi, Smith County. I know Mississippi people.

If we are going to start at the age of 65 with a pension, then my figures will have to be changed, but I do not propose to start at the age of 65. I propose to start at age 60. If we are going to start at age 75, we would have to change my figures again. I am told that for the first few years the bill would apply only to those who are over 70 years of age. It may be that that provision was stricken out of the bill, but there was a provision in the bill originally that it should apply only to those over 70 years of age. That was contained in the original recommendation of the President, though it may have been stricken out of the bill.

Who are eligible? Are we going to leave the matter of who shall be eligible for this pension to be determined by politicians, like the relief is now, where a man is told, "If you do not vote right you will be taken off the relief roll"? I do not want any old man to have to depend upon politics in order to stay on the pension roll or the relief roll, because it is the rottenest, crookedest, most corrupt game that is carried on in the United States today in politics, and that is saying something.

If we have to have the eligibility of every man for a pension determined by a local board or a State board or a Government board, if it is necessary to have a local board or a State board or a Government board determine that he is entitled to a pension, and if he must be subject to being taken off the pension roll from day to day or from month to month, that is not the kind of plan I want to see adopted. If that is what this is to be, it would prove to be a curse and not a benefit. If a man were compelled to realize from day to day, from month to month, from year to year, that he is a pauper, and must go through the embarrassment of proving that he is a pauper, that he has not any hogs in the woods nor any cow to milk nor any land to call his own, nor any son who might be helpful, then we would not have a pension system at all; we would not have even a pauper system to start with. I make that as an absolute statement of fact based upon my experience in social work in a State that does the best social work in America today—the State of Louisiana.

I propose that a pension should be paid to people who are over 60 years of age. I know Mississippi, I know Louisiana, I know Arkansas, each State nearly as well as I know the other—that is, the general run of people. I have traveled through those States all my life. I traveled them when I was 16 years of age and 17 years of age and many times since. I have been through them many, many times. Of all the people who have passed the age of 60 years in Mississippi there are not 10 percent who are not entitled to an age allowance.

According to insurance statistics issued by the life-insurance companies, we are told that only a few out of every hundred who passes the age of 60 is able to take care of himself. Senators have some Government figures tending to show that nearly everybody over 60 years of age can take care of himself, but the figures of the insurance companies who have been in the business say to the contrary, and I will show it by their advertisements. They read something like this:

> Only so many out of every 100 persons who has passed the age of 60, are not dependent upon charity or upon his folk or someone else for help.

Therefore I say that in my opinion from 90 to 95 percent of the common, ordinary run of people over 60 years of age are eligible to draw a pension, and the only way there will ever be a pension provided that is fit to talk about will be

to provide a pension that shall be given to every eligible man free of politics. Otherwise it would mean that in my State I would be one of the men controlling the pension, if I continued as a friend of some of the administrators down there in the area in which I live. It might be that Senator Huey Long and Gov. O. K. Allen and our political organization would have the right to say who should get a pension and who should not get a pension in Louisiana.

Do I know what that would mean? Indeed, I do. I know I would have the right to put 14,000 people on the pension rolls of Louisiana; and that is about the same number Mississippi would have. We have about the same population in Louisiana that Mississippi has. Do I not know if I had the power and the right to put 14,000 people on a free pension in Louisiana that Huey Long's and O. K. Allen's politicians would put Long and Allen men on the pension roll if we would let them? Do I not know that Representative FERNANDEZ, of New Orleans, who would have about 2,000 people eligible for the pension roll in his congressional district, would try to put 2,000 Fernandez people in his district on the pension roll, when he has 5 or 10 or 20 times that many people down there who need a pension?

Are we going to have a political thing of that kind? Do I not know that some of the parishes even in that State who have a few hundred on the pension rolls, or "pauper rolls", as we call them down in Louisiana, the politicians would have only their friends on the roll or the fathers of their friends or the mothers and aunts of their friends?

You are going down to my State of Louisiana and tell me we can put only 14,000 on relief. Who most needs a pension in Louisiana? The colored people are among the poorest people we have in some instances. About one-third to 40 percent of our people are colored people. They do not vote in many of the Southern States. How many of them will ever get on the pension rolls? Huh! How many do you think? I give you just one guess to figure out how many will ever get on the pension rolls unless their sons and daughters and they themselves are on the voting list. That may seem like cheap demagoguery, but I am not afraid to say it. I am one southern Senator who can tell the truth about this matter. I am not afraid to say it. I do not want a pension system that will be of help only to those who declare themselves paupers and prove themselves unable to earn a living and eligible to be put on the roll.

There is only one pension that will be worth anything at all, and that is a pension which goes to everybody who reaches a certain age. Do not make it an age that is the dying age. Do not make it an age when the death rattle is sounding in a man's throat. Make it an age when he is reasonably certain not to be able to take care of himself. If you are not going to start a man's old-age allowance until he is 65 or 70, you are going to wait until the Lord's threescore and ten years' time allowed man on earth is nearly over.

Do not make it necessary that one must depend upon the whims and decisions of politicians to get on the pension roll.

Therefore, if Mississippi pays a pension to every man who is 60 years old who needs it—I know what I am talking about and the Governor of Mississippi knows what he is talking about—if we provide payment of a pension to every man 60 years of age who needs it, it will cost the State of Mississippi one and one-fourth to one and one-half times its present tax revenues just to pay the pension.

I took the United States census as my guide. I ascertained from the United States census how many people in Louisiana were over 60 years of age. Then what did I do? I took the United States insurance companies' statistics and figured from that what percent of those people were able to earn their own living. After deducting that number obtained in that way, I found that to pay this pensic it would cost Louisiana more money than it raises for all other purposes put together in the State of Louisiana. According to the census reports, after deducting the people the insurance companies say are able to take care of themselves, still the State of Louisiana, to pay the others over 60 years of age a pension of $15 a month, would have to raise more money than it raises for all other purposes put together that are paid from the State treasury of Louisiana. I have forgotten how many millions of dollars it is, probably $12,000,000 or possibly $14,000,000. I have not the exact figures.

Mr. President, I am not condemning this effort. If I had been drawing an old-age-pension bill, I might have called into counsel the person who first proposed an old-age-pension plan to the Congress. I might have called in that kind of person. I might not. Perhaps I would not have been on friendly terms with him, and then I would not have called him in; but the chances are I would have called in someone who had first proposed old-age-pension plans to the United States Senate.

Do not misunderstand me. I am not condemning this effort. I am not fighting this bill. I am not opposing this bill. It probably will do no harm, to speak of, that will not have some corresponding good. Like the Senator from Nebraska, I think, taking it up one side and down the other, it is a gesture with some harm and some good in it; but apparently it makes a pretense to carry out the principles I have advocated. While it does not actually do so, nevertheless it is not a bill that I should oppose, except for being a void. What I am trying to show to the authors of the bill is this:

You want a pension bill enacted, and I want a pension bill enacted. This bill does not propose to enact a pension bill. We have here a pauper's-oath proposal which, if it ever amounts to anything, will operate in many States in a way that is fatally defective. Therefore, what I am saying to Senators is this:

On Monday I shall come in here—I hope before this bill shall have passed the stage of amendment—with what? I want Senators to listen to me. I shall propose that we provide an old-age pension of $30 a month. Payable to whom? To every man and woman in the United States who is over 60 years of age who has an income of less than $300 a year or $500 a year, whatever should be the proper amount—I am willing to be governed in that matter by the advice of my colleagues—or whose property ownership is less than a certain amount of money. That is what I shall do. I shall propose to carry out unemployment insurance and everything else that is in this bill. The bill does not propose to do enough.

How would I do it if it were left to me? Would I tax the pay roll of the man who is working? No; because the workingman is not getting today enough money to live on, even though he is working—and half of those who come within the class of workingmen are not working. I certainly would not say to a man who, according to the Government's own statistics, is making less money than it takes fairly to subsist upon even in poverty that he ought to be made to pay a tax for a pension in his old age, when he is not half living in his young age.

Therefore, I shall propose an amendment on Monday morning, or Monday afternoon—whatever time we meet—which will do all the good things pretended to be here contemplated. I shall not strike out one of the benefits proposed by the bill. I shall only add to them, and provide that in order to get the money to pay them we shall levy a tax of 1 percent upon all persons who own wealth and property in the United States which is more than 100 times greater than the average family fortune, and graduate the tax up on the succeeding millions owned by any one man, so as to get whatever amount of money may be required to carry out the purposes of the bill.

That would mean that $1,700,000 of every man's fortune would be altogether exempt from the taxes I shall propose. Therefore, the man who has one and one-half million dollars shall not have to pay a copper cent for the purposes of this bill; but if he has $2,000,000, he will have to pay 1 percent on, say, the last half million. Then I propose to make the tax 2 percent, and 4 percent, and 6 percent, and graduate it on up, so that the man who has four or five or six million dollars will pay a higher tax in proportion. I do not propose to tax the beggar or the weak, and I do not propose to tax

persons who are already undernourished and already underpaid.

That is the amendment with which I am coming in here on Monday morning. That will carry out the purposes of the Government. We are supposed to be decentralizing wealth. We ought not to tax the beggar to help the prince, or even tax the beggar to help another beggar. We ought to tax the prince to help the beggar if we find that the beggar is such a person as ought to be helped by bounties granted to him by law.

So I ask my colleagues to hold an open mind for the amendment I shall propose here Monday afternoon if we meet Monday at noon, or Monday morning if we meet Monday morning. I ask my colleagues to think to themselves in this fashion: Are you willing to go back to your States and tell your people that you have voted for "social security" or "social relief" when, in order to get it, you have called upon them to pay a tax which they cannot pay? Are you willing to say to the laboring man, "I voted for unemployment insurance that will amount to anything", when all you have done is to vote to tax his own pay check, and that check is now less than he can live on?

That is what I want the Members of the Senate to think about; and I want them to think whether or not they will be willing to support this beneficial legislation along the lines that we said in the Chicago convention we would advocate, namely, legislation that would give the people a share in the distribution of the wealth of the country. I am quoting the words of the President of the United States, who delivered that promise at the Chicago convention, that we would provide a share in the distribution of the wealth of the country to the people who need it. That is what we said. We are not doing that when, in order to support the benefits of this bill, we tax the poor man who is making a thousand dollars a year or $500 a year, who has a family that it takes $2,000 a year to clothe and feed and house, and who therefore needs an income of $2,000 a year.

Mr. BONE. Mr. President——

Mr. LONG. I yield to my friend from Washington.

Mr. BONE. I realize that I have no right to suggest to the Senator the propriety or lack of propriety of any amendment he may offer, or the practical wisdom of offering an amendment to any one bill; but I am wondering if that sort of an amendment might not jeopardize the bill.

Mr. LONG. It would not hurt anything if it did.

Mr. BONE. I merely wish to ascertain the Senator's idea as to whether it might not be wiser to propose the type of amendment the Senator has in mind to one of the revenue-raising bills which will come over from the House, because there might be those here who would be willing to vote for this bill, and are very anxious to vote for it, who might not be willing to vote for it if that sort of a rider were attached.

I am in harmony with the Senator's idea of increasing taxes in order to meet the necessary expenses of the Government and the necessary expenses of the type of legislation we are now considering; but I am so highly desirous of seeing this type of legislation enacted that I am fearful that anything attached to it of that character, which we might attach to another bill with more hope of having it adopted, might jeopardize this bill.

Mr. LONG. The place where it belongs is on this bill.

Mr. BONE. I have no quarrel with the theory of raising more money to care for these very large expenses.

Mr. LONG. I am satisfied that the Senator has not been here to hear my remarks. I have demonstrated that the people will not get anything under this bill. I have demonstrated it very thoroughly, I think, as the Senator will see if he reads my remarks; but if we are to provide money for old-age pensions, it ought to go in this bill. We propose in this bill to provide money for old-age pensions, and we propose in this bill to provide money for unemployment insurance. If we are to provide for old-age pensions and if we are to provide for unemployment insurance we shall have to provide for raising the money in some way, because it is not provided for here.

Why, just see what is provided. Read this. This is really funny:

For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State—

Listen to this:

to aged needy individuals—

Aged needy individuals, paupers, found to be paupers by the governing board of the county or State, controlled by the politicians, of whom I am one!

I am trying to keep the people out of the hands of men of my type and worse.

For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to aged needy individuals, there is hereby authorized to be appropriated * * * $49,750,000 a year.

Think of that! Talk about appropriating the little, infinitesimal amount of $49,000,000 to pay old-age pensions to all the people in the United States who are in need of those pensions. It is the most absurd and ridiculous thing I ever heard of in my life. That will not pay for the ribbons of the typewriters it will take to mail out the envelopes to the old-age pensioners of the United States. I know what I am talking about. I figured this thing out long, long ago, when I introduced the first old-age pension bill or resolution that ever came into the United States Senate, at least that I ever heard about.

I figured out how much it would cost. Do Senators know how much it would take? It would take $3,000,000,000. That is what it would take, according to the statistics of the United States Government, deducting those who earn their own living according to the tables of the life-insurance companies—and they are the most accredited statistics of which we have any knowledge. According to the Government statistics and according to the deductions made by the life-insurance companies, according to their tables—and their mortality tables have been accepted as authoritative by acts of Congress and by all the courts—according to them it will take something in excess of $3,000,000,000 to pay old-age pensions to the people in the United States, who are entitled to them at the rate of $30 a month. And the proposal here is to appropriate $49,000,000.

Talk about appropriating $49,000,000, and go back to the people and tell them that we have provided for old-age pensions. That will not pay half the pensions in the city of New Orleans alone. It is an absurd thing to talk about, if we are to do anything.

Then where are we to get the $49,000,000? It would mean taxing the poor devil who is to get the pension. It is ridiculous! It is absolutely absurd!

I want my good friends to know I am with them heart and soul and body; I was away ahead of them in this old-age-pension matter.

Mr. WAGNER. Mr. President——

The PRESIDING OFFICER (Mr. BURKE in the chair). Does the Senator from Louisiana yield to the Senator from New York?

Mr. LONG. I yield.

Mr. WAGNER. I think the Senator is confused. The $49,000,000 is for old-age assistance. That is to be paid by the taxpayers of the United States.

Mr. LONG. Very well. That is the Government's part of it. It is our part.

Mr. WAGNER. It is the Government's part. The other part is to be paid by the taxpayers of the States.

Mr. LONG. The other half?

Mr. WAGNER. Today all of the States which have pension laws—and I want to remind the Senator that his State has not one——

Mr. LONG. According to what these Government statistics show, Louisiana has not anything.

Mr. WAGNER. The Senator's State has not such a law; that is what I mean. They have not a pension law, and 35 States have inaugurated a system of pensions.

Mr. LONG. Louisiana has one of those things.

Mr. WAGNER. No.

Mr. LONG. Louisiana calls it a pauper law. We will not call it a pension, because a man who has to take a pauper's oath is not getting a pension. Under the proposed legislation a man would get a pension whether he took a pauper's oath or not. This thing says "needy people."

Mr. WAGNER. I do not desire to get into a controversy with the Senator about that, because the records are here as to whether States pay pensions or not, and how much they are.

Mr. LONG. The records are not here.

Mr. WAGNER. I was afraid the Senator was confusing this.

Mr. LONG. No; I am not.

Mr. WAGNER. It is money supplied by the taxpayers of the United States.

Mr. LONG. I understand. It is supposed to provide for payment up to $15 a month by the Government of the United States and $15 a month by the States, in order to make the $30.

Mr. WAGNER. Exactly.

Mr. LONG. Forty-nine million dollars is half of it, then, and the State has to put up the other $49,000,000, and that will make $98,000,000, substantially a hundred million dollars, and we would have one hundred million when we need three billion.

Mr. WAGNER. I should be glad to examine the Senator's figures——

Mr. LONG. I have been trying for years to get the Senator to talk this matter over with me.

Mr. WAGNER. I do not want to interrupt the Senator; I merely wanted to correct what I thought was misinformation.

Mr. LONG. No; I am right, absolutely.

Mr. WAGNER. The States of the Union today are paying a little less than $40,000,000 in old-age pensions.

Mr. LONG. Very well.

Mr. WAGNER. At least we are matching, and, of course, as the number of States making such payments increases, our assistance will increase, and we will hope that Louisiana will pass a law.

Mr. LONG. If the Senator will listen to me, I will show him that Louisiana has such a law. Louisiana authorizes its police juries, which are the same as the boards of governors of the counties, to pay paupers, when they want to put people on the pauper's roll. We give it the right name. Louisiana calls a spade a spade, and a "t" a "t", and an "i" an "i." We do not call these payments old-age pensions. We call them help to paupers, and that is the definition which ought to be given to what is proposed here.

A pension is something given to someone like a soldier. The Spanish-American War veteran does not have to take an oath and say that he is a pauper in order to get a pension. The World War veteran did not have to do it. The Civil War veteran did not have to take an oath that he was needy and destitute in order to get a pension, and I wish to say to my friend from Mississippi and to my good friend from New York—and he is my friend—I say to them that we know the dictionary too well to call such a thing as is proposed a pension when it is paupers' assistance. That is what it is. I can take the dictionary and show that this thing is not a pension. It is assistance to paupers who take the pauper's oath, provided politicians approve them. That is all it is.

Down in Louisiana we are honest people in our use of language. I do not mean that others are not honest in their language, but I mean we are not extravagant. We give paupers help, just as the bill before us proposes paupers' help, and the administration has been sandbagging Louisiana with these Government statistics because we will not change the word "pauper" to "pensioner." A pauper is not a pensioner.

If my friend from New York will do what he ought to do about this matter he will change the wording and say "pauper's assistance" instead of "old-age assistance", because when the language is "to aid needy individuals" it is taken out of the category of being a pension and it is made a payment to a pauper. That is what is done. It is not a pension at all, nothing of the kind.

For a long time I have wanted to talk this matter over with the Senator from New York, because his heart is in the right place and his mind, I believe, would yield to the figures. If he will come and listen to the figures I will give him from the life-insurance companies of the State of New York and the city of New York, which he knows to be reliable, and will compare those figures with the Government statistics, he will find the conditions in States like the State of Mississippi and the State of Louisiana, which latter State is not so much better off but is some better off than Mississippi, because we have minerals there. Oil, and salt, and fish, and oysters, and crabs, and pepper, and gas, and minerals like salt and copper, and all such minerals, are found in abundance in the State of Louisiana. There is located in Louisiana the big port of New Orleans, and it can boast many things like that which the State of Mississippi does not possess. It also has a few millionaires from whom to collect income taxes, something of which Mississippi has not so much.

I beg Senators to listen when I tell them that, according to the statistics of the life-insurance companies, there are only a few men out of every hundred who pass the age of 60 who are not dependent upon charity for support.

The mortality tables of the larger insurance companies have been accepted by the Government, and have been accepted by courts in every State, and by United States courts. If today we pay a pension to everyone in the United States over 60 years of age, we shall pay out not less than $3,000,000,000 a year. If we are limited to the $49,000,000 provided by the bill, and $49,000,000 more, or $100,000,000 in all, that will give $1 where we need $30; and then if there is taken out of that the cost of administration, we shall not have enough money to pay the postage necessary to send out the money. I am going to bring in the figures on Monday.

If the Senator from New York [Mr. WAGNER] will give me part of his time on Sunday I will meet him and give him the figures in his hotel, or I will meet him in his office, or he can meet me in my office, and I will show him that, in his own words, 96 percent of the people today are making less than a mere subsistence living, and that we cannot afford to tax people of that kind for their relief in their old age when they are not now getting enough money with which to buy food to eat.

Mr. BONE. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BONE. Will the Senator tell us what proposal he makes in his amendment with respect to the increase in taxation?

Mr. LONG. Yes; I will. Here is what I propose: I propose that the money with which to make all these relief payments shall be raised by tax, but that the tax shall not be levied on any except those whose wealth exceeds 100 times the average family fortune of the United States.

Mr. BONE. Will the Senator leave that to be determined by the Treasury Department, or how will he make that calculation?

Mr. LONG. I will put the calculation in the bill, or do it otherwise. I will provide that there shall be an exemption on a man's first $1,700,000.

Mr. BONE. $1,700,000,000?

Mr. LONG. No; $1,700,000. That amount is exempt from the tax. On the first $1,700,000 no tax is to be paid. That limit is too high, but still we can make that limit. I am trying to make the limit so high that no one on earth will have a right to kick about it. It ought to be that the exemption was no more than $100,000, but we can make the limit the figure I have given, so that there shall be no tax for the purpose levied on any fortune except one which is 100 times the size of the average family fortune, and not take money away from the poor devil who is earning $500 and who actually needs $2,000 to buy food and to buy the necessities of life. The poor fellow who only has enough for a bare subsistence, the man whom we claim we are helping, who is starving to death already, who cannot send his children to school, whose children's clothes are tattered—we cannot

afford to levy a tax on him for an old-age pension. We are not doing any good to him if we do. In many cases we should be doing harm to him.

If we are going to give old-age pensions, let us give them to those who need them, but not provide for them in such a way that the determination of who is to receive them will simply be made by the State politicians or any bureaucrat.

I ought to be able to convince some of my friends here that I am somewhat idealistic in this. By what I propose I am excluding myself and friends from having the right to say who shall draw a pension in my State and who shall not draw a pension in my State. I am excluding myself from having a hand in handling that great political club with which we could say to a man, "You will have to be with HUEY LONG in order to get the pension, and if you are not with him you will not get it," because I am looking forward to what will be done in 47 other States, and I am looking forward to the time in my own State when the pension will mean something to the people. I know it does not mean anything as the bill is now drawn.

Therefore, I desire to say to my friends, if any of them wish to make any suggestions between now and Monday concerning my amendment—which does not provide for a tax, as I said, upon the first $1,700,000—I shall be glad to have them do so. If any one thinks the figure ought to be lower than that I should agree with him, and if the Senate would support a lower exemption I should prefer to have the lower exemption. However, I desire to put it on a basis where no one can say that the taxation for this work of social security has been placed upon the back of the man who can be hurt a little bit by paying it. That is what I wish to do.

Mr. BONE. Mr. President, I did not hear all of the Senator's argument. Does he propose his tax in the form of a capital levy?

Mr. LONG. Yes, sir.

Mr. BONE. I am wondering if that could be sustained under our Constitution without an amendment.

Mr. LONG. Yes, sir; it can be sustained. Not only can it be sustained, but it was the basis upon which the law of the United States was founded. It was the basis of the law upon which the United States started as a Government, and the only reason why we are in this fix today is because we departed from it. According to the statement made by the Senator from New York [Mr. WAGNER]—and it should have been made a thousand times more strongly—no one can question, topside nor bottom, the right of the United States to levy a tax on property and to graduate the tax. Nobody can question it. There is not a doubt about it.

I am not going to argue with the Senator from New York [Mr. WAGNER] the constitutionality of the taxes imposed under this bill. It is barely possible the Supreme Court may not sustain the constitutionality of some of the levies proposed in the bill. I hope they will, but they may not. I am not going to give the Senator from New York the kind of advice I gave him on the N. R. A., because he did not take my advice the last time and he might not take it this time; and since I was right the last time and he did not take advantage of my advice, he may be right this time, because, to say the least, both might be a guess; and in view of the fact that my friend from New York is a better lawyer than I am this might be his time to be right. I am not going to argue the matter.

It may be that the Supreme Court of the United States will hold the levies under this bill to be not valid under the Constitution; but there is no question about the levy of a uniform tax on property—none whatever. There can be no doubt about that. Nobody who has ever gone through a law school will ever be found who can argue anything to the contrary. There is no doubt about that. What I tell the Senate is constitutional. What I tell them is real. What I tell them is actual. What I tell the Senate helps these people. What I tell the Senate punishes no one. It gives the people of the United States actual unemployment relief, actual pension relief, actual social relief, and the burden of it is borne in such amounts as are ample to create a fund 30 times the one provided in this bill, and the burden of it is borne by people who have $1,700,000 or more.

Mr. President, I shall be here on Monday with the amendments I have suggested. If Senators have any suggestions to offer, I hope they will offer them. I shall be glad to give copies of my amendment to Members of the Senate who are interested in it, between now and tomorrow morning, as soon as I shall have perfected my amendment; and when I do, if they have any suggestions to make, either before we come to the Senate or on the floor of the Senate, which would perfect the amendment in accordance with what they think is their better judgment, I shall be glad to have them, in order that we may follow that system rather than follow the plans that are set forth and enumerated in this bill, which are not ample, not sufficient, which are burdensome, and in many instances will do more harm than they will do good.

Mr. HARRISON. Mr. President, I was about to make a few observations, but I notice that the Senator from Louisiana has left the Senate Chamber, and I do not care to make them in his absence.

Mr. McNARY. Mr. President, will the Senator be content to recess at this time, and begin with the committee amendments in the morning at 12 o'clock?

Mr. HARRISON. I think there ought to be an executive session at this time.

Mr. McNARY. I have no objection to that. However, on account of the great number of Senators who are absent from the Senate Chamber at this time, I think we ought not to begin with the committee amendments until tomorrow.

Mr. HARRISON. I do not wish to have the Senate get into any controversial matters tomorrow. I am willing to agree that we shall recess until tomorrow if we can have an agreement as to limitation of debate, and so forth, and try to wind up the consideration of the bill on Monday.

Would there be any objection to having a recess taken until 11 o'clock tomorrow morning?

Mr. McNARY. I do not think the recess ought to be taken until 11 o'clock a. m. I think it should be taken until 12 o'clock noon tomorrow.

Mr. HARRISON. I should like to have disposed of the Senate committee amendments about which there is no question, or about which there will be no debate. I do not expect, however, to conclude the consideration of the bill tomorrow.

Mr. McNARY. If the Senator will agree to the Senate taking a recess at this time until 12 o'clock tomorrow, I can assure him that there will not be any unnecessary delay, but I should not like to have the session commence at 11 o'clock in the morning.