

SOCIAL-SECURITY BILL

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

The motion was agreed to.

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

The Clerk read the title of the bill.

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Tennessee [Mr. BYRNS]. [Applause.]

Mr. BYRNS. Mr. Chairman, I have asked for this time to talk to the membership on both sides of the Chamber with reference to some of the legislation that is pending before us. The gentleman from Colorado [Mr. TAYLOR] and myself have been besought by quite a number of Members to gain our consent for the House to adjourn over next Friday and Saturday. The reason assigned for adjourning is that it is Good Friday. Of course, that is a matter for the House to determine. However, because of the legislation which is pending before us, I think the House ought to seriously consider whether or not we are going to take these recesses until we have disposed of some of the very important business before us, some of which must be disposed of before we adjourn. I know there has been a good deal of criticism over the country, and many editorials have been written, accusing Congress of being dilatory in the consideration and passage of important legislation. These critics overlook the fact that this is the first Congress that has met in January rather than in December, and that it was impossible for the House to organize its committees and get started upon the consideration of some of the most important bills that have ever been introduced into Congress, until probably the middle or the latter part of January. That has served to delay matters. I am happy to say, however, that the House has

so far kept pace in the consideration of the most important bills as they have been reported from the committees, but a number of committees are now about ready to report out important bills on which they have been holding hearings for weeks and months.

Those bills, I am informed, are likely to be reported very soon, and I shall call attention to some of them so that Members may see just how important it is that the House stay on the job and not adjourn, as we did yesterday, at 4:15 o'clock in the afternoon. We must stay here for a reasonable time each day to dispose of these bills and adjourn, because I am convinced that it is very important from the standpoint of the country that the Congress close up its business at the earliest possible moment, adjourn, and go home. [Applause.]

What have we before us? We have pending this social-security bill. In the remark I made a moment ago about adjourning early yesterday I certainly did not intend to criticize those in charge of this bill, because I understand that it was due to the fact that promises had been made to certain gentlemen that they would be given time to address the House, but when the time came to yield to them they were not here.

I think we ought to have a change in that practice. When a Member has secured time to address the House, I do not think it is right for him to leave the House in the afternoon, thereby holding up the entire proceedings and forcing adjournment probably an hour and a half or two hours earlier than we otherwise would adjourn. [Applause.]

I am frank to say to you that if I were chairman in charge of one of these bills I would have it understood that those to whom I had agreed to yield time must be here, and I would yield them time at the moment I had agreed to yield; but if the Members to whom I had given time were not here, they would have to take their chances in the future.

If we could have proceeded yesterday as planned, this bill could have been finished by Friday night. I am sure of that. There are only three or four important amendments that will take any time. The House will have had 23 hours general discussion in regard to this bill. Therefore, I say that if we could have consumed from four and a half to five hours each day in this general debate, we could have gotten through with this bill by Friday night. I still hope that we can do that and adjourn over Saturday.

Now, after this bill is concluded we have the naval appropriation bill, now ready to be taken up just as soon as the Committee on Appropriations can get the floor. It involves increases, and it will take possibly a little longer to consider that bill than ordinarily.

Then there follows the smaller bill, the legislative appropriation bill, which is ready for consideration.

I understand a banking bill is practically ready for submission to the House and will be ready as soon as we can get this legislation out of the way.

There will probably be some kind of a utility bill reported by the Committee on Interstate and Foreign Commerce, and a bus and transportation bill.

The gentleman from Virginia, Chairman of the Committee on Merchant Marine and Fisheries, reported a bill yesterday which he is very anxious to have considered at this session.

The gentleman from Texas [Mr. JONES], Chairman of the Committee on Agriculture, has one, and possibly two, bills that he is very anxious to have considered.

A day or two ago several bills were referred to the Committee on the Judiciary, relating to the control of alcohol. Those bills must be passed. They will not take much time, but they will take some time of the House.

We have the Private Calendar with several hundred bills thereon. We have the Unanimous Consent Calendar with possibly a hundred or more bills upon it at this moment.

Then we have legislation to extend the N. R. A.

The Committee on Ways and Means, which has given as faithful, earnest, and capable work as I ever knew any committee to give in the consideration of this bill, has not had an opportunity to consider the N. R. A. bill.

Then possibly we will have some kind of a tax bill. I do not mean an increase in taxes but an extension of present

taxes expiring by limitation—as I hope, some relief for smaller industry. [Applause.]

I could name a number of other important matters that will be up for consideration and will be disposed of if we have time to do it. There are a number of other committees which have bills, and those committees are pressing for action.

I remind you of these things in order that you and I may understand the magnitude of the task before us and the importance of giving our time and attention from now on to the disposition of at least some of this legislation. I do not mean to say that all the legislation I have enumerated will be passed. Certainly I am not putting them on what is popularly known as the "must calendar." There are several of them that will have to be passed before this Congress adjourns, but certainly not all of these to which I have referred.

However, they are all important matters of legislation, being pressed by the committees which have had them under consideration. Those committees and the country are entitled to have them considered if we can do so in a reasonable time. If we are thinking about an early adjournment—and I think all of us ought to think about it in the interest of the country—we have got to make up our minds to stay here on the job and attend to this legislation.

That is all I wanted to say. I simply wanted to make this statement, in justice to the gentleman from Colorado [Mr. TAYLOR] and myself, with reference to adjourning over on Friday and Saturday. We did not adjourn over for Good Friday last year. It has not been the custom to adjourn for Good Friday. None of the departments are going to quit business. I do not know of anything better, except going to church, than to come here and devote ourselves intelligently and faithfully to the discharge of the people's business; and I hope we can do that. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield myself 2 minutes.

I appreciate very much the very timely and appropriate remarks of our distinguished Speaker relative to the importance of the membership of the House remaining on the job and diligently prosecuting the work which the Congress has on hand.

I feel somewhat responsible for the time that was lost on yesterday, yet it will be recognized that the chairman of the committee and the ranking minority member, my good friend from Massachusetts, must necessarily keep in mind the ordinary courtesies that are due to members of our committee. We both endeavored yesterday to keep Members here who had requested time to speak on this bill; yet, by 3 or 4 o'clock, some of those who requested time were not here. I had one of the clerks of our committee call up Members who had applied for time and urge them to come and make their speeches. But it was a futile effort on my part. I wish to assure the Speaker and the Members of the House that as far as lies in my power, I shall insist on those who have requested time being here when their names may be called, and if they are not here, they will take the chance of going to the foot of the list or losing out entirely. [Applause.]

Mr. TREADWAY. Mr. Chairman, I wish to confirm what the distinguished Chairman of the Ways and Means Committee has just said. Members on the Republican side have been waiting for time to speak on this bill. Unfortunately the schedule of the gentleman from North Carolina, and my own schedule, broke down yesterday. I do not think we ought to be unduly criticized, however, for this one particular occasion. I assured certain gentlemen that they would not be called upon yesterday; and this assurance, to a certain degree, was based on the fact that the majority side, in use of time, was considerably behind us on this side. Unfortunately neither side had a speaker.

I agree with the distinguished Speaker of the House also that we should do everything possible to keep our Members here who want to be heard. Further than that, I think this measure is so vital for or against the interests of the people that the Members themselves, whether they are going to speak or not, ought to be here. We ought to keep a quorum

here, Mr. Chairman, when we are in the Committee of the Whole; and, as far as I am concerned, if the Chairman of the Committee sees fit to insist on that feature, I shall be glad to cooperate on my side in aiding in keeping a quorum here during the time of the general debate. It does get tedious. We all know, especially those of us who are obliged to stay, that it is extremely tedious to listen to this debate for 4 or 5 hours on a stretch; and I do not blame the Members for wanting to get away from it. It does seem to me, nevertheless, that it is a duty, not only to our constituents but to the country, to be on hand, and I, for one, will cooperate in every way I can toward this end. [Applause.]

I yield 2 minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. As this seems to be a field day on the work of the House, I think perhaps it would be all right if I said a word or two. I am in entire sympathy with the statement made by the Speaker of the House that we should stay here whenever it is necessary and whenever we have work to do. As far as I, personally, am concerned, and as far as the minority is concerned, we are always willing to do that.

I do not know whether the Speaker's remarks were intended as a lecture or not. As a matter of fact, we all know that the program of the House of Representatives is entirely up to the majority party, and if we have not been working at full speed up to the present time it is because those responsible for the program and responsible for keeping this House in session have not had business before us that we could attend to at the time. While perhaps we have adjourned early sometimes and over Saturday at other times, I think it has been well understood that there was no special business before the House at that time for consideration. If the people who are responsible for this program present it to us and bring us here, we are willing to stay and consider it; and we will stay here just as many hours every day as you want to stay. We are interested in completing the program, getting through, and winding up this Congress as early as possible. [Applause.] You must remember, however, the minority cannot present the program or make it up from day to day, but we will join with you in putting it through if you give us a program, but in no way are we responsible for the lack of accomplishment of this session up to the present time.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield? [Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman one additional minute.

Mr. SNELL. I yield to the gentleman from Minnesota.

Mr. KNUTSON. I think the RECORD at this point should show that the majority of the Members of this House work evenings and Sundays in their offices trying to keep up with their correspondence. I do not think the impression should go out to the country that we are playing hookey when we are not in session on the floor of the House. I see Members come out of their offices at 10 and 11 o'clock at night and see them there all day Sunday. Personally, I have not had a Sunday since New Year's. I think the RECORD should show that there is other work for Members of Congress besides attending the sessions of the House. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 2 minutes to the gentleman from Colorado [Mr. TAYLOR].

Mr. TAYLOR of Colorado. Mr. Chairman, in justice to the Membership of the House I ought to say this: We old-timers know that at the present time we have about five times as much office work and departmental business before us every day during this session as we had in former years. Many Members speak to me every day about this matter and ask if they cannot have Saturday off in which to catch up with their office work. Actually, it is a physical and human impossibility for us to stay on the floor of the House several hours each day and 6 days a week and do the work that is heaped upon us and especially attend to it all with only one secretary and one stenographer. I regretted exceedingly that we did not give ourselves an additional stenographer during this term of Congress. [Applause.] As a matter of fact, we all know that another body has from two to five

times as much clerical help as we do. They do not hesitate to give themselves an additional session clerk whenever they feel like it, and I feel that we ought to have done so. Members receive from 50 to 300 letters a day—sometimes more. I received 472 letters one day. Some Members have received over 1,000 letters in a day. Our constituents expect us to pay attention to their mail. For this reason, I have on nearly every Friday asked unanimous consent that we adjourn over Saturday, and I may say that the minority have thoroughly and heartily coincided with that request. The minority leader has several times emphasized the importance of giving the Members of the House that chance to attend to their office and departmental work; and I feel that the country ought to know why we have adjourned over Saturday. We do not adjourn over Saturdays because we want to play golf or go to a ball game. We spend all that time attending to official business in our offices. [Applause.]

Mr. TREADWAY. Will the Chair kindly inform us as to the amount of time that has been used?

The CHAIRMAN. There remains 4 hours 10 minutes to the gentleman from Massachusetts, and 4 hours 44½ minutes to the gentleman from North Carolina.

Mr. TREADWAY. Does that include the 3 hours additional?

The CHAIRMAN. Yes.

Mr. TREADWAY. Mr. Chairman, of the hour and a half granted to me under the new program, I yield 30 minutes to the gentleman from North Carolina [Mr. DOUGHTON], to use as he may see fit.

Mr. DOUGHTON. I thank the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN. Mr. Chairman, I rise not to speak on this particular measure, but to suggest, if it is proper in view of the very justly deserved reprimand to which we have listened, that the committee rise and that we have a quorum call so that the gentlemen who are absent may have the benefit of it.

The CHAIRMAN. The Chair will state that there are 115 Members present, a quorum.

Mr. HOFFMAN. We have been here on this side of the aisle practically all of the time, and the other day, if I remember correctly, we tried to get two calls, but we could not get them.

The CHAIRMAN. There was a quorum present at the time the suggestion was made.

Mr. HOFFMAN. Mr. Chairman, I yield back the balance of my time.

Mr. TREADWAY. Mr. Chairman, I yield 15 minutes to the gentleman from California [Mr. GEARHART].

Mr. GEARHART. Mr. Chairman, the discussions this morning were diverted from the bill, I think very profitably, to consider our errors and inadvertences which have grown in number with the passing of time. As I listened to the remarks of my colleagues I could not help but feel that they constituted a sort of a public confession of sin, in which we all joined, and for the responsibility of which we all accepted our individual share. A public confession is sometimes good for the soul.

I believe that in the consideration of this bill we should adopt that same attitude, because, Mr. Chairman, the bringing forth of this so-called "security bill" is nothing less than the commission of a sin against the people of the United States of America, and especially against those to whom the bill pretends to bring relief.

Last summer I was not a Member of this Congress. I was living out West trying to earn a fair return by following the profession which is mine. It was a period of economic gloom. Depression and despair filled our land. In the midst of that gloom in its darkest aspect was heard a voice—a voice which brought cheer to the depressed and gave to the people of our land courage to face a future fraught with uncertainty and doubt. It was the voice of the President of the United States.

On June 8, 1934, the President sent to this body a message, from which I at this time, with your indulgence, will borrow a few quotations. Among other things he said:

Among our objectives I place the security of the men, women, and children of the Nation first.

This security for the individual and for the family concerns itself primarily with three factors.

The third factor relates to security against the hazards and vicissitudes of life.

If, as our Constitution tells us, our Federal Government was established, among other things, "to promote the general welfare", it is our plain duty to provide for that security upon which welfare depends.

Hence I am looking for a sound means which I can recommend to provide at once security against several of the great disturbing factors in life—especially those which relate to unemployment and old age.

All over this land our people harkened, took courage, and sought in their humble way to assist in the working out of a legislative program which would grant that which was necessary and which all the people recognized as necessary; that is, "security against the hazards and vicissitudes of life," especially as affecting those who have fallen as they made their way along life's pathway because of the weaknesses inherent to old age. Months have gone by. Almost a year has passed since the President spoke those inspiring words, and now the Committee on Ways and Means brings out this bill which they have the temerity to proclaim is the legislative translation of the humanitarian ideas of the great President who leads us during these days of trial.

Mr. Chairman, let us remember that "security against the vicissitudes of life" was promised to the aged. By that promise hope was implanted in the hearts of 7,500,000 of our fellow citizens, men and women, all over the age of 65. In title I of this tragic proposal but \$49,750,000 is appropriated for this purpose. A resort to but simple arithmetic, as we learned it in school, reveals that that means but \$6.56 for each of our aged each year. Further division discloses that this fund will provide but 54 cents a month—1½ cents a day—for each of those whose shadows no longer fall to the west. If this be security, I no longer know the meaning of that word. It is not even a decent dole. It is a penurious, pauper pension, pittance. Its mere suggestion is an insult to the Nation we love and an insult to the flag we revere.

Mr. Chairman, do not think for one minute that the people of the country are so gullible as to accept this legislative travesty as the fulfillment of the President's promise given and made in his message of June 8, 1934. It is a cruel and ridiculous thing. What faith can we place in the promise of "security" in years to come in the light of that niggardly 1½ cents a day, that 54 cents a month, or that \$6.56 a year? What promise can the future hold if they offer only that now? They say in title II of this hated proposal that we shall give the good people who have been compelled because of the ruthless passing of time to give up their lifetime pursuits a stingy \$10 a month to serve as their shield of security against the hazards and vicissitudes of old age. If they labor and earn much, perhaps we will give them \$15 a month to stave off starvation, to clothe their bodies from the cold.

Mr. Chairman, can the Members of this House go home to the good people who sent them here and tell them that this is an old-age-security bill? Security against what, may I ask? There is security against nothing in this proposal. It is a hideous joke, a cruel jest that you are perpetrating upon the people who are looking to us for salvation.

The other day one of the great leaders of the majority rose in this House to denounce the plan that has been suggested by Dr. Townsend. He said:

There is going to be a day of reckoning for the Townsend planners. It will come when the poor and the distressed people find the snare and delusion of it.

May I suggest to the gentleman of the majority that the day of reckoning is going to be yours, not for those of us who are looking with interest upon the plan which has been evolved by this gentle doctor from the far West. You are the ones who are going to face the day of reckoning when you go back to the people who sent you here, to the aged people numbering 10,000,000 or more, and try to justify your-

selves with a pension of \$6.56 a year, a pension which will yield to the old people 54 cents a month, a pension which will afford them 1½ cents each day. You will experience difficulties when you try to explain that such niggardly sums as these constitute "security against the hazards and vicissitudes of life"—the security which the Chief Executive of our country has pledged to the fathers and mothers of all of us in his public expressions. Yes; there will be a day of reckoning, and that day of reckoning will be for you, the gentlemen of the majority, not for the Townsend planners.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield for a question?

Mr. GEARHART. I yield.

Mr. FITZPATRICK. How many on the gentleman's side of the House will support the Townsend plan?

Mr. GEARHART. I am the keeper of my own conscience. I shall support the Townsend plan.

Mr. FITZPATRICK. But the gentleman was referring to that side of the House when he made his statement.

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

Mr. GEARHART. I yield.

Mr. BUCK. Which one of the Townsend plans does the gentleman propose to support?

Mr. GEARHART. There is no question about that in the minds of any Member here, except those who are opposed to an adequate pension plan. No one is supporting the first Townsend plan.

Mr. BUCK. Is the gentleman supporting the second Townsend plan?

Mr. GEARHART. I am supporting the second plan.

Mr. BUCK. Then the gentleman is not supporting the third Townsend plan, which was introduced the other day.

Mr. GEARHART. If there is ever to be a third Townsend plan, it will be because the gentleman from California or some other has suggested a better plan. So far there has been no third plan.

Mr. BUCK. May I suggest that a fourth plan was suggested the other day by the gentleman from Oregon [Mr. MOTT]?

Mr. GEARHART. I beg to disagree with the gentleman. A fourth plan has not been proposed by anyone. It was simply a perfecting amendment that the gentleman from Oregon suggested.

Mr. FITZPATRICK. What will they receive per month from the present Townsend plan?

Mr. GEARHART. I want to be very, very frank with the gentleman. That lies largely in the field of speculation, for the simple reason that there is no experience to guide us in respect to all of the tax details. I am not deceiving you or any of the old people who are looking to us for help in this day of their despair. However, there is one thing that is absolutely fair about the Townsend plan, and it is this: Whatever this tax yields, after the deduction of administration expenses, all of it will be prorated equally among the old folks, not giving, as does title II of the bill, more to the successful earners of large returns than to the poor and unsuccessful.

Mr. FITZPATRICK. I am in favor of an old-age pension, and I am hopeful of giving a good, substantial one. Under the present bill there is a guaranty of \$15 a month, while there is no guaranty in the bill that the gentleman is advocating.

Mr. GEARHART. There is no guaranty of \$15 a month in the bill that has been offered here by the majority. Only 28 States have any kind of old-age-pension law, and you do not agree to match their pensions with \$15 or any other sum. The bill does not say anything about matching. The bill simply says that the United States, whenever a State has such a law, will remit to the State one-half of the sum so expended for old-age-pension purposes, not exceeding \$15 for each pensioner.

Mr. FITZPATRICK. In my State we pay them \$30 a month, and with the \$15 provided in the bill it will mean a total of \$45.

Mr. GEARHART. I deny that that is true.

Mr. FITZPATRICK. Why?

Mr. GEARHART. The gentleman's State gives \$30 a month. Under the terms of this bill, as it is now worded, the United States Government will reimburse your State to the extent of \$15, and the old folks will not get a cent of it. All of the Federal contribution will go into the State's general fund.

Mr. FITZPATRICK. That is not true.

Mr. GEARHART. Has the gentleman read section 3 of title I?

Mr. FITZPATRICK. I have, and I have consulted the chairman in relation to it, and he has stated on the floor of the House that they would receive the \$30 plus the \$15 a month.

Mr. GEARHART. Omitting from section 3 the immaterial, qualifying phrases, it provides that the Government shall pay each State an amount equal to one-half of the total sum expended by the State for old-age pensions.

Mr. FITZPATRICK. It will be on a 50-50 basis.

Mr. GEARHART. So I say that this \$54,950,000 will go to the States and not to the aged people, unless the States in legislation not yet enacted otherwise declare.

Mr. FITZPATRICK. It was stated here the other day that there would be \$4,000,000,000 under the Townsend plan. What would be the overhead in taking care of the fund and paying it out? That generally runs 30 or 40 percent, does it not?

Mr. GEARHART. It will not in this case, because we have not followed the majority policy of creating new bureaus and setting up new bureaucratic machinery. We propose to avail ourselves of the machinery already set up in the Veterans' Administration.

Mr. FITZPATRICK. Assuming that is true, there would not be much left, would there?

Mr. GEARHART. I do not think the cost of administration would be very much, in view of the fact we are using the facilities of the Veterans' Administration.

I must refuse to yield further, as the gentleman has occupied too much of my time.

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

Mr. GEARHART. I yield to the gentleman from Montana.

Mr. MONAGHAN. As the gentleman reads the security bill now under consideration by the House, does he not find as I do that under it every farmer in the country, every domestic servant in the country, every one engaged in casual service in the country, every member of the crew of a vessel, or every sailor in the country, every man in the employ of the United States Government or in a subsidiary thereof, or anyone engaged in any service performed by a charitable organization or an educational organization, such as ministers and preachers, would be excluded from receiving consideration under this bill, and when you consider the amount that they must earn it practically eliminates the whole of America from its provisions.

Mr. GEARHART. A more devastating condemnation of this bill could not be stated, and I thank the gentleman. [Laughter.]

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. GEARHART. I yield.

Mr. VINSON of Kentucky. Of course, I know the gentleman from California, in commending the statement made by our friend from Montana as being such a devastating condemnation, could not understand for 1 minute that the exemptions referred to by the gentleman from Montana are exemptions that do not refer to any pensioner under title 1. Title 1, which is the old-age-pensions title, has no such exemptions.

[Here the gavel fell.]

Mr. VINSON of Kentucky. I yield to the gentleman 3 additional minutes.

Agricultural employees, casuals, domestics, Federal employees, and all those that were referred to as exempted in titles 8 and 9, are not exempted under the old-age benefits.

Gentlemen should not misconstrue the plain English of the bill.

My friend the gentleman from California referred to title II giving pensions to the rich and preferring them to those who are poor. The gentleman was sincere in that statement, but title II does not refer to old-age pensions.

Mr. GEARHART. I must decline to yield further. I yielded for a question and not a speech.

Mr. VINSON of Kentucky. Title II refers to the benefits to employers and employees pay for.

Mr. GEARHART. Mr. Chairman, I do not yield.

Mr. VINSON of Kentucky. I think the gentleman ought to be fair. I yielded the gentleman time.

Mr. TREADWAY. Mr. Chairman, may I say to the gentleman that if the other side uses the 3 minutes yielded to the gentleman he can let them use it, and then I will yield the gentleman more time.

Mr. GEARHART. I had, for the moment, forgotten the kindness of the gentleman from Kentucky. I am happy to yield further.

Mr. VINSON of Kentucky. You do not want to confuse title I with title II. Title I is old-age pension—a noncontributory system. Title II provides for old-age benefits for those who contribute.

Mr. MONAGHAN. Will the gentleman from California yield to me to ask a question of the gentleman from Kentucky?

Mr. GEARHART. I cannot refuse the gentleman; I yield.

Mr. MONAGHAN. I would like to ask the gentleman from Kentucky how he interprets this provision, and I read from page 14?—

The term "qualified individual" means any individual with respect to whom it appears to the satisfaction of the Board that, first, he is at least 65 years of age; and, second, the total amount of wages paid to him with respect to employment after December 31, 1936, and before he attains the age of 65 was not less than \$2,000.

Now, I do not want to be unfair, but if I am mistaken, I want to be corrected.

Mr. VINSON of Kentucky. I can correct it in a few words. If the gentleman will turn back to section 210 in title II he will see that it provides that the term "employment" means any service of whatever nature performed within the United States by an employee for his employer, except, and then it states the exemptions. These exemptions refer to title II but do not refer to title I.

Mr. MONAGHAN. I am speaking about the term "qualified individual."

Mr. VINSON of Kentucky. That definition is in the same section of title II. The first five words in that section, "where used in this title", show it refers only to title II.

Mr. GEARHART. Mr. Chairman, I cannot yield further. Mr. Chairman, I have listened intently to the explanations given by the gentleman from Kentucky, and I fail to see therein a defense of this iniquitous measure worthy of even a moment's consideration. In other words, the exemptions in title II put the pensioner back under the provisions of title I, extends to the pensioner the munificent security of 1½ cents a day, 54 cents a month, \$6.56 a year.

Now, I am going to talk about title II a few minutes. This title is absolutely un-American in principle. One of the most un-American provisions ever attempted to be written into an American law. It violates the fundamental American principle of equality. It says to those who earn more, "You shall benefit more under the provisions of this act."

I tell you that that is based on a cruel fallacy, nothing more nor less. Some men have a quality of acquisitiveness which enables them to "take and possess", to accumulate the good things of this world. They do not make the wealth, they merely have the ability to possess themselves of it. But even though they possess themselves of it, it is still a part of the wealth of the Nation—the wealth which the "other fellow" helped to create.

We see the mighty skyscraper on the corner that costs millions of dollars, and you immediately think of the genius that brought it into being, but that building would not be

worth the price of a single brick that went into it, if it were not for the poor man, multiplied into thousands, who, day after day, walks by the corner on which the building stands. That is what creates the wealth that put that building there, that gave that building its value. That fellow who, in his small way, contributed his share—measured by his position in life—to the upbuilding of the national wealth, even though the wages he has earned and spent are small, is entitled to share equally during those declining days of his life, because that which we give him comes out of the national wealth he helped to create. It is wrong to say to the poor man, you shall take a measly \$10 a month, and it is wrong to say to the man who, through better fortune, has accumulated more, you shall take \$15 a month, giving more to those men who by nature's gift have that particular quality of acquisitiveness.

Gentlemen, the Townsend plan treats all equally when they have reached that day of retirement, that day when, because of the passing of time, they must yield to younger and more vigorous hands the carrying on of the work of the world. Such discrimination in the distribution of the wealth of the Nation is un-American, utterly indefensible.

So, I repeat, to again borrow the words of the distinguished Chairman of the Rules Committee, the day of reckoning is going to be for you of the majority, who will have to defend these pitifully inadequate and cruelly unjust pensions as the fulfillment of our President's promise of "security against the vicissitudes of life." Do not let anyone tell you that this Townsend bill is not worthy of your consideration. I do not know exactly how much it is going to yield to the old folks, but I do know, whatever the sum may be, that they shall have their pro rata share. The old folks are good enough sports to accept whatever that tax will afford. You ought to be good enough sports to stand with them and thereby justify to a measure, at least, the President's promises to insure to the old people of this land a real security "against the hazards and vicissitudes of life." [Applause.]

The CHAIRMAN. The time of the gentleman from California has again expired.

Mr. SAMUEL B. HILL. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Chairman, if the gentleman who just spoke took the floor for the purpose of making a home-consumption speech, that is within his right, if he had confined himself to what we generally know to be a home-consumption speech; but when the gentleman takes the floor and undertakes to criticize the provisions of the bill in the manner he does and makes the statements the gentleman does, it shows the gentleman is either intentionally or unintentionally—and I assume unintentionally—uninformed as to the contents of the bill. When the gentleman says that this provides for half a cent a day or a cent a day or 54 cents a month, the gentleman makes a statement which is absolutely inconsistent with the truth.

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

Mr. McCORMACK. Mr. Chairman, I yield back the remainder of my time.

Mr. TREADWAY. Mr. Chairman, I yield myself 2 minutes.

On page 5598 of the RECORD of April 3, 1935, the gentleman from Missouri [Mr. COCHRAN] inserted an extract under permission to extend his remarks from an alleged report by Dun & Bradstreet which refers to "the sharpest rise that has been witnessed in business in the past quarter of a century." I call similar attention to the fact that in this morning's Washington Post there is an Associated Press dispatch headed "Dun & Bradstreet retracts forecast", in which dispatch the president of the company, Mr. A. D. Whiteside, makes a corrected statement, in which he said:

No significant information justified the inadvertent and unauthorized departure from our policy of not making predictions as to the future business trend which was evidenced in our Weekly Review of Business released under date of April 12, 1935.

In other words, Mr. Chairman, the president of Dun & Bradstreet says that whoever released that item did so unau-

thorized by the company, and it is evident they think the prophecy was very much exaggerated.

Mr. DOUGHTON. Mr. Chairman, I yield 30 minutes to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER of Tennessee. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include certain excerpts and data to which I shall refer.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COOPER of Tennessee. Mr. Chairman, it has been rather interesting to observe the attitude assumed by gentlemen on the minority side relative to the pending bill. The distinguished gentleman from Massachusetts [Mr. TREADWAY], the ranking minority member of the Committee on Ways and Means, led off with an attack on the bill. He criticized the Democratic majority of the Ways and Means Committee, charged that they had showed a lack of courage in handling the pending measure. He criticized the report and the hearings held, and every phase of the consideration given to this matter. I invite the attention of the House to the facts relative to the consideration of this bill.

Gentlemen on the minority side of the Ways and Means Committee have apparently been uncertain all along as to the attitude they will assume on this measure. They have been for it and against it and for it and against it again. Nobody knows where they will finally land or what their final action will be, but I venture the assertion that when the roll is called most of them will be found voting for this bill.

Now, criticism has been offered as to the consideration of this bill in the committee. I want to invite attention to the fact that during my period of service here, though it has not been very long, there has never been a measure considered, in my opinion, that has received more thorough and far-reaching consideration than the pending bill.

Just for a moment let us bear in mind that during the last Congress the so-called "Wagner-Lewis bill" was introduced and referred to the Ways and Means Committee of this House. A subcommittee was appointed, of which I had the honor to be a member. Extensive hearings were held on that measure. I hold here a copy of the hearings held at that time. Four hundred and twenty-six pages of testimony were taken on that measure. During the present Congress the Ways and Means Committee held extensive hearings on the pending measure. This volume which I hold in my hand contains 1,141 printed pages of testimony on the pending bill.

During the same time the measure has been under consideration by the Ways and Means Committee of the House the Finance Committee of the Senate has been holding hearings. This volume of their hearings contains 1,354 printed pages of testimony taken on this subject—in all, 2,921 printed pages of testimony in the hearings held on the subject matter embraced in this bill.

Then, criticism has been made as to the manner in which the committee has handled the measure. I wish to call to your attention the fact that this committee has given constant attention to this measure since the 21st day of January. From then down to this good hour this committee has been considering this measure.

Now, gentlemen on the minority side have offered criticism about members of the majority agreeing to certain changes and provisions. How different is the procedure that has been used for the consideration of this bill and some of the measures that were considered while the Republicans were in control of this House. It was my privilege to be here when the so-called "Smoot-Hawley tariff bill" was considered by the Ways and Means Committee of the House. The Republican members on the Ways and Means Committee locked the doors on all of the Democratic members of the committee, and 15 Republican members wrote the measure. No such partisan consideration has even been thought of in the consideration of this bill. They have participated in all of the consideration given by the committee to the pending measure.

Mr. VINSON of Kentucky. Will the gentleman yield?
Mr. COOPER of Tennessee. I yield.

Mr. VINSON of Kentucky. The gentleman will recall that the President's social-security committee spent 6 months in addition to the time devoted to the study of this problem to which the gentleman has referred.

Mr. COOPER of Tennessee. I thank the gentleman. I was going to refer to that.

Mr. RICH. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield.

Mr. RICH. Could the gentleman give us the names of the members of that committee?

Mr. COOPER of Tennessee. I want to invite the gentleman's attention to the report on this bill. Allow me to simply observe, in passing, that I have never seen, in my experience here, as much gross ignorance—I am not referring to the gentleman from Pennsylvania in that statement; I have never seen as much gross ignorance displayed on any measure as on this pending bill. It is apparent that many of those who have addressed the Committee and undertaken to discuss this bill have either not even read the bill and the report accompanying it, or their powers of comprehension are far less than I have always accredited to them. The statements made by the distinguished gentleman from California [Mr. GEARHART], who preceded me a few moments ago, and the interrogations offered by the distinguished gentleman from Montana, as well as the remarks made by the gentleman from Kentucky [Mr. ROBSIOW], on yesterday, show that their conception is as far from the real contents of this bill as it is possible for the human mind to comprehend.

Now, then, to the gentleman from Pennsylvania [Mr. RICH], I simply want to invite his attention and the attention of others to the appendix appearing on page 39 of the report. There are three full pages of fine print giving the names of the various committees and individuals in this country who sat in with the Committee on Economic Security in giving study to this great subject. In that group it will be found that every phase of American activity has been included. We have capital and labor, the farmers, agriculture, all types of American interests and activity embraced in that large number of people who contributed to this plan that is here submitted. I am sure the gentleman will recognize the names of some of the outstanding industrial leaders of this Nation, as well as leaders in the labor movement, agricultural interests of the country, and various other types of citizenship in America.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield.

Mr. JENKINS of Ohio. Does not the gentleman think, instead of finding fault with this great group of intelligent people it would have probably been the part of wisdom on the part of those who have charge of this bill to have given some consideration to the request made by the Republican members on the committee that this bill should have been separated into its proper categories so that people could understand it?

Mr. COOPER of Tennessee. Of course, I do not agree with the gentleman from Ohio. I do not agree for a moment that he does not understand this bill. I do not think his own admission does him credit. It certainly does not do him the credit which I have always accorded him.

Mr. JENKINS of Ohio. But I am not on trial. The gentleman made a broad statement, and I think he will live to see the day when he will be sorry. He accuses this Congress of being ignorant of this bill. He and his cohorts are going to drive this bill through. He admits that this great group of people are all ignorant. Now, does he not think—I will say that I do—I think if those who had charge of this bill had divided it up into its individual categories and brought it out in that kind of shape so that somebody could understand it, then the gentleman would not criticize this whole House.

Mr. COOPER of Tennessee. Now, the gentleman has put words into my mouth that I did not utter. The gentleman has misinterpreted and misconstrued my statement on that question. I have not charged any gross ignorance to the

Membership of this House. I am not charging lack of knowledge on the part of the Membership of this House.

I said then and I say now that judging from some of the statements made here on the floor, some gentlemen either have not studied the bill and the report or else they simply have failed to comprehend the matter after they have studied it; and I do think and believe the gentleman from Ohio, in his sense of fairness, will admit that some statements have been made on this floor that have been absolutely shocking in the lack of knowledge with reference to this bill, shown in the making of the statements. Is not that true?

Mr. JENKINS of Ohio. I do not agree with the gentleman.

Mr. COOPER of Tennessee. I ask the gentleman if he has not heard statements made here that he knew absolutely show a lack of knowledge of what was in the bill?

Mr. VINSON of Kentucky. Mr. Chairman, if the gentleman will yield, our friend from Ohio pointed out to his colleagues from the floor wherein they were in error and stated that the bill should have been separated into several bills. I am fearful that our friend from Ohio is afraid that the bill has been brought in under a rule that will not permit amendment. Any title of the bill can be stricken in its entirety when the title comes up for final consideration.

Mr. JENKINS of Ohio. Replying to the gentleman from Tennessee, I am perfectly willing to admit that the gentleman who has the floor and the gentleman from Kentucky are probably the two best qualified men on this subject in the House.

Mr. COOPER of Tennessee. The gentleman gives me too much credit.

Mr. JENKINS of Ohio. These two gentlemen have had 2 or 3 years' intensive preparation which, added to their own natural acumen, makes them very knowing people. Whenever such a man comes into this House, however, after having spent 2 or 3 years studying this bill, stands before the Congress and uses the words "gross ignorance", which he did and which he wishes perhaps he might withdraw, something is wrong with his line of reasoning. I am not finding fault with him because of all his superior knowledge, but I say that somebody is to blame whenever you bring 435 people together and say that they are all grossly ignorant, something must be the matter with the bill to feel obliged to say that.

Mr. COOPER of Tennessee. The gentleman has not quoted me with entire correctness. I said then, I say now, and I shall continue to say that some statements made on the floor of the House show a gross ignorance of the contents of this bill; and that statement is true. [Applause.]

Mr. JOHNSON of Texas. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Tennessee. I yield.

Mr. JOHNSON of Texas. I would like to know what the gentleman thinks about those Republican Members who have vehemently denounced the bill because of the small amount of old-age pensions granted when neither they nor their party have ever initiated, thought of, or suggested a thing about old-age pensions.

Mr. COOPER of Tennessee. That is true, of course. We must bear in mind that there are two types of attack being made on this bill. There appears to be one group attacking the measure because, as they say, it does not go far enough, it is not liberal enough, it does not do as much as they would like for it to do; and that was the principal argument advanced by the distinguished gentleman from Kentucky [Mr. ROBSIOW] yesterday afternoon. Although he has served in Congress, either in the House or in the Senate for 10 or 12 years or more, he cannot point to any contribution that he or his party has ever made toward the initiation of a plan for social security such as that embraced in this measure.

My distinguished friends on the minority side of this Chamber now stand here and speak of their interest in social-security legislation and criticize the present administration and the majority members of the committee in this House for bringing forward this measure. I simply in-

vite attention to the fact that all these years their party was in complete control of every branch of this Government they failed to come forward with anything even approaching social security for the people of this country. [Applause.]

On the question of the consideration given this bill, the distinguished gentleman from Massachusetts, the ranking minority member of the committee [Mr. TREADWAY], expressed satisfaction as will be shown by the hearings with the full, complete, and ample consideration that was given, and the gentleman on one occasion made the statement, as is shown by the hearings, that he was not against the bill but that he was for it. He now says, however, that the majority members of the committee had to wait for instructions before they knew what they should do on this bill. I would like to invite his attention, as well as that of other Members, to the real facts. The minority members of the committee after sitting through 2½ months of consideration of this bill, then arrived at the conclusion that they were so fixed in their views, so set in their determination, and so strong in their opposition to the bill that when the time came to vote to report it, every one of them responded "present", would not even vote for the bill or against it. Every Member on the minority side of the committee had the conviction, and the strong feeling, that the bill was bad; yet he stood there and voted "present" on the question of favorably reporting the bill. Why, Mr. Chairman, the whole attitude displayed on this measure shows that there is on the part of some on the minority only the spirit of offering destructive criticism. Do you remember the old expression made some 2,000 years ago that nothing good can come out of Nazareth? Certain gentlemen on the minority side of the House seem to think nothing good can possibly come out of a Democratic administration. [Applause.]

Mr. COLDEN. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield to the gentleman from California.

Mr. COLDEN. The minority states in their report that they favor a substantial increase in the Federal contribution. Did the minority members of the committee offer any practical suggestions as to the method of providing the additional funds?

Mr. COOPER of Tennessee. No; they have not offered anything of that kind at all.

Mr. Chairman, in addition to the group that appears to be criticizing the bill because it does not go far enough, as they say, there is the other group criticizing the bill because of the burden that they say is placed on business and industry of this country. That brings us down to the common-sense proposition, namely, you cannot pick benefits in this country out of the air. If you are going to have benefits somebody has to pay the bill. That is the situation we have here.

I want to pass on and use the few remaining moments that I have at my disposal in order to try to analyze the real purposes sought to be accomplished by this bill, and the provisions of the bill itself. The measure now before the House for consideration is in response to the message of the President of the United States delivered to this body on the 8th day of last June. That great message as it was given to the Congress of the United States immediately aroused the favorable comment and approval of the American people. It came forward with a great humanitarian program for social security in this land of ours, a measure which should have doubtlessly been considered years ago; but the other party was in control of the affairs of this Government and apparently they wanted to continue their time-honored idea of government in giving special privileges to the special interests of the country, with the idea that some good or benefit might trickle down to those in the lower strata.

Mr. Chairman, for the first time in the history of this Nation, on June 8, 1934, that great man in the White House, whose heart beats in tune with the welfare and in the interest of the masses of our people, came forward with his

great message calling for social security in this country of ours. I want to invite attention to a part of that message presented to the House on that occasion.

Our task of reconstruction does not require the creation of new and strange values. It is rather the finding of the way once more to known, but to some degree forgotten, ideals and values. If the means and details are in some instances new, the objectives are as permanent as human nature.

Then this expression was used, which rang throughout the length and breadth of our country:

Among our objectives I place the security of the men, women, and children of the Nation first.

This security for the individual and for the family concerns itself primarily with three factors. People want decent homes to live in; they want to locate them where they can engage in productive work; and they want some safeguard against misfortunes which cannot be wholly eliminated in this man-made world of ours.

Following this message to the Congress, the President appointed his Committee on Economic Security, composed of Cabinet members and other officials of the Government. Immediately there was set up quite a number of advisory committees or groups, representative of every phase of American activity. All of these groups—and their names appear on the pages of the report to which I made reference a few moments ago—gave 6 months' study to this question, worked out a plan and a report, and the President submitted this report to the Congress with his message on January 17 of this year.

Mr. McCORMACK. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. In addition there was a supplementary division composed of experts of the Government, which included employers, employees, and the general public. Suggestions were received and entertained from individuals and organizations throughout the entire United States, and later a congress of 300 interested public-spirited citizens, representative of all walks of life, at their own expense, made a trip to Washington before the council made its recommendation to the President.

Mr. COOPER of Tennessee. That is true.

Mr. MAY. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield to the gentleman from Kentucky.

Mr. MAY. I would like to read the report on the bill to find out just how broad and comprehensive the program is.

Mr. COOPER of Tennessee. Will the gentleman indulge me just a moment? I want to bring in one other matter before I reach that, then I shall yield to the gentleman.

Mr. Chairman, I also invite attention to an expression in the message of the President of January 17, in which he stated, among other things:

In addressing you on June 8, 1934, I summarized the main objectives of our American program. Among these was, and is, the security of the men, women, and children of the Nation against certain hazards and vicissitudes of life. This purpose is an essential part of our task. In my annual message to you I promised to submit a definite program of action. This I do in the form of a report to me by a Committee on Economic Security, appointed by me for the purpose of surveying the field and of recommending the basis of legislation.

Then, going over to the closing paragraphs of the same message, we find these expressions:

The amount necessary at this time for the initiation of unemployment compensation, old-age security, children's aid, and the promotion of public health, as outlined in the report of the Committee on Economic Security, is approximately \$100,000,000.

The establishment of sound means toward a greater future economic security of the American people is dictated by a prudent consideration of the hazards involved in our national life. No one can guarantee this country against the dangers of future depressions, but we can reduce these dangers. We can eliminate many of the factors that cause economic depressions and we can provide the means of mitigating their results. This plan for economic security is at once a measure of prevention and a method of alleviation.

We pay now for the dreadful consequence of economic insecurity—and dearly. This plan presents a more equitable and infinitely less expensive means of meeting these costs. We cannot afford to neglect the plain duty before us. I strongly recommend action to attain the objectives sought in this report.

Mr. Chairman, this measure was introduced by the chairman of this committee, and the gentleman from Maryland Mr. LEWIS, in the House, and Senator WAGNER in the Senate. From that time down to this hour the Ways and Means Committee of the House, and a great part of the same time the Finance Committee of the Senate have been giving consideration to this matter. Mr. Chairman, the committee after giving these months of careful study and consideration to every phase of this great problem that is now challenging the thoughtful attention of the people of this country, has brought forward this measure. It is indeed a most important administration measure. It has the approval of the President of the United States. It presents the rounded-out program of the President and this administration for social security in this country of ours. [Applause.]

I now yield to the gentleman.

Mr. MONAGHAN. The gentleman is making a magnificent statement on security, but I am wondering if he can answer the statement of supplemental views by Mr. KNUTSON, of Minnesota, who says in his supplemental report on social security:

3. It is obvious from the provisions of this bill that it cannot be made effective for several years, hence it will be a bitter disappointment to those who have looked hopefully to this administration for immediate relief.

Then he further says:

4. The old-age pension to be granted under H. R. 7260 would be wholly inadequate in the relief of distress. The amount paid would be so small that its effect upon business would be negligible.

This gentleman has studied the measure right in committee and I would like to know how the gentleman would answer the statement made by a distinguished member of the committee.

Mr. COOPER of Tennessee. Of course, I do not agree with the observations made by the gentleman from Minnesota. The gentleman is a distinguished member of the committee, and, of course, has given great thought and study to this measure, yet he did not have the conviction, when the motion was made to favorably report the bill, to either vote yes or no—he voted present. [Laughter and applause.]

Mr. SAMUEL B. HILL. If the gentleman will permit, I call the attention of the gentleman from Tennessee to the fact that the Public Works bill is the emergency-relief measure in this program and is not in this bill.

Mr. COOPER of Tennessee. Yes; of course.

Mr. VINSON of Kentucky. And if the gentleman will yield further I think the gentleman will bear me out in the statement that the press carried the story that the vote on title I, the old-age pension phase of this bill, was unanimous when the vote was taken on that title and that title alone.

Mr. COOPER of Tennessee. I think the gentleman is correct.

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

Mr. COOPER of Tennessee. I yield and apologize to the gentleman for not getting around to him immediately.

Mr. MAY. That is all right. I started to say a while ago that this measure is so far-reaching and so broad in its purposes that I have had a great deal of difficulty, from reading the report and studying the bill, in ascertaining just how far-reaching it is, but to my mind it is like every other great legislative proposal. It grows out of conditions that have fastened themselves upon this country during this depression, and I may say that in the report of the majority of the committee as to the purpose and scope of the bill, I think they state it very soundly when they say that this is laying the foundation for social security in the future, and the very fact it is a measure so far-reaching is an answer to the question with regard to the views of the gentleman from Minnesota [Mr. KNUTSON]. You cannot build a great structure like this without having grave problems presented.

Mr. COOPER of Tennessee. Yes; I agree with the statement in the report, of course, because I had the privilege of making some small, minor contribution to the consideration of the report and, naturally, I agree heartily with the quotation referred to by the gentleman from Kentucky.

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

Mr. COOPER of Tennessee. I yield.

Mr. MICHENER. Will the gentleman tell us when this will become effective? I just heard the question asked, and it was not answered, and I do not know myself. I am not hostile, but I would like to know about that.

Mr. COOPER of Tennessee. Title I of this bill becomes effective just as promptly as State plans for old-age pensions can be enacted by their legislatures, or in the 29 States now having such plans, as rapidly as they can conform to the broad outlines contained in this bill, and as soon as such State plans are approved the people who are beneficiaries immediately begin to receive benefits.

Mr. MICHENER. As a matter of fact, if a State legislature is in session and passes a law making it possible to comply with the terms of this bill, how soon after that will the benefits be paid?

Mr. COOPER of Tennessee. Almost immediately. The appropriation is authorized in this bill. Of course, after this bill becomes law, as the distinguished gentleman from Michigan, who is one of the ablest parliamentarians of the House, well knows, there will have to be an appropriation following the authorization; but so far as the Federal Government is concerned, almost immediately upon the enactment of this measure the Federal Government will be ready to start paying benefits to those who qualify for such payments.

Mr. MAY. And just as fast as the States formulate and put up to the board a plan they approve, and as soon as this is done, all the States, in addition to the 29 now having such laws, will be eligible.

Mr. COOPER of Tennessee. Yes.

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

Mr. COOPER of Tennessee. I yield.

Mr. RICH. I understood the gentleman to make the statement that this bill authorizes the expenditure of this money as soon as the measure is passed by the Congress, and that the money will be given to the States. I would like the gentleman to explain to me or to the House where you are going to get this money we are expending without making an effort on the part of the Federal Government to secure such funds. Where are you going to get the money? Where will the money come from?

Mr. COOPER of Tennessee. Of course, the gentleman naturally would imply from that question that he wants to draw me into a discussion of the fiscal affairs of the Government. Of course, I cannot take the time out of this discussion to enter into that.

Mr. RICH. I would like to say to my colleague that I am not trying to draw him into it any more than I want to draw every other Member of the Congress to consider it. I am trying in some way to find out how we are going to get the money to meet all these payments, and I may say to the gentleman from Tennessee that I have the highest regard for him; and I believe if anybody in the House could give us the information the gentleman from Tennessee would be one of the men who could furnish it. However, I have not been able to find this out from any Member of the Congress, and I think it is one of the most serious things that confronts this Congress and the Nation.

Mr. COOPER of Tennessee. I appreciate the very kind remarks of the gentleman and I assure him our feelings are mutual, but I cannot take the time from the consideration of this measure to go into a discussion now of the methods of raising revenue for the Government.

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

Mr. COOPER of Tennessee. I yield.

Mr. SAMUEL B. HILL. Referring to the query of the gentleman from Pennsylvania [Mr. RICH] as to where you are going to get the money, may I say that the fiscal affairs of the Government at this time, so far as current expenses are concerned, are practically in balance. We just have the report that for the first quarter of the income-tax payments we are running 40 percent above what they were for the

corresponding period last year, and this will provide the money for these appropriations without any additional levy of taxes.

Mr. COOPER of Tennessee. That is true. Recent reports show that the revenues coming in this year are substantially 40 percent above those of last year.

Mr. RICH. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield.

Mr. RICH. I will say that I think the bill for old-age pensions is right. But I would not support anything in excess of that. I do not see how we are going to accomplish this unless we make an effort to get the money. I do not see how we can continue to spend money like a drunken sailor without giving consideration as to where we are going to get that money. If we do not consider it, we will wreck the country.

Mr. COOPER of Tennessee. I hope the gentleman will withhold that discussion for a while at least.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. The gentleman gave us the impression that this bill would go into effect just as soon as the States can cooperate. What the gentleman had in mind did not apply to title II, because no benefits can be paid under that until 1942.

Mr. COOPER of Tennessee. I assumed that the gentleman from Ohio knew that, and the gentleman from Michigan referred to title I of the bill.

Mr. SAMUEL B. HILL. And title II calls for no cooperation by the States.

Mr. McCORMACK. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield.

Mr. McCORMACK. It must be apparent to everyone that this is an attempt to meet causes which brought about these conditions. Title I for old-age pensions is to provide assistance to these aged people and their dependents, and title II is to build up a productive fund that will preserve their self-respect in the future.

Mr. COOPER of Tennessee. I thank the gentleman. Please allow me to proceed for a minute. I realize that every member of the committee should yield to his colleagues, and try to give them the best information he can.

Mr. CAVICCHIA. Will the gentleman yield for just one question?

Mr. COOPER of Tennessee. I will yield to the gentleman from New Jersey.

Mr. CAVICCHIA. There has been so much discussion about title II that I would like to ask the gentleman what is his opinion on the constitutionality of title II? I firmly believe that we have no right to pass any such legislation. Title I is excellent, but by legislation on title II you are going to endanger the whole security act.

Mr. COOPER of Tennessee. I assume that the gentleman will agree that the provision at the end of the bill, the separability clause, would save these provisions in the bill that were not held unconstitutional. That clause provides that in the event any part of the bill should be declared unconstitutional it shall not affect the other provisions of the bill. In the event that title II should not be sustained by the courts, and I do not for a moment concede that is at all probable, that would in no way affect title I.

Mr. CAVICCHIA. I would like to see the House pass legislation which will stand, rather than to send it to the upper House and to have them emasculate it, when we have spent weeks and months in the consideration of it in the committee in this House.

Mr. COOPER of Tennessee. Of course, the question asked by the gentleman from New Jersey [Mr. CAVICCHIA] is pertinent, and the House is entitled to know that your committee gave very careful and, I think, as fair consideration as possible to the legal and constitutional phases of the bill. If time permitted I would like to enter into a discussion of those phases of the question, but I invite attention to a memorandum opinion submitted to the committee by the Department of Justice which consists of some 12 pages. I shall not ask

the indulgence of the House long enough to read that opinion now, but simply state to the gentleman from New Jersey that the Department of Justice sustains the constitutionality of this act in this opinion, and I think it is sound. I think the cases cited are in point, I think the logic employed in the opinion is sound, and for my part I have no doubt that this measure as presented here will be sustained by the courts.

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

Mr. COOPER of Tennessee. Yes.

Mr. DOUGHTON. The gentleman will recall also that a request was made of the Attorney General to put the best legal talent he had in the Department to a study of this legislation. He did so, and after due deliberation and consideration they expressed the opinion contained in the paper the gentleman holds in his hand.

Mr. COOPER of Tennessee. That is true, and I invite the gentleman's attention, without reading the entire opinion, which cites cases and quotes from cases from the time of Chief Justice Marshall on down to now, to the closing part of the opinion:

There may also be taken into consideration the strong presumption which exists in favor of the constitutionality of an act of the Congress, in the light of which and of the foregoing discussion it is reasonably safe to assume that the social-security bill, if enacted into law, will probably be upheld as constitutional. It is suggested, therefore, that if the Congress deems the bill to be meritorious, it ought not to fail of passage on any prejudgment that it is unconstitutional.

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

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. LEWIS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Tennessee. Yes.

Mr. LEWIS of Colorado. I think it important to put that opinion in the Record.

Mr. COOPER of Tennessee. I appreciate the gentleman's suggestion, and I shall include this opinion as a part of my remarks, to go into the Record, in order that all Members may have the benefit of it. I think it is very valuable.

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

Mr. COOPER of Tennessee. Certainly.

Mr. COX. In view of the fact that I am not asking time on this bill I ask the gentleman to yield to me. While this bill takes a long step toward the socialization of American life, and qualifiedly extends the Federal power over what might be properly considered purely local questions, it does contain features that appeal to me. In the first place, it provides for State participation in the interest of Federal solvency, and it also reserves to the State the qualified right of joint control, and in this regard it is a great improvement over the original draft for which I give the gentleman most credit. But the thing that disturbs me is that apparently all thought in Washington has been directed toward centralization of government, and most of what has and is being done here apparently is intended to produce that result. This holds true both with the Republican and Democratic administrations. Traditionally the Democratic Party has stood for State rights. The Republican Party on the other hand has stood for the enlargement of the Federal power.

Mr. COOPER of Tennessee. I have a few observations on State rights that I want to go into if I can.

Mr. COX. But the parties in recent years apparently have been reversing their positions on this question, and I predict that within the next few years the conflict will be renewed and political questions will be fought out along this line, and unless the Democratic Party finds its way back to where it originally stood on these questions, and the Republican Party changes its attitude toward the States and their social problems, a new party may arise to lead the people of this country who adhere to the belief that the Federal Government is a government of delegated powers, and is sovereign only to the extent of supreme and exclusive exercise of those powers. [Applause.]

Mr. COOPER of Tennessee. I thank the gentleman. I invite attention to the fact that the purpose and scope of this bill embraces four outstanding objectives. It makes provision for old-age security, unemployment compensation, security for children, and public health. All of these are matters in which the people of this country have been and are now showing a great degree of interest. Certainly on the question of old-age security, we cannot fail to recognize the fact that these citizens of ours who have grown old and become infirm in support of their Government and in rendering service to their fellow men are entitled to more consideration and more beneficial treatment than they have thus far been receiving. It has been argued here by some that this bill does not go far enough. I invite attention to the fact that out of the 29 States of the Union that now have old-age pension plans, this bill provides for more benefits than are now provided under any of these State plans.

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

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 5 minutes additional.

Mr. COOPER of Tennessee. In the States of New York and Massachusetts, where they pay the largest benefits, there is no maximum provided by law at all. Yet, in experience they have never gone over about \$24 in New York and \$24.50 in Massachusetts as an average for the State. This bill provides for \$30, matched equally between the State and the Federal Government.

Mr. HEALEY. Will the gentleman yield?

Mr. COOPER of Tennessee. I hope the gentleman will excuse me, please.

It should also be borne in mind that the benefits provided under this bill are more liberal than those afforded by any other country in the entire world for old-age pensions. Now, some may think it should go further, and as some feel, that State participation should not be required. Certainly, without undertaking to quote the President—and it is not my intention to violate any of the proprieties of the situation, I feel I can state that it has been my privilege to confer with him several times, along with others, and he is very definite and firm in his conviction that State participation must be required in this bill.

Under this plan participation by States is required. We have left the broadest possible latitude of discretion to the States in the administration and control of the plan, simply providing that States may, under these rather broad standards set up in the bill, provide whatever they are able to provide for their old people, and the Federal Government will match whatever the State is willing and able to give, up to and not exceeding \$15 a month by the Federal Government.

I invite attention to table 1 on page 4 of the report to give you some idea of how this burden will probably increase in the future. We must consider that phase of the matter. This is not temporary legislation; it is not emergency legislation. We are here legislating for the future, for my country and yours. We certainly should consider this phase of the matter. This table shows that in the year 1860 there were only 2.7 percent of the population of the entire country over 65 years of age. In 1930, the last Federal census we had, there were 5.4 percent of the total population of the country over 65 years of age. It is estimated that by 1940 there will be 6.3 percent, and by 1970, 10.1 percent. By the year 2000, 12.7 percent, showing a gradual and steady increase in the percentage of people in this country over 65 years of age as compared with the total population of the country.

That simply shows that we must consider the size of the burden that will be placed upon the States and the Federal Government in the future. For that reason title II is in this bill. It provides for old-age benefits to be built up gradually through the years of the future, so that it will take off part of the burden that would naturally be piled up by the operations of title I. It is estimated that by the year 1930 the burdens under title I would amount to about

\$2,600,000,000 annually. By including title II, which is of the greatest importance in this bill, that will be reduced more than one-half; so that it is estimated that not more than about a billion dollars will be involved in the burden assumed for old-age pensions in the country.

It has been and will doubtless still be asserted that the social-security bill is designed to coerce the States, particularly in connection with unemployment compensation. Very little objection on this score can be raised as to the Federal grants in aid to the States for old-age pensions, aids for dependent children, and other aids for the extension of public-health services.

The unemployment provisions of the Social Security Act do not violate the traditional provisions and power of this country between the Federal Government and the States. Instead of coercing the States, it rather will have the effect of enabling the States to go ahead with the enactment of unemployment compensation laws which are long overdue but which heretofore could not be enacted without placing a serious handicap upon the industries of the particular State enacting such legislation. The greatest objections raised against proposed unemployment insurance during the last 15 years before the State legislatures has been the assertion that it would drive industry out of the State into neighboring States which did not place this burden upon their employers. As an illustration of this argument, the following quotation from a Memorial on Unemployment Insurance, presented on December 15, 1932, to Governor White, of Ohio, by a delegation of 34 citizens representing the Ohio Chamber of Commerce, in opposition to the proposed unemployment insurance bill then pending in that State, may be cited:

Ohio is in close competition with such States as Michigan, Indiana, Illinois, Pennsylvania, Kentucky, West Virginia, and New York. We respectfully submit that Ohio cannot compete with these States while laboring under the handicap of a special tax upon the industries of \$50,000,000 a year. The result would be that firms owning plants in other States would gradually transfer their operations, so far as practicable, to those States. Companies having no outside plants would have difficulty in competing with those who do have such plants. The location of new industries in Ohio would be retarded. From this the farmers, merchants, bankers, and all other classes of business would suffer.

Prior to 1935 only one State in the Union—Wisconsin—had enacted an unemployment-insurance law, which was passed in 1932. In 1933 bills were introduced providing unemployment compensation in 22 States and passed one house of the legislatures in 7 States, but failed to pass both houses in any State. Many States have had special commissions on the subject. An incomplete list of these commissions include the following: New York, Massachusetts, New Hampshire, Maine, Connecticut, Pennsylvania, Ohio, Maryland, Virginia, North Carolina, Wisconsin, Minnesota, Rhode Island, Delaware, Vermont, California, Oregon, and Colorado. In practically all cases these commissions strongly urge the State legislature to enact unemployment-compensation laws, but the States have been unwilling to go ahead until there is a uniform tax measure for this purpose, thus placing industry throughout the country on the same basis.

The following quotations are taken from the reports of several State commissions on employment urging Federal legislation: New Hampshire, Ohio, Massachusetts, and Minnesota.

The 1934 report of the New Hampshire Commission on Unemployment Reserves states:

The commission strongly favors Federal legislation which will effectively remove the fear of interstate competition in this field through the application of uniform rates of contribution upon all employers in the country.

The report of the Ohio Commission on Unemployment Insurance, made in 1932, stated:

It would be desirable to extend compulsory insurance to cover all industries and all employees in all the States so that interstate competition might be equalized.

The supplementary report of the Massachusetts Special Commission on Stabilization of Employment in 1934 stated:

The commission believes it would be better if the Federal Government could require universal adoption throughout the country of some such unemployment responsibility to all industries. * * *

The report of the University of Minnesota Stabilization Research Institute to the Governor of Minnesota on a Program for Unemployment Insurance and Relief in the United States in 1934 states:

If the Seventy-third Congress had passed the Wagner-Lewis bill, unemployment insurance will undoubtedly become general in the United States and employers at any rate will be placed on an equal competitive basis (48-9).

Also:

The Wagner-Lewis measure would remove the chief objection to the adoption of State unemployment insurance legislation, namely, the unequal position with respect to interstate competition of employers in States having an unemployment insurance law.

At the 1935 legislative session 83 unemployment insurance bills were introduced in 25 States. Three States—New York, Utah, and Washington—have so far enacted unemployment compensation laws in anticipation of Federal legislation. Sixty-six State bills are still pending. Twenty-six State legislatures are now in session, and 18 have adjourned.

The social-security bill leaves the States very wide discretion as to the provisions of their unemployment compensation acts. It provides only a minimum of Federal control, designed principally to assure the use of the funds exclusively for this purpose and the safeguarding of the funds by depositing them with the United States Treasury. The central purpose of the Federal bill in regard to unemployment compensation is to equalize the financial burden placed upon employers throughout the country and thereby permit States to go ahead.

With regard to the other features of the social-security bill, many States have gone ahead and enacted new old-age-pension laws or have modified the existing old-age-pension laws of the State to conform to the conditions of the pending Federal legislation. Included in this list are the following States: Wyoming, Montana, Utah, Oregon, Washington, and Kansas. This list is not complete. Amendments to the existing old-age-pension laws have also been adopted in a number of other States, including Ohio, Maryland, and others. Twelve States have enacted State laws setting up a State department of public welfare with blanket provisions for acceptance of Federal aids under such conditions as imposed by Federal legislation. Included in this list are the following States: Georgia, Maryland, Montana, New Hampshire, New Mexico, North Dakota, Oklahoma, South Dakota, Utah, West Virginia, Wyoming, and Washington.

A number of States whose legislatures have already adjourned have created special commissions to prepare State legislation on economic security in conformity with Federal legislation to be submitted to a special session of the legislature. A number of Governors have already expressed their intention of calling a special session of their State legislatures as soon as Congress acts on the social-security bill.

The following States have memorialized Congress at the present session for the enactment of this type of social-security legislation: North Dakota, South Dakota, Tennessee, Wisconsin, California, Idaho, Minnesota, Montana, and New York.

The social-security bill, in connection with the grants-in-aid to States provides a minimum of Federal supervision over the States, much less than is provided in any other recent Federal-aid laws. The State old-age-pension laws are required to be liberalized with respect to the requirements of age, residence, and citizenship, and they must be State-wide in application; but these provisions do not grant supervisory authority to the Federal Administrator. The Federal Highway Act, by way of comparison, gives to the Federal Bureau of Public Roads, the right to withhold aid to States if the State highway department is not adequately organized, equipped, and empowered to administer the provisions of the act or if the State fails to maintain its federally aided highways according to the standards laid down by the Federal Bureau of Public Roads. The Federal Bureau of Public Roads must approve each Federal highway project for which funds are allotted and lay down detailed specifications concerning the type of construction, mate-

rials, and so forth. No such powers as these are granted in connection with any part of the social-security bill.

Under the Smith-Hughes Act for vocational education the Federal department in charge could provide minimum qualifications for State officials in charge, but no such provision is made in the Social Security Act. The Smith-Hughes Act also provided that State rules and regulations had to be submitted to the Federal agency for approval, but there is nothing of this kind in the Social Security Act.

No Federal-aid legislation within recent years has accorded wider recognition to the principle of State rights than the social-security bill. The bill does not divest any State of any activities that it is now carrying on. It is strictly in accordance with the Federal form of government in this country. It provides ample opportunity for States to work out these problems in a way which will suit local conditions, and for experimentation in unemployment insurance, which is very desirable at this stage. The social-security bill provides aid to the States, but not control. It enables them to enact unemployment-compensation laws which, as a practical proposition, heretofore they have been unable to do.

In keeping with my statement, I want here to include the memorandum on the constitutionality of the "social-security bill", which was submitted to the Ways and Means Committee by the Department of Justice.

The purpose of this memorandum is to discuss the constitutional aspects of the social-security bill now pending before the Congress, to explore the legislative powers under which its enactment is proposed, and to weigh the objections to its validity, which I understand have been informally advanced in the discussions of this measure. Before entering on a detailed analysis of the bill and a minute consideration of the constitutional questions which it involves, it seems desirable to advert to some basic fundamental principles of constitutional construction, which are sometimes overlooked, but which must always serve as a guide in determining questions of constitutional law.

The formula laid down by Chief Justice Marshall in *McCulloch v. Maryland* (4 Wheat. 316, 407) must always be borne in mind in testing the constitutionality of an act of Congress. His famous words have been often repeated, but may well be reiterated. They are as follows:

A constitution, to contain an accurate detail of all the subdivisions of which its great powers will admit, and of all the means by which they may be carried into execution, would partake of the prolixity of a legal code and could scarcely be embraced by the human mind. It would probably never be understood by the public. Its nature, therefore, requires, that only its great outlines should be marked, its important objects designated, and the minor ingredients which compose those objects be deduced from the nature of the objects themselves. That this idea was entertained by the framers of the American Constitution is not only to be inferred from the nature of the instrument but from the language. Why else were some of the limitations found in the ninth section of the first article introduced? It is also, in some degree, warranted by their having omitted to use any restrictive term which might prevent its receiving a fair and just interpretation. In considering this question, then, we must never forget that it is a constitution we are expounding.

Three years previously, Mr. Justice Story had enunciated the same principle in somewhat different language (*Martin v. Hunter's Lessee*, 1 Wheat. 304, 326):

The Constitution unavoidably deals in general language. It did not suit the purposes of the people, in framing this great charter of our liberties, to provide for minute specifications of its powers, or to declare the means by which those powers should be carried into execution. It was foreseen, that this would be perilous and difficult, if not an impracticable task. The instrument was not intended to provide merely for the exigencies of a few years, but was to endure through a long lapse of ages, the events of which were locked up in the inscrutable purposes of Providence. It could not be foreseen, what new changes and modifications of power might be indispensable to effectuate the general objects of the charter; and restrictions and specifications, which, at the present, might seem salutary, might, in the end, prove the overthrow of the system itself. Hence, its powers are expressed in general terms, leaving to the legislature, from time to time, to adopt its own means to effectuate legitimate objects, and to mold and model the exercise of its powers, as its own wisdom and the public interests should require.

In entering upon a discussion of the particular measure here under consideration, it is desirable to first analyze its provisions. The social-security bill consists of a number of distinct titles. Title VIII proposes to impose an income tax on the wages of certain classes of employees, and an excise tax on certain classes of employers, measured by specified percentages of the wages paid by the employers to whom the tax is applicable. Title IX imposes another excise tax on employers employing 10 or more persons, the tax again being measured by specified percentages of the wages paid by the employer.

Title I of the bill provides for grants to the States for old-age assistance. In order to qualify for such grants, a State is required to adopt an old-age-assistance plan, meeting certain standards laid down in the bill, and to appropriate funds to match the Federal contribution. Title II seeks to appropriate money for the payment of old-age benefits to certain groups of employees upon their attaining the age of 65. Title III proposes to make grants to States for the administration of unemployment compensation, provided the State adopts an unemployment-compensation law complying with certain standards laid down in the bill. Title IV provides for Federal grants to the States for aid to dependent children, while title V makes similar grants for maternal and child welfare. Title VI makes certain appropriations for the purpose of extending and improving public-health services.

There will first be considered the validity of the tax features of the bill contained in title VIII and title IX.

The first tax sought to be imposed by the bill is that found in title VIII, sections 801-803. It is an income tax on the wages of certain classes of employees. The power of the Congress to levy an income tax is undisputed. Suffice it to advert to the sixteenth amendment, which reads as follows:

The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States and without regard to any census or enumeration.

In levying an income tax the Congress may exempt certain classes of persons or certain types of income, as well as levy varying rates of tax on incomes of differing sizes (*Brushaber v. Union Pacific Railroad Co.*, 240 U. S. 1). The validity of the tax imposed by these provisions of the bill, standing alone, is undoubtedly not subject to question.

Title VIII, sections 804-811, and title IX provide for excise taxes on wages paid by certain classes of employers as defined in the bill.

The grant of power to the Congress to levy excise taxes is found in article I, section 8, clause 1, of the Constitution, which reads as follows:

The Congress shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States; but all duties, imposts, and excises shall be uniform throughout the United States.

More comprehensive and sweeping language can hardly be imagined. The Supreme Court, in *Brushaber v. Union Pacific Railroad Co.* (240 U. S. 1, 12), stated that the authority conferred upon the Congress by this provision "is exhaustive and embraces every conceivable power of taxation."

The only limitation on this power is that contained in the constitutional provision, namely, that "all duties, imposts, and excises shall be uniform throughout the United States." The uniformity required by the Constitution has been invariably held to be merely a geographical uniformity. Thus it was said, in *Billings v. United States* (232 U. S. 261, 282):

It has been conclusively determined that the requirement of uniformity which the Constitution imposes upon Congress in the levy of excise taxes is not an intrinsic uniformity, but merely a geographical one. *Flint v. Stone-Tracy Co.* (220 U. S. 107); *McCray v. United States* (195 U. S. 27); *Knowlton v. Moore* (178 U. S. 41). It is also settled beyond dispute that the Constitution is not self-destructive. In other words, that the powers which it confers on the one hand it does not immediately take away on the other; that is to say that the authority to tax which is given in express terms is not limited or restricted by the subsequent provisions of the Constitution or the amendments thereto, especially by the due-process clause of the fifth amendment.

The same doctrine was enunciated in *United States v. Doremus* (249 U. S. 86, 93):

The only limitation upon the power of Congress to levy excise taxes of the character now under consideration is geographical uniformity throughout the United States. This Court has often declared it cannot add others. Subject to such limitation Congress may select the subjects of taxation, and may exercise the power conferred at its discretion. *License Tax cases* (5 Wall. 462, 471). Of course, Congress may not in the exercise of Federal power exert authority wholly reserved to the States. Many decisions of this Court have so declared.

It is understood that there has been no attempt to challenge the constitutionality of the foregoing provisions of the bill standing alone. It is not understood that it is disputed that the Congress is clothed with the power to impose the taxes provided by the pending bill. However, it has been said that the real purpose of these tax measures is not to raise revenue but to establish a Nation-wide scheme for unemployment insurance and old-age benefits; that the tax provisions are part of the warp and woof of this scheme; and that consequently, since there is no express provision in the Constitution granting to the Congress the power to legislate on the subject of old-age benefits and unemployment insurance, these tax provisions must be deemed invalid.

This reasoning completely overlooks the principle frequently enunciated and as frequently applied by the Supreme Court, to the effect that in passing upon the validity of a statute, which on its face purports to be a tax measure, the courts will not consider the question whether the motive of the legislative body was some other than that to raise revenue. This rule has been formulated on a number of occasions and led to upholding the validity of statutes, which, while ostensibly revenue measures, were obviously intended to accomplish an entirely different purpose. Thus, in 1866, the Congress passed an act levying a 10-percent tax on bank notes issued by State banks. The real purpose of the authors of this measure was not to raise revenue, but to eliminate State bank notes from circulation. So effectively was its real purpose accomplished, that little, if any, revenue was ever collected under this act. The validity of the statute was challenged on the ground, among others, that it was not a true revenue measure. Its constitutionality was, however, upheld in *Veazie Bank v. Fenno* (8 Wallace, 533). Another striking case is that involving the oleomargarine tax. An act adopted in 1902, levying a tax on oleomargarine imposed a low tax on white oleomargarine and a much higher tax on yellow oleomargarine with the obvious purpose of driving yellow oleomargarine out of the market, in view of the fact that it was frequently sold to the public as butter. The validity of the measure was questioned, and its character as a tax measure was assailed, but without success (*McCray v. United States*, 195 U. S. 27, 59). Holding that the act was a valid exercise of the taxing power, Mr. Justice White stated:

Undoubtedly, in determining whether a particular act is within a granted power, its scope and effect are to be considered. Applying this rule to the acts assailed, 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 power.

He swept to one side the argument that the real motive of the Congress was not to raise revenue, but to drive yellow oleomargarine from the market by imposing a prohibitive tax upon the sales of that commodity.

Perhaps the outstanding case sanctioning the use by the Congress of the taxing power for purposes other than to raise revenue is *United States v. Doremus* (249 U. S. 86), which upheld the constitutionality of the Harrison Narcotic Drug Act. Under the guise of a revenue measure, the Congress placed all dealings in narcotics under severe and stringent restrictions. It was urged again that the statute was not a true tax measure, and, consequently, beyond the constitutional power of the Congress to enact, and again this contention was overruled. The Court stated that 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" (p. 94).

The latest expression of the Supreme Court upon this point is found in the case of *Magnano Co. v. Hamilton* (292

U. S. 40, 47), decided on April 2, 1934, in which the Court made the following significant statement:

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 conclusion is inescapable that the motive of the Congress in enacting a law, which, on its face, purports to be a revenue measure, is immaterial and will not be considered by the courts in passing upon its validity. If a statute is ostensibly a valid exercise of the taxing power, the fact that such authority is invoked to accomplish an object other than to raise revenue, has no effect upon the constitutionality of the act. It necessarily follows that the fact that the taxes sought to be imposed by the social-security bill may constitute an inherent part of a legislative scheme for old-age benefits and unemployment insurance, in no way detracts from their validity.

Those who advance a contrary view rely on the decisions of the Supreme Court in the *Child Labor Tax case* (259 U. S. 20) and *Hill v. Wallace* (259 U. S. 44). Upon close analysis, however, they will find but little solace in these decisions. It is only by giving them implications far beyond their actual holdings and by construing them as overruling the line of cases which have been just discussed that any support can be found in them for the suggestion that the social security bill may possibly be invalid.

In the *Child Labor Tax case* the Supreme Court held unconstitutional an act of Congress which imposed a tax equal to 10 percent of the net profits realized by any employer who employed child labor, knowing the children to be below a certain age. The Supreme Court held that this law did not impose a tax, but exacted a penalty. It emphasized the fact that the provision, which imposed the so-called "tax" only on a person who knowingly departed from a prescribed course of conduct, made the impost a penalty rather than a tax. Chief Justice Taft remarks that "scienter is associated with penalties, not with taxes." He expressly adverted to the line of cases to which reference has been made in this memorandum and reiterated their holdings as sound law.

Likewise in *Hill* against *Wallace* the Court declined to uphold a measure seeking to impose a so-called "tax" on dealings in grain futures, except as to contracts executed through a member of a board of trade designated by the Secretary of Agriculture and complying with prescribed requirements. The Court ruled that the so-called "tax" was a penalty exacted for failure to comply with the requirements of the law (p. 66).

It is manifest that these two cases are not germane to the present discussion. Surely no one will contend that the taxes sought to be imposed by the pending measure are in fact penalties.

It is also not without significance that in the *Magnano case*, supra, decided less than a year ago, the cases heretofore discussed by me were cited with approval by the Supreme Court and the *Child Labor Tax case* explained as being based upon the proposition that the law which it held invalid imposed in fact not a tax, but a penalty.

Thus far there has been discussed the validity of the tax features of the bill in general. There is one specific provision that deserves additional consideration. Title IX, which imposes a tax on wages paid by employers, also provides in section 902 that the taxpayer may credit as against the tax any contributions paid by him into an unemployment fund established under a State law, provided that the total credit shall not exceed 90 percent of the tax. This device was approved by the Supreme Court in *Florida v. Mellon* (273 U. S. 12), in connection with the estate tax imposed by the Revenue Act of 1926, which contained a provision that the tax should be credited with the amount of any estate taxes paid to any State, such credit not to exceed 80 percent of the tax. It was asserted that the tax was unconstitutional, in that its purpose was to act as an incentive to the States to enact inheritance-tax legislation, and that it especially discriminated against the State of Florida, which levied no such

tax. These objections received but scant consideration at the hands of the Supreme Court, which declined to hold the law invalid. Thus the credit provisions of title IX constitute an expedient sanctioned by the Supreme Court.

The consideration heretofore discussed lead to the conclusion that the tax features of the bill are valid and constitutional. It is now desirable to pass to a consideration of those sections of the bill which seek to appropriate money for the payment of old-age benefits for the making of grants to the States for old-age assistance, the administration of unemployment-compensation laws, aid to dependent children and maternal and child welfare, and for the purpose of extending and improving public-health services. The suggestion that the power of the Congress to appropriate money is in any way restricted or circumscribed is indeed a novelty. As we turn back the pages of our history we find that it has never been successfully contended that the authority of the legislative branch of the Government to appropriate money is limited to the specific purposes enumerated in article I, section 8, of the Constitution. The Congress has invariably by its own actions placed a different construction upon this power. It has always been customary for the Congress to appropriate money for purposes not enumerated in the Constitution. To select but a few such instances at random, we may refer to grants made to agricultural colleges many years ago; subsidies to transcontinental railroads; grants for maternity care, exemplified by the Sheppard-Towner Act; appropriations for the extermination of pests, such as the boll-weevil and the Mediterranean fruit fly; appropriations for scientific research, and many other examples that could be multiplied without number. A construction consistently placed upon the Constitution by the legislative branch of the Government in a series of acts over many years ought not to be lightly disregarded, as was remarked by Chief Justice Marshall in *McCulloch v. Maryland*, supra, at page 401.

The Supreme Court has recently held that a taxpayer has no standing in the courts to question or attack the validity or the constitutionality of an appropriation made by the Congress (*Massachusetts v. Mellon*, 262 U. S. 447, 486).

It follows hence that those titles of the bill which seek to appropriate Federal funds for specific purposes may not be successfully assailed as to their validity.

The fact that by the pending bill it is sought to exercise the powers of the Congress in an unaccustomed manner, does not affect the validity of the measure. Powers heretofore dormant may be called into action and invoked to meet new contingencies arising in the progress of the life of the Nation. The political, the economic, and the social history of the United States is marked from time to time by new departures in Government, all of which were attacked at the time as unconstitutional, but whose validity was eventually upheld as coming within the purview of the powers conferred upon the Federal Government by the Constitution. Thus, the power of the Congress to charter a bank was seriously challenged at one time, and yet today we have in this country a network of national banks. Many statesmen questioned the power of the Federal Government to acquire territory when President Jefferson purchased the vast areas known as Louisiana. Had their views been followed, this country would still consist of 13 States bordering on the Atlantic coast, instead of being one of the great powers of the world. The power of the Congress to provide paper money and make it legal tender was seriously assailed. Today paper money is part and parcel of our economic life. (Compare the *Legal Tender cases*, supra, and the recent *Gold Clause cases*.) There may also be taken into consideration the strong presumption which exists in favor of the constitutionality of an act of the Congress, in the light of which and of the foregoing discussion it is reasonably safe to assume that the social-security bill, if enacted into law, will probably be upheld as constitutional. It is suggested, therefore, that if the Congress deems the bill to be meritorious, it ought not to fail of passage on any prejudgment that it is unconstitutional.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Arkansas [Mr. MILLER].

Mr. MILLER. Mr. Chairman, I think practically the entire membership of the Congress realizes the necessity for the enactment of legislation dealing with social security. The conditions that make the enactment of such legislation imperative have been developing during the last two decades, but during the last 5 years these conditions have become so acute as to place the question foremost in the minds, not only of the Congress but of the entire citizenship of our Nation. Naturally, the subject, social security, in all of its phases, is one that cannot be adequately treated in the enactment of any single piece of legislation.

The bill as reported, however, does attempt to deal in a more or less comprehensive manner with the various phases of the subject. Everyone is anxious to treat, as soon as possible, the subject in all of its phases, but it occurs to me that at this particular time it might be unwise for the Congress to attempt the enactment of such a comprehensive measure as the one now under consideration, which may further hamper the recovery of labor and industry by the levying of taxes of questionable constitutionality.

We have heard much about reform and recovery. All of us admit that certain reforms are desirable, but, on the other hand, all must admit that recovery is imperative if the general welfare of our Nation is to be provided for and not disregarded.

Title I of the proposed legislation attempts to deal with the vital question of old-age pensions. I have given much consideration to this particular phase of the proposed legislation, and, in my opinion, title I is entirely inadequate and must be amended if a great portion of the deserving aged citizens of our Nation are to receive any benefit therefrom. The Congress has, during the last 2 years, enacted much legislation designed to create employment, but the employment that has been created by the legislation has not inured to the benefit of several million of our citizens who have reached the age which precludes them from receiving consideration and employment under the legislation heretofore enacted. Therefore, this class of citizens who have heretofore discharged their every duty as citizens are entitled to fair and equitable treatment regardless of the State or Territory in which they may have their abode. This title as now existing, if enacted in its present form, will result in a serious discrimination against many American citizens, and I cannot support any measure which will result in the discrimination that will necessarily follow from the enactment of title I as now written.

This title provides that the States must match the funds advanced by the Federal Government and that the Federal Government will advance to the States a maximum of \$15 per month for each eligible person, but that no sum will be advanced unless it is matched by funds provided by the States. Conceding only for the purpose of this discussion that there is an equal obligation resting on the several States to provide money to discharge this burden, and conceding further that the contribution by the Federal Government of one-half is a fair division, still this does not justify the Congress in the enactment of the provisions of this title when we know that there are many States in this Union that are financially unable at this time to provide any funds whatsoever with which to match the funds provided by this bill.

It is immaterial whether we treat the old-age pensions as a gratuity and justified solely upon the ground of relief or whether we treat it as compensation merited by loyal citizenship, the principle involved is the same and the Federal Government, through this Congress, should not knowingly enact legislation that will discriminate against the citizens of any particular State. State boundary lines should and must be disregarded in dealing with this question. The Congress should only undertake to provide the limitations or qualifications of those eligible to receive a pension and when those requirements are prescribed, the amount provided should be paid regardless of the ability of the State to match the funds. If the various State governments which obtain their money by direct taxation had not suffered financially in proportion to the losses of their citizens, they would probably be in a

position to match the funds provided by the Federal Government.

But I call your attention to the fact that the Federal Government has during the last few years existed solely because of its credit and its ability to borrow money. No one knows how long this condition may obtain, but many of the States must have a reasonable time in which to provide funds to meet the contributions by the Federal Government, and I suggest that a reasonable time would be 5 years. This title must be amended so as to provide that whatever amount the Federal Government may pay, it shall be paid to all eligible citizens regardless of their place of abode during the next 5 years, and regardless of whether the funds are matched. At the expiration of this period the States should be in a position to match Federal funds and to fully discharge their obligations to their deserving citizens. In no other way can the Congress be just and fair. By so doing we will not be relieving the States of their duty to the aged and deserving citizens, but we will be giving them a sufficient length of time to enable them to meet this obligation and at the same time we will be rendering justice to all citizens alike.

The General Assembly of the State of Arkansas in a resolution approved March 21, 1935, has called the attention of the Congress to the conditions prevailing in that State. I know that it is the desire of every citizen of Arkansas that the State government should discharge its full duty to its needy and destitute citizens. The general assembly that adopted the concurrent resolution enacted legislation in an effort to meet this obligation but the financial conditions are such that the State will be unable to raise any appreciable funds for this purpose and unless title I is amended as suggested by me, the citizenship of Arkansas will be discriminated against. I cannot, in justice to that great class of our citizenship, support legislation here which will result in the discrimination against the citizenship of my State. The people of Arkansas are anxious to discharge their full duty at all times as citizens. The general assembly is anxious to provide funds for the needy citizens of Arkansas, but these funds cannot be immediately provided, and why should the citizens of Arkansas and other States be deprived of the amount which the Congress may fix as a contribution to those meeting the prescribed requirements to be eligible to receive an old-age pension?

It is true that Arkansas does not contribute as much in money to the support of the Federal Government as do some other States in the Union, but the prosperity of other States is not solely because of their own resources. Arkansas is as rich in natural resources as any State in the Union and her citizenship is on a par with that of any other State and the time will come when the contribution from Arkansas to the support of the Federal Government will equal that of any other State. Her citizens are likewise citizens of the United States, and, as such, are entitled to receive this benefit for the time being at least.

The suggested amendments to this title are reasonable and will not do violence to the plan for Federal participations in the payment of old-age pensions. We cannot deal with this question solely along theoretical lines. At present we must face the conditions and deal with the conditions as practical men instead of treating this question as a theory and dealing with it as such.

As a governmental theory it may be correct to require a contribution by the States, but when theory is opposed by justice and by actual conditions, then we must yield to the dictates of justice and to conditions, and I appeal to the sense of fairness of this House to join with me in an effort to bring these benefits to our destitute citizens regardless of where they may live and regardless of the amount of the contribution that may be made by the States, or regardless of whether the State is able to pay any amount for at least such a period of time as will enable the individual States to prepare to meet their proportionate share of this obligation. Gentlemen cannot, with much grace, argue that the Federal Government is unable to do this, because we have appropriated, during this Congress, billions of dollars for

other purposes; and surely the needs of all worthy, aged, and deserving citizens should receive the consideration that a lifetime of loyal support of the ideals of America entitles them to receive insofar as our action is concerned.

If more taxes are required to meet this expenditure, then we should unhesitatingly levy them upon those who have in years gone by accumulated vast sums and fortunes, in many instances at the expense and through the toil of our old citizens. The resources of our country should, if necessary, be commandeered by us to meet this obligation, and by so doing we can rightfully and fairly give to every loyal citizen some of the benefits of a just government and thus restore, in a measure, to all some of the fruits of their toil and labor.

Mr. DOUGHTON. Mr. Chairman, I yield 45 minutes to the gentleman from New York [Mr. SIROVICH].

Mr. SIROVICH. Mr. Chairman, life is a journey upon the road to death. Some of us quickly end our pilgrimage at the station marked "infancy." Shortly thereafter others complete their mission upon the course named "childhood." Many fall by the wayside on the grave marked "adolescence." Countless numbers falter on the highway called "young age." Innumerable throngs collapse upon the main road marked "middle age." Eventually all the rest who have escaped the perils along this mysterious road conclude their journey to eternity when they pass from the station "old age", through the gates of death, to that bourne from which no traveler ever returns.

The present bill before the House of Representatives is one that provides for and attempts to take care of every victim of social and economic insecurity from the time of birth until death. This humane legislation begins with the queen and the angel of the home, the mother. Since God could not be everywhere, he created mothers to take His place. This bill makes it possible to look after the welfare of every expectant mother in the villages and rural sections of our country during the critical periods of her life's existence, which are childbirth and the preceding prenatal care. In the past millions of mothers have made the supreme sacrifice and died on the altar of childbirth, caused by the disease known as "puerperal sepsis", or blood poisoning.

It was in the year 1843 when the distinguished New England doctor, surgeon, and literary genius, Oliver Wendell Holmes, then a practicing physician, announced to the people of our country that puerperal sepsis, commonly known as "blood poisoning", from which thousands of mothers in his time had died after childbirth, was due to nothing else but dirt. This disease was caused by the introduction of dirt into the generative tract by unclean hands and unsanitary material used during the period of obstetric delivery. Oliver Wendell Holmes was laughed at, jeered at, humiliated, and humbled, as are all men and women who are pioneers and crusaders in a new line of thought or endeavor.

Several years later Professor Semmelweiss, an obstetric professor in the University of Budapest, Hungary, from 1850 to 1865, unfamiliar with Dr. Holmes news, announced to the physicians of Austria and Hungary his belief that puerperal sepsis was caused by unclean methods of delivery that spread infection through dirt. His fellow physicians and the midwives of his time excoriated and pilloried him. They denounced his views. They laughed at him. They literally spat at him. His delicate mind and his sensitive soul could not resist nor withstand the ravages of this ridicule. He lost his reason and in 1866 died in an insane institution in Budapest.

Two years ago when I was in Budapest I stood in reverence in front of a beautiful monument that Hungary had belatedly erected to commemorate the memory, the name, and the fame of its illustrious pioneer and crusader, Professor Semmelweiss. Here was a scholar and a scientist who was driven to his death because he had given the world the principles that other physicians and surgeons today believe in, that puerperal sepsis or blood poisoning, caused in childbirth, is due to a dirt infection at the time of delivery.

Mr. Chairman, a few millions spent each year to nurses, midwives, and doctors to help them bring children into the world cleanly and healthily would not only save the lives of thousands of mothers but would also usher the young into the world in healthier, more sanitary, and more decent conditions.

In the rural sections of the United States and in the smaller villages we have very few nurses, midwives, or doctors. A kindly friend, male or female, may be the only one to help to bring the child into the world. This humane and constructive legislation, embodied in this bill, would save the lives of millions of our mothers in the future, and help to perpetuate the home and the angel of the home—the mother.

Mr. Chairman, previously this maternal legislation was known as the "Shepherd-Towner Act" or the "Shepherd-Bankhead Act." This legislation was only put into operation for a few years and died because no appropriations were made to perpetuate its work. In the past its work was only of a temporary nature. The present legislation will be permanent and a living monument to Franklin Delano Roosevelt.

This bill makes its tenure permanent in character and lasting in its results. It will be an ideal, worthy to be emulated by every civilized government of the world. [Applause.]

Mr. Chairman, another section of this humane and constructive bill provides for child welfare. This section would take care of infancy and childhood until the age of puberty. The weakest links in the chain of home life everywhere are the two extremes of life, young age and old age. A generation ago 1 out of every 4 young that were brought into the world die during the stage of infancy. They had no opportunity to develop into childhood or adolescence. Today, through the medium of science and medicine, through serum and antitoxin, and the countless contributions of prophylactic treatments, coupled with hygienic regulations and legal restrictions placed upon the exploitation of childhood, we are enabled to raise children, with the result that the mortality tables today show only 1 out of 8 dying before they have had a chance to develop into young adult life.

The laws of our country and society have aided the young children of the present generation by prolonging legal childhood to the age of 16, which ends the compulsory educational period required by law.

A soldier fighting in the trenches of France, with bullets passing and bombs exploding over him, with poison gas about him, has a better chance to escape with his life, than has a child coming into the world to live and to reach young adult life.

Mr. Chairman, the mother may be the queen of the home, but the father is the breadwinner, the provider, who keeps the home intact. The home is the foundation of all society. Upon it the superstructure of all government must rise. Destroy the home and you destroy the most sacred human institution devised by mankind.

Death, through the loss of the breadwinner, has broken many a home. For centuries the widows, orphans, and dependent children have cried aloud for help and assistance in their tragic periods of economic insecurity. In the past the only recourse for orphaned children was the poorhouse, almshouse, and the orphan asylum.

The twentieth century of civilization has awakened our citizens to the duty and obligations they owe to these unfortunate orphans. Forty States in our Union have thus far enacted widows' pensions or child-welfare laws, to protect these innocent orphaned victims of previous inhuman capitalistic and legislative indifference. [Applause.]

Widows' pensions and child-welfare laws have had the spirit of humanity breathed into them by permitting the mother to have the custody of her own brood in her own home, by having the State give to the mother the money it formerly gave to an institution to take care of these orphans. In this way the State has preserved the integrity of the home. In its own home the child becomes the beneficiary of the tender love, the gentle solicitude, and the gracious care of its own mother. In an institution a child becomes a mechani-

cal automaton. In its own home it is treated as a human being. Children reared in an orphan asylum lose their affection for those they should love. In the home the ties that bind the child to its mother are firm, unyielding, and enduring.

This bill, so carefully conceived, further protects the home because millions of dollars are granted by the Federal Government to the States, that will eliminate the orphan asylums and restore the orphaned child to the custody of its own mother, who is the proper and noblest guardian of childhood.

Mr. Chairman, if people who are physically and mentally perfect in every way cannot find work to guarantee their economic security, what is to be the fate of those children who have been handicapped by nature by being crippled, maimed, deformed, disfigured, blind, and deaf through congenital causes or diseases of childhood.

"A sound mind in a healthy body" was the slogan, or dictum, enunciated by the famous seventeenth-century English philosopher, psychologist, and educational thinker, John Locke, in his famous work, *Some Thoughts Concerning Education*. The fact that he was himself a physician of great repute, coupled with the thought that nature had endowed him with a delicate physical constitution, made him realize the vital importance and value of having a healthy body.

Our great humane President, Franklin Delano Roosevelt, a father, a victim of infantile paralysis himself, knows what a long, hard fight has to be made to recover from the ravaging infirmities of infantile paralysis and other diseases that have pitifully crippled and maimed some of the youth of our country.

This constructive legislation and appropriation amounting to \$2,850,000 in this bill offers to every crippled, deformed, and paralyzed child, whose parents cannot afford to pay for treatment, every scientific, medical, mechanical, and physiological relief to restore them to health. It assuages the grief, the anguish, and the suffering that accompanies the complications of childhood diseases which afflict its unfortunate victims with chronic infirmities.

This result is accomplished in this legislative bill through rehabilitation and vocational guidance and constructive and corrective devices that are designed to restore a sound mind in an otherwise afflicted and paralyzed body, so that these children may ultimately become useful citizens of our Republic, capable of being self-supporting and self-respecting.

Mr. Chairman, the period of adolescence is the critical and trying time in young adult life. The physiological changes that take place in puberty are responsible for the mental aberrations so common and prevalent in youth. Scientific medicine contends that juvenile delinquency, incorrigibility, changes of disposition, temperament, and character are attributable to the endocrinological disturbance caused by puberty.

This humane bill appropriates millions of dollars to aid these unfortunate victims of adolescence, through scientific medical supervision controlled in the Bureau of Child Hygiene, thus contributing to the normal restoration of these young people as useful citizens of our Republic, instead of filling our penal institutions with juvenile delinquents. [Applause.]

Mr. Chairman, between the ages of 20 to 60 is the great productive period of human existence. Through labor, commerce, industry, agriculture, science, art and literature, and all collateral forms of human endeavor, the progress of mankind throughout the civilized world has been accomplished.

The one sublime and great ideal for which all those people who work through brain and brawn would eternally be grateful for is economic and job security. Mankind the world over is profoundly interested in one fundamental concept; that is the privilege to work and to support loved ones who are dependent on that work for the amenities and decencies of life. The chronic deterrent that has prevented mankind throughout the world, between the ages of 20 to 60, from being blessed with happiness, contentment, and social and economic security is the tragic economic disease called unemployment.

The problem of unemployment is today not a problem of any locality nor any country, nor of any political party,

but is world-wide and universal in its proportions. Nothing affects the average individual so closely as the question of the preservation of life with economic security. It is only after these necessities are satisfied that an individual can turn his thoughts to problems of politics, society, education, science, art, philosophy, or even religion. Society as it is constituted today, and has been constituted throughout all the ages, has taught humanity the fact that the necessities of life can be obtained only by the "sweat of one's brow." It has ever been the rule that those unwilling to work do not deserve to share the material goods of the world. The tragedy of unemployment today, however, is that men are willing to work, but can find no work for their hands or brains.

In order that the remedies for the relief of unemployment, particularly unemployment in the United States, may be properly understood, it is necessary that we have some conception of the historical aspects of this difficulty. Unemployment has plagued mankind from time immemorial. It has been with us from the time that society became organized and humanity gave up its nomadic existence and the freedom which such a life implies for the greater protection which an individual receives in group organization.

The annals of ancient history give many examples of the problems of unemployment and how it was successfully temporarily solved. In the Bible there is the story of Joseph who was called in as an expert by the Egyptian Pharaoh of his day to solve a problem which was then appearing on the horizon, namely, unemployment for an appreciable number of years. Joseph suggested that a sufficient store of materials be set up during the years of plenty to supply the needs of the 7 lean years that were in the offing. The Phoenicians were the commercial group of the Semitic nation. They settled in Africa and founded the ancient civilization known as Carthage. They explored the mining districts of the British Isles, and brought back iron, tin, and copper to Phoenicia, there to be converted into bronze. For the Phoenicians, therefore, the solution of their problem of unemployment lay in expansion or colonization in other parts of the world.

The Greeks had a similar cure for this problem, for when in the small country of Greece the press of increased population made employment difficult, settlers were sent to what is now Sicily, and there established a center of commerce at Syracuse. They also sent their legions to Asia Minor and established settlers' colonies there. In Sparta the problem was met in another manner. This communistic country, which rigorously supervised the life of all the members of its community, decreed the extreme penalty of killing the weak so that only the strong might survive. This, of course, tended to keep down any rapid increase in population, and eventually Sparta perished as a result of the very remedy she thought would help her in her survival.

Rome, the first great Empire of history, was confronted with the problem of unemployment early in its career. Following the conflict between Rome and Carthage the problem was relieved by the subjugation of the latter country. The natural growth of population of Rome, nevertheless, soon presented again the problem of unemployment. To solve it Rome resorted to the methods of Phoenicia, namely, colonization. Consequently, Roman soldiers planted their flag in Spain, in Britain, in the Balkan States—which are now known as Rumania, Bulgaria, and Yugoslavia—in Hungary, in Asia Minor, and on the northern coast of Africa. Always following the flag went the civil population, anxious to leave overcrowded Rome and Italy. They would rather be, first, in any place where they could find employment, economic security, and profitable labor than, second, where they would constantly be on the brink of starvation. The influx of barbarians and slaves deprived the native Romans of labor and employment. This was one of the conditions that finally caused the great Empire to collapse in the year 476 A. D.

Following the collapse of the Roman Empire the organization of society entered into the feudal system, which was the political, social, and economic set-up of the Middle Ages. The feudal system, while it destroyed or curbed the indi-

vidual liberty and freedom of men and women, narrowing them to a confining locality, nevertheless gave a fair guaranty of employment to the workers, thus assuring economic security. The feudal lord unquestionably was master of the soul and body of the toiler. The laborer was bound to the soil by a process akin to involuntary slavery. While he served his master he had bread to eat, a roof to shelter him, and clothing to wear. Did the peasant prefer to surrender his liberty and freedom in return for a guaranty of economic security? The doglike fidelity of the medieval serf to his lord, the loyalty of generations of apparently willing peasants to generations of overlords of the same family, showed that the feudal serf of medieval times did prefer the benefits of economic security to liberty itself.

Not all people were happy, however, with this compulsory service to their overlords, and among those were many who were obsessed by a desire for liberty and individual freedom. These people, together with others who were unemployed, or rather who refused employment under feudal conditions, left their native lands in search of adventure and constituted a part of the personnel of the great religious armies known as the "Crusaders", who also were merchants and traders.

Self-sufficient as the economic society of the Middle Ages was its people were nevertheless dependent upon the outer world for some essentials of good living. The serf could grow his own food supply, spin his own wool, make his own agricultural implements, design all of his own clothes; but for the spices of life he had to look to the Orient, to the far romantic East. The medieval person knew of no ice as a means of preservation of food. He was far from the day of electrical or gas refrigeration. The spices of the East were absolutely essential for him in preserving his food over a length of time and to keep it from decaying in the heat of the Tropics.

The spread of Mohammedanism and the victorious armies of the Turks barred western Europe from direct communication with the Far East, particularly after the capture of Constantinople by Saracens in 1453. To prevent their overland caravans and maritime cargo ships loaded with rich merchandise from falling into the hands of the Mohammedans the people who inhabited the continent of Europe were of necessity compelled to look for other routes to India and the Far East, such as the expeditions of Vasco de Gama and Columbus. While the Americas were being colonized they remained for many centuries too remote for the bulk of European population to migrate. In the sixteenth and seventeenth centuries we find wide-spread unemployment worse than that of today. So prevalent, indeed, was unemployment, that the man power of the world was only too happy to be employed as professional soldiers in the frequent wars that characterized this period. Slowly, but surely, the colonies of the New World began to absorb the unemployed of the old. Since the inception of the industrial revolution and the war for American independence, colonization in other continents has progressed so rapidly as to relieve temporarily the economic pressure in European countries.

For the Modern Age, the latter part of the eighteenth century witnessed the development of the industrial revolution in England. The invention of machinery transferred many farmers to the factory and thousands of farms were deserted. Commercial cities sprung up, new captains of wealth were created, and capitalists accumulated tremendous fortunes.

The workers shared very slightly in this era of industrial prosperity. Instead they suffered from the evils of this new system which brought about low wages, child labor, long hours, industrial accidents, and industrial diseases. Summarizing the results of this industrial revolution in England, we find 12 percent of its population rich and comfortable, while 88 percent of its inhabitants were in abject poverty and destitute circumstances. However, the great redeeming feature of the industrial revolution was, that it brought about the destruction of the feudal system of agriculture by the vast movements of men and women from small isolated farms to the factories of urban communities.

From the Franco-Prussian War of 1870 to the inception of the World War in 1914 an economic era was ushered in which reached the highest peak of prosperity the world has ever known. The full fruits of the factory system were being gathered by all civilized nations of the world. European powers extended themselves into the distant continents of Africa, Asia, and Australia. There they founded colonies, not only for political purposes to satisfy national pride but primarily to furnish raw material for the use of the factories in England and other European nations, which materials were there converted into finished products, to be shipped back to the colonies for their consumption.

That is why England did not permit America to manufacture in the early history of our career, but compelled the colonies to send the raw material to England, where they converted it into manufactured goods, and sent the goods back to be sold to the colonies.

That is the reason America, at the inception of our Government, was 98 percent agricultural and 2 percent industrial.

During the World War the problem of unemployment disappeared. The armies absorbed the unemployed, and the tremendous increase in consumption of war materials stimulated the demand for supplies which taxed the resources of both machine and man powers throughout the world. Following the termination of the war, however, the reaction set in, and a condition exactly opposite to that which prevailed during the war period was ushered in, resulting in wide-spread unemployment.

What is the reason for unemployment in modern days? The primary cause is overproduction of material goods, bringing about a decline in price, with a lessened production and consequent unemployment. What are the factors which contribute to overproduction? These are: First, lack of economic markets, because practically every habitable portion of the globe has already been populated and has been, or is, on the verge of being industrialized. Second, the invention and use of labor-saving machinery has displaced thousands of men and women. Third, the instance of seasonal trades, characteristic of highly civilized communities, in which styles change frequently and producers are afraid to anticipate future requirements. Another great factor in the production of unemployment is the unfortunate bankrupt financial condition of most of our country's 40,000,000 farmers who are potential buyers. However, because of their lowered income, this great buying power is lost, with the resulting unemployment of the thousands who would otherwise be required to supply the farmer's needs.

Mergers and combinations of big business also create wide-spread unemployment. They throw the middle classes out of business and force them down to the level of employees; thus they create a large class of individuals seeking employment without increasing the opportunities for finding work. Other significant causes of unemployment, particularly in our country, were the great tidal waves of immigration, which began in the end of the eighteenth century and until 20 years ago brought into our country millions of people seeking employment.

Serious as the condition of unemployment in our country is today, it is not hopeless if we have the courage to face the facts and apply the proper remedies. What are these remedies? They are, first, political; second, economic; and third, social.

Politically we can aid in alleviating the conditions of unemployment by promoting international peace, so as to render wars improbable if not impossible. Post-bellum reconstruction always brings unemployment in its wake through the return of the soldier to industry. Let us, therefore, war on war. Peace should be our ideal, our hope, our aspiration. [Applause.]

Economically the solution may be of two characters. First, by lessening the overproduction, by agreement in various industries; and, second, by increasing consumption of commodities by encouragement of liberal terms, such as credit to debtors, particularly in periods of economic stress.

Socially the solution of unemployment concerns itself to the attitude of the Federal Government toward the indi-

vidual. How can the Nation aid? The Government can assist business, industry, and labor in the following manner:

First. The national abolition of child labor, now accomplished through the National Recovery Act.

Second. The limitation of the labor of women in hazardous industries.

Third. The establishment of a national system of old-age pensions as provided in this bill.

Fourth. The perfection of unemployment insurance in times of prosperity to provide for the unemployed in time of distress.

Fifth. The institution of a vigorous, scientific, and practical program of farm relief to rehabilitate agriculture, the basis of all industry. [Applause.]

Sixth. Governmental supervision of any trust or mergers that are in their nature monopolies and which threaten the well-being of the Nation.

Seventh. The liberal extension of credits by banks in cooperation with the Federal Reserve System to every deserving business organization engaged in commerce, industry, and agriculture.

Eighth. The rapid construction of public works to aid in absorbing the number of unemployed.

Ninth. By solving the problem of the distribution by the middleman, who adds to the cost of distribution a tremendous overhead, which is responsible for many evils now inherent in our method of distribution.

Tenth. By stabilizing our currency and arranging for the disposition of exportable surplus and by an adjustment of the gold to silver ratio, which may stimulate trade with silver-standard countries.

Eleventh. By increasing consumption. It is easily conceivable that if the 15,000,000 unemployed were given the means, through employment, of purchasing consumable goods, that factories would soon get busy again. Therefore the purchasing power of the unemployed must be increased.

This is the social program our Government must adopt to combat the ravages and tragedies of unemployment. Unemployment is the cancer of our body politic, eating at the vitals of our Nation and crumbling the economic structure upon which our entire western civilization rests.

The ability of our Government to check unemployment in our country will be the barometer of the civilization of our time. Our Government must ultimately stand or fall by its ability to solve this problem. [Applause.]

It is upon the economic security of its man power that society must rest. To combine individual liberty with economic security of labor is the paramount and great problem of our age.

The extraordinary fact about this splendid bill is that in the future it will provide unemployment insurance to those who are the unwilling derelicts and driftwood of our social, commercial, and capitalistic system.

Mr. Chairman, so long as the profit motive is the animating and fundamental concept of capitalistic rugged individualism, so long will the few, at the expense of the many, control the wealth of our Nation, and unemployment must always prevail. [Applause.] This bill seeks to minimize unemployment by cushioning with unemployment insurance any critical period of unemployment that might afflict us in the future.

Mr. Chairman, despite the sunshine which floods the road upon the highway of life, the path of human progress toward peace on earth and good will to mankind has been lined with rocks, thorns, and thistles.

Among the great assets of human progress may be listed the tremendous achievement of the arts and the sciences, particularly the strides made in medicine toward the conquest of nature. The annihilation of distance both in transportation and communication, the victory over man's visible foes in animal and vegetable life, and the compelling of nature to yield of its stores in greater profusion than ever before, are some of the assets to be credited to modern civilization.

On the other hand we must not blind ourselves to the liabilities which are present in our midst. These seem to spring from the very progress which ought to annihilate

them. The destructiveness of modern warfare, the unfair and unjust distribution of wealth to labor, the viciousness of modern propaganda, and the evils attendant upon our highly agricultural and industrialized age, are some of the outstanding dangers which mankind still has to conquer. Of all these complex problems none perhaps is greater or affects more people than does the hazard of old age.

I do not speak of the dangerous disease of old age, but of the economic insecurity which today affects those of our population who have reached the age of 60 or 65. This is a problem which is terrifying to those whom it affects and which strikes at the very soul of their existence. In this so-called "twentieth century of civilization", in this, the richest country in the world, we find men and women past the age of 65 compelled to surrender their self-respect and become dependent as charitable wards, either on the community or on relatives or friends who in many instances are as badly off as those who depend upon them.

Old-age dependency is definitely and positively one of the great tragedies of modern economic progress. Scientific medicine has made it possible for mankind to live longer than formerly. Two generations ago the average age of man would be about 40; today the average man lives until he is 58, and the same scientific appliances that have been utilized for children to grow and develop have been placed around the old father and the mother, so that old age and longevity have been increased. Formerly, out of a total of 100,000 people, 41,000 would reach the age of 65. Today 52,000 of such an original number will live to be 65. Because of the increased expectancy of life, the number of persons 65 years of age and over in the United States has been steadily increasing, and the consequences are that, while those fathers and mothers are living longer than before, the economic and industrial conditions that confront them in our Nation has made it impossible for them to find work, and the only way they can subsist and save themselves from penury, hunger, and want, is for them to join the great caravan that finally wends its way over the hill to the poorhouse.

Only 6 percent of all the old people employed in private industries can expect pensions in their old age, while the balance, or 94 percent of them, can expect nothing, depending only upon their savings. If, unfortunately, their income did not permit them to save for old age, or they lose their money through unfortunate investments, then modern industry throws them back upon the community as human driftwood and wreckage that is useless because of life's wear and tear. Thus we behold our wage earners transformed from a group of hopeful, independent citizens into a class of helpless poor. In some States of the Union it is a crime to turn out old horses to starve; still society lets its old men and women starve in their old, unemployed age unless they take the last pilgrimage upon the road that leads them pathetically to the almshouse and poorhouse. [Applause.]

How many old men and women have we? There are today over seven and a half million people past 65 years of age in the United States. Four and one-half millions are between the ages of 65 and 70, a million and a half between the ages of 70 and 75, and a million between 75 and 80, and there are three-quarters of a million people 80 and over, until life finally terminates. The number of old people in our country is now twice greater than the original population of the entire Thirteen Colonies.

Statistics of all the money spent in the almshouses and the old-age homes of our country show that 32 percent went as administrative expense, 38 percent for operation of the plant, while 30 percent went for inmates' maintenance. In other words, out of every dollar contributed to the almshouse, 70 cents went for administrative and operative expense, the so-called "overhead", while 30 cents went directly for the old fathers and mothers.

Every State of the Union, with the exception of New Mexico, has almshouses for the poor. In 40 of our States the almshouses are county institutions. Here in these almshouses are huddled together the feeble-minded and the epileptic, the crippled and the maimed, the idiot and the imbecile, the abandoned child of the prostitute, the broken-down

criminal, the chronic drunkard, the victim of loathsome and contagious diseases, and venereal infections, and last but not least, the superannuated toilers of labor and industry, our fathers and mothers. Veterans of dissipation and veterans of peace and industry living together under one roof. Is it fair? Is it just? Is it humane?

To me it is a pitiful and tragic indictment of the civilization of our times. [Applause.]

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

Mr. SIROVICH. Mr. Chairman, I ask unanimous consent to proceed for 15 more minutes.

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 15 additional minutes.

The CHAIRMAN. The gentleman from New York is recognized for 15 additional minutes.

Mr. SIROVICH. Mr. Chairman, what are the causes of old-age dependency? First and foremost is the impairment of health. Sickness and disease exact a terrible toll. In old age the resistance of a person is diminished and he becomes susceptible very easily to the ravages that come in the wake of vocational and industrial pursuits. Tuberculosis among the miners; pneumonia amongst the steel and mill and factory workers; rheumatism and heart lesions from working in damp and wet occupations; asthma, bronchitis, and skin lesions amongst fur workers; lead poisoning amongst painters, and countless other maladies too numerous to mention. Unfortunate business investments, alluring advertisements, high-pressure salesmen have ruined many an old father and mother. Bank failures have sent many an elderly couple to the almshouse when the savings of a lifetime were lost. When the waning earning power of old age in competition with young age and machinery manifests itself, ambition collapses, hope is transformed into despair, and, with relatives and friends gone, death or the almshouse is welcomed as the final relief. The greatest curse of old age, however, is unemployment, which has lately increased through the productivity of machinery. Everywhere discrimination is practiced against the older employee in favor of youth. In modern industry today we see the exemplification of the vicious principle "Equal opportunity for all, except those past the age of 45."

Another factor driving older men and women toward pauperism is the lack of family connections. One-third of the almshouse paupers throughout the United States have never been married, another third are widowed, and one-third are still married. The great majority of aged dependents in almshouses and infirmaries are childless.

Other causes for dependency are the victims of the ingratitude of children who have forgotten the divine injunction given to Moses upon Mount Sinai, when God gave him the great commandment which says: "Honor thy father and thy mother, that thy days may be long upon the land which the Lord thy God giveth thee."

Loss of wife, husband, or children very quickly brings about the transition from independence to dependence.

Scientific medicine has increased the span of life in less than a century from 39 years in 1840 to 58 years, which it is today. So that today we have 7,500,000 people over 65 in a population of 125,000,000.

Last but not least, the greatest cause of dependency in old age is the terrible toll that industrial accidents take in human and economic values.

During the period from 1910 to 1920, a period of 10 years, there were more men and women maimed and crippled in the industries of the United States than were lost in all the wars of our Nation from the time of the American Revolution down to the World War. In the years 1917 and 1918, when our expeditionary forces went across the ocean to fight to make the world safe for democracy, there were more men and women killed in the industries of our country than there were American soldiers and sailors killed and wounded by the hostile forces fighting in Europe. In the year 1919, according to the report of the Federation of American Engineers, in this country 23,000 people were killed in our industries

and 3,570,000 workers were crippled and injured in the performance of their duties so that they had to stay off for 4 weeks or more from their employment. If the prevailing rate of wages, according to the National Employers' Association, amounted to \$27.25 per week for the year 1927, it would mean \$4 a day for 300,000,000 days, or a loss to labor and industry of \$1,200,000,000 a year.

It was these frightful conditions, ladies and gentlemen, that prompted the people of the country of ours to interest themselves in the subject of old-age pensions. In 10 years the principle of old-age pensions has been approved in 29 States and 2 Territories of the Union.

Social-service workers and authorities on old age have agreed that any individual who has reached the age of 65 or over and possesses no property or whose income is less than \$300 a year must become a dependent upon his family or his community. In 1930, 3,000,000 people were supported wholly or in part by others. Think of it, one person out of every two past 65 years old is supported by your community! What are the factors which are responsible for this very serious situation?

1. First is the increased span of life. Accompanying this increase in the individual's life is the elimination of opportunity in industrial occupations. All of us are familiar with advertisements for help wanted. Applicants must be under 40 and sometimes even under 30 years. Some restaurants will not accept waiters over 25 years. Thus the aged worker is progressively eliminated from industry. The chance to obtain a job seems to vary in inverse proportion to the age of the men after 30 or 40. In this great machine age where mass production reigns supreme, we behold the tragic formula of equal opportunity for all with the exception of those past the age of 45. [Applause.]

2. The second factor in old-age dependency is that of family relations and the mode of living. Before the intense centralization of industry arrived in large cities, homesteads were kept and there was always room for grandpa or grandma at the fireside. Today, with apartment-house living, no room for the aged exists, and they of course become dependent upon the charity of the community, or inmates of almshouses.

3. The number of old-age dependents are four times as great among men as they are in women. For sentimental reasons mothers more often will find a home with their children than will the father of the family. At the same time it is interesting to note that there are four times as many single men dependent upon charitable assistance as married men.

4. The collapse of over 4,000 banks, carrying the life savings of hundreds of thousands of old people, has destroyed their hope of providing for the future. High-pressure salesmanship, selling worthless securities to these old people, has robbed them of millions that would have provided for them in their old age. Ill health, of course, is a factor in old-age dependency.

5. Perhaps the most important factor of all that constitutes old-age dependency, is the low wages paid to unskilled labor during the productive years of life. By low wages, I mean a salary which allows only body and soul to be kept together, but which makes no provision for old-age saving or insurance. That this is definitely true is shown by an authentic report by the State of Pennsylvania in 1925, to the effect that the male almshouse population is recruited largely from the ranks of unskilled labor. Another study, made in 1910, showed that out of 58,000 males admitted to various almshouses in the United States, 37½ percent were common laborers. In New York State, a study of 1,700 men receiving old-age pensions, showed that 50 percent were unskilled and semiskilled laborers.

To summarize, therefore, it must be evident to us that the factors which make for old-age dependency are not within the control of the individual himself. It seems definitely certain that social and economic forces which no single person can guide or control are in the main responsible for the appalling condition of old-age dependency in the United States.

To my mind, old-age security must be solved and the terror of old age removed if the United States of America is to fulfill its destiny. [Applause.]

We physicians constantly urge care of the body in infancy, youth, and maturity in order that physical perfection may be at its highest throughout life. Of what use is such urging by doctors—and care of the body by the average person if, at 40 or even 50 years of age, that body is to be scrapped as old metal and thrown away as human junk?

In some States of the Union, as I stated before, it is a crime to turn out old horses to starve. They must be fed or destroyed. Shall we feed, clothe, and house our aged, or shall we destroy them as old horses are destroyed? The very thought of it is a tragic indictment of the civilization of our days. [Applause.]

We have been dodging the problems of old-age pensions by expedients of various kinds. But no expedient ever solved a problem. The only solution of this condition is by thorough consideration of all the facts that will honestly solve this matter.

For many years on the floor of Congress and elsewhere I have advocated pension for the aged—old-age pensions—and have made studies of the conditions covering the subject that have run over a long time. I have fought steadily and consistently for this ideal of humanity for years and shall continue to battle until it is won for every old man and woman. Economic security must be assured to all citizens in their old, declining age.

Let me repeat, gentlemen of the House, no society can survive that allows its men and women to starve in their old and unemployed age, and forces them, to avoid hunger and want, to take the last pilgrimage of their lives on the road that pathetically and tragically leads over the hill to the poorhouse.

Old-age dependency is but one of the terrible social risks to which man is subject today. What are some of the other risks? They are industrial accidents and occupational diseases; temporary or prolonged sickness; permanent invalidity; old age; maternity; unemployment; death of the breadwinner, involving dependency of widow, orphans, or other dependents; sickness of members of family; burial.

What is the remedy? Let us look at what foreign countries are doing. Of all the civilized nations of the world, 42 have adopted the principles of old-age pensions. There are three forms of old-age pensions operating throughout Europe, south Africa, South America, Canada, Australia, and New Zealand. The first is called the compulsory, contributory form of old-age pensions. This system consists of compelling each workingman from 16 to 65 to contribute a part of his income to a general national fund, the amount to be contributed being anywhere from 2 to 5 percent. The employers contribute a like amount, and the government contributes a third portion. This amount stays in the coffers of the nation until the man becomes old and enfeebled and arrives at the age of 65, when he becomes the beneficiary of his labor and efforts. Twenty-eight nations of Europe have adopted the principle of the compulsory, contributory form of insurance, and amongst them are the three great nations—England, France, and Germany.

Germany was the first to start this movement, under the influence of the Iron Chancellor, Bismarck, in 1881. Today there are 20,000,000 workers enrolled who, when their time comes, will be the recipients of an old-age pension which will make them love and respect their fatherland and make them realize that they are receiving the kind of protection and security which it is the duty of every civilized government to provide for its citizens.

Germany also provides its citizens with invalidity insurance, widows' and orphans' pensions, as well as sickness and unemployment insurance.

In 1908 that conservative and great nation, England, under the leadership of Lord Asquith and Lloyd George, introduced the noncontributory form of insurance. In 1925 greater modifications were made in the bill to conform with Germany's system, so that England today stands upon the same pedestal in old-age-security legislation as Germany.

It adopted in toto the entire theory of compulsory, contributory insurance. Out of 17,000,000 workers in England, 16,000,000 have subscribed to the principle of old-age pensions.

France has 7,500,000 of its working people enrolled under the roster of the compulsory, contributory form of old-age pensions.

The second system, under which 10 nations operate, is called the "noncontributory form" of old-age pensions and is colloquially known as the "straight pension system." This system provides for no contribution by any toiler, but when a workingman arrives at the age of 65 he receives his pension as an evidence of the interest which his government maintains in him. Industry cannot throw him away as a wreck upon the ocean of life.

The nations which have adopted this noncontributory form of old-age pensions, or straight pensions, are such countries as Denmark, Canada, New Zealand, Australia, Iceland, and Russia.

The third form of old-age pensions is the kind known as the "voluntary savings" type, under which an individual puts away every week in one of the postal savings of the government a certain amount of money from his allowance and the government contributes a subsidy to equal it. The individual, however, cannot use it until he arrives at the age of 65. The nation which started this principle was Spain, and today Japan is operating under that system.

There are 1,900,000,000 men and women in this world and 600,000,000 of them have subscribed to the different forms of old-age pensions. They will be the beneficiaries of an old-age pension system in the declining years of their life. So we have the wholesome spectacle of 42 nations of the world interested in the preservation of human life. The only three nations of the whole world that have not adopted the principle of old-age pensions are China, India, and the United States. I am making the plea to have our country withdraw from the company it is keeping with China and India and march onward with the civilized nations of the world. [Applause.]

Mr. Chairman, the true patriots of our country are not only the men who bared their breasts to shot and shell and were ready to give their lives upon the battlefields of our country so that our Nation should be preserved, but there are also the veterans of peace, men who have worked in the quarries of life, in season and out of season, and have contributed everything that they hold near and dear in life to the peace and prosperity of our country in times of peace.

Just as we pension the veteran for his patriotism in time of war we should pension through the principle of old-age security the old father and mother who have battled for our happiness and our success in time of peace.

I want to see America marching with England, with France, and Germany, not only on the basis of an agreement for naval and military disarmament but on the basis of humanitarian disarmament, that would make the world safe for humanity to live in peace, tranquillity, and happiness until Divine Providence calls them to rest in eternal sleep. [Applause.]

Mr. Chairman, often have I sat in the House and listened to resolutions put through by some of the distinguished men of this historic forum. A few years ago a bill was passed appropriating \$50,000 to determine why fishes do not enter the harbors of certain sections of our country. Recently another appropriation passed the House spending thousands of dollars to determine the cause of death of old trees in the forests of our Nation. At the last session of Congress thousands of dollars were appropriated to determine the cause of disease among cattle. I have seen thousands of dollars spent to conserve our oil resources. Millions have been spent to eradicate the corn borer, the bollweevil, the Spanish fly, and the Japanese beetle.

Mr. Chairman, the present bill under debate and discussion is an American bill. It is a humanitarian bill. It is in consonance and in conformity with the teachings and the preachment of the great Savior. It is in harmony with the greatest commandment of all commandments. Mr. Chairman, the time has come, the hour has struck, and the

moment has arrived when the United States has to declare whether it shall fall behind the cultured and civilized nations of the world or is willing to march side by side with those nations that have put human rights on the same parity as property rights. [Applause.]

Mr. Chairman, we have had 74 Congresses of the United States since the inception of our Government. What man in Congress here can state to me which Congress stands out preeminent? What Member can tell me the Congress that has done the greatest good?

All I know is that the Twelfth Congress was the Congress that declared war against England. The Twenty-ninth Congress was the Congress that declared war against Mexico because of Texas. The Thirty-seventh Congress was the Congress that brought about the Civil War and gave freedom to the Negro. The Fifty-fifth Congress was the Congress that brought about the freedom of Cuba, which involved us in the Spanish-American War. The Sixty-fifth Congress was the Congress that declared war against the Central Powers of Europe, and the Sixty-third Congress was the Congress that brought about the Federal Reserve System that protected the rights of money in banks against financial collapse so that our material wealth would be protected as the years go by.

I would like to see the Seventy-fourth Congress of the United States, ere we make our exodus from this historic forum, declare war against the inhuman treatment of our elders, so that they may continue to live in their own homes that have been hallowed with sweet memories, tender with pleasant reminiscences. Home, where the prattle of children has been music to the ears of the parents. Home, that has always been dedicated to God and consecrated to the love of family life.

In the name of humanity I appeal to the membership of this House for the preservation of the home and all that it means, so that the gracious prayers of our older generation will pray for the life and happiness of the membership of the Seventy-fourth Congress of the United States for having given of their today that others might have their tomorrow. [Applause.]

Mr. Chairman, every manufacturer is permitted to deduct from his income tax certain sums for obsolescent machinery—for property that is wearing out. How about providing sums for the obsolescent men and women, and the obsolete men and women who have been worn out in their labor in the quarries of life? Are they not entitled to security in their human obsolescence? Are human beings less than machines? Is a human soul of less value than a contraption of iron, steel, and brass? Is property more sacred in this great Republic than human beings and human rights? Did the fighting founders of the Republic free the American Colonies from Great Britain, in order that later generations might immerse them in economic slavery, and let their old carcasses waste away in hunger and poverty, or be put away in poorhouses with criminals, insane, and diseased others? God forbid!

Why should not employers of the labor on human minds and hands, be compelled to provide obsolescent security in the form of old-age pensions for those who have worn away the best years of their lives in service to the machine age. The cost is only 3 percent of the weekly pay roll, for the benefits that will come. For unemployment insurance the employee bears an equal tax of 3 percent with the employer who pays 3 percent.

In my career as physician, surgeon, and social worker, I have done everything in my power to further the ends of social justice. As one of the original members of the Widows' Pension Board in the State of New York 23 years ago, I have helped in the passage of many welfare bills, particularly those relating to the widows and orphans as exemplified in the widows' pensions and child-welfare laws, which have served as a model in 41 States of the Union and communities throughout the world. In my broader field of National legislation, I have centralized my efforts for the relief of old age through economic-security insurance and old-age pensions. These efforts have resulted in the re-

peated introduction of the Strovich bill for old-age pensions during the past 10 years. In the Doughton bill, the solution of these social problems is the securing of old-age pensions through the compulsory contributory form of social insurance for every working person in the United States, the cost of which shall be distributed between workers and the employers.

Mr. Chairman, this is not socialism. This is not radicalism. This is not communism. This is humanitarianism! It proclaims to the people of our Republic, that since it is patriotic to pension our soldiers who bare their breast to shot and shell in order that our Republic may live, it is just as humane and patriotic to pension our old fathers and mothers who have toiled in the quarries of labor to make our country prosperous and glorious in time of peace. This is simple justice and the honorable discharge of a debt which society and our Republic owes those who labor in their behalf to make our Nation the richest in all the world. Every civilized nation on the face of the world has some form of old-age pensions with the exception of China, India, and the United States. Shall the United States, the richest, the greatest, and the most prosperous Nation in the world march arm in arm with medieval China or India, or shall it take its rightful place in the forefront of the great nations of the world battling for social justice to our forgotten old fathers and mothers. [Applause.]

Mr. Chairman, sooner or later the curtain of life will fall upon our earthly career. A little shaft will commemorate our humble memories. Let me sincerely hope and trust that in the far distant future when that time comes, that somewhere in Alleghany County, N. C., on such a modest shaft will be inscribed the sentiment:

"Here lies ROBERT DOUGHTON, Chairman of the Ways and Means Committee of the Seventy-fourth Congress. Father and sponsor of Federal old-age pensions, unemployment security, child welfare and health and maternity protection for the people of the United States." [Applause.]

BOB DOUGHTON—may the prayers of a grateful American public bring to you and your loved ones happiness in your heart, contentment in your mind, for having fathered and sponsored such inspiring and humane legislation, that will be an inspiration to others while you live, and a monument to your memory as well as our great humane President Franklin Delano Roosevelt, long after the rest of your colleagues shall be forgotten in the ashes of time. [Applause.]

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

Mr. SIROVICH. I yield.

Mr. COLDEN. First I wish to express my very deep appreciation for this marvelous contribution to the discussion of this subject. I want to call the gentleman's attention to the fact that when this discussion opened on last Friday the first gentleman who took the floor was our colleague (Mr. TREADWAY), of Massachusetts. He chastised severely this measure and the method of its introduction and its consideration. I would like to ask the gentleman from New York if he can give us any enlightenment as to the conduct of the Republican Party.

The CHAIRMAN. The time of the gentleman from New York (Mr. SIROVICH) has expired.

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from California (Mr. McGROARTY). [Applause.]

Mr. McGROARTY. Mr. Chairman, I want to thank the Chairman of the Ways and Means Committee for this courtesy. I want to tell my colleagues that the gentleman from North Carolina (Mr. DOUGHTON) actually had to go out of his way to get me this time. I slept on my rights. I did not appear when I should have appeared to ask for time. When I came to get this time, it had already been allotted and assigned; but notwithstanding that, Mr. DOUGHTON has rendered me the unusual courtesy of giving me this brief 20 minutes, and for that I thank him most sincerely. It is things like that which are leading me to like Washington a little. [Laughter.] When I came here first I was very much discouraged and depressed, and I did not know why; but I found out later it was because I did not know anybody, that I was a

stranger, and that I was lonesome and homesick among strangers. Now that I am beginning to know you gentlemen of this House, and particularly the ladies of the House, I am beginning to like Congress a little.

What I say, my colleagues, will not be for home consumption. It has been charged against some of the speakers here that what they said was for home consumption. I am here as a Democratic Member of this Congress from what I believe is the most rock-ribbed Republican congressional district in the United States. The great Roosevelt avalanche of 1932 slid right by it and never touched it; even our best earthquakes out there have been unable to shake it. [Laughter.] It went for Hoover like a thousand of bricks. They gave the Republican ticket last year a majority of something like 70,000. The Republicans of my district are a little ashamed if ever their normal majority drops under 50,000. Still I am here, elected on the Democratic ticket. I did not want to come; I have no very great desire to stay. So what I tell you is not for home consumption; it comes from my heart and from my own conviction.

I am thinking of what the distinguished gentleman from Tennessee [Mr. COOPER] said, and what the last very eloquent speaker, the gentleman from New York [Mr. Sirovich] said. Both of them referred to the time when the curtain of life shall fall, on the last great day. I missed gestures they should have made that I have seen made by a dear old minister I used to know. He had but two gestures; one was to point his extended arm and finger upward and the other was to point an extended arm and finger downward. He wound up a sermon by saying: "When the roll is called up yonder I'll be there", his finger pointing downward. [Laughter.]

Mr. Chairman, I have given a good deal of attention, such as my poor little brain will permit, to the bill now before the House. I am wondering if what I heard so much out in California and even since I came to Washington was true, that legislation here in this Congress is being framed by college professors and that college professors are running the country. I have tried to find out about these college professors, if they existed, to get a look at them. Sometimes I felt they were purely mythical, but I had the good luck not long ago to meet one. I sat in the Agricultural Building in a big room with the Land Commission, and sitting beside me was Professor Tugwell. I engaged him in conversation and became very friendly with him. I told him that I was due in a few days among the old blue hills of Pennsylvania where I was born, to attend a birthday party and I wanted to take a contribution to the party and asked Professor Tugwell for a suggestion which he gave and upon which I acted. I am willing to say right now that if Professor Tugwell's ability in the science of government is as sound as the suggestion for me to take to the birthday party, I am willing to follow him blindfolded to the ends of the world.

Now, about these college professors; if it be true, as most everybody believes, that they are framing legislation, let us look back through the pages of history and find out what background college professors have. I have made some researches and I find that college professors did not write the Ten Commandments, nor the Book of Job, nor the Four Gospels. Nobody has ever told me that Matthew, Mark, Luke, and John were college professors.

College professors did not write Magna Carta, the Declaration of Independence, or the Constitution of the United States, or the Marquis of Queensbury rules; they did not even write that famous ditty, which was popular a few years ago, entitled "Yes, We Have No Bananas Today." [Laughter.] So why should we take without question what college professors tell us today? The bill before us has some funny little noises in it that sound a lot like college professors. Take, for instance, the old-age-pension title, title II of the bill, I believe. Now, I am the last man in this world who will ever believe that our great President suggested that title of this bill; I do not think he has that kind of mind. Do you think for a moment that our great President would say to the old people of this country: "I want you to have \$15 a month, and you can have it from the Federal Government

provided the States match it with an equal amount." I want to ask you which States can match it? I do not know any State in this Union which can match it; they are all on the rocks. I do not know one of them that could match it with 15 cents, let alone \$15; and so the result is likely to be that there will be no old-age pension under this bill. But suppose there should be, then what is it? You can say if you want to that the great President of the United States will go to the door of a house where there are an old man and an old woman and say to them: "Here, grandpa; here, grandma, is \$15 for you, and it is to do you for a month; it is 50 cents a day for each of you. Now, take it, and do not spend it in riotous living." [Laughter.]

I think college professors proposed that.

Mr. Chairman, we are proposing an honest-to-God old-age pension, the vision of a man who has been much sneered at and much jeered at in the city of Washington and in this Congress and by people in high official positions. A high official of this Government has said that the Townsend plan is "cockeyed"—a very dignified, statesmanlike expression from a high Government official. Another high Government official said it is ridiculous and grotesque. Now, we do not think so. We know it is not, and we know that anybody who sneers and jeers at Dr. Townsend knows not what he does.

Mr. Chairman, I have known this man for many, many years. He is my near neighbor in California, and I want to ask you and other people, where were you and where was I when Dr. Townsend, through the long hard years, rode the swollen rivers of the Dakotas, rode through the bitter blizzards when he was frozen to the marrow in his bones, risking his own life to save the lives of others? He never spared himself where the cry of human pain reached his ears. Who are we to sneer at a man like that? The last great day has been spoken of on this floor this afternoon. I hope to God when I stand with all the sons of man, three deep, before the gates of Jehoshaphat on the last day I can render to the Lord God of the ages even the shadow of the account that Dr. Townsend can render for himself. He is too good a man to be jeered at. He is as honest as the rain. He has a scientific, educated mind, and he has a soul and a heart that beats for his fellow creatures, and his life proves that. Shame on anybody that jeers at a man of that kind. He is jeering at his better. Dr. Townsend has been jeered at by people who are not fit to wipe the dust from his shoes, and I tell you that because I know him. I live where he lives. I see him every day in his daily life. I would trust him with my very soul in anything.

Mr. Chairman, I was seated here in the House a short time ago and an old friend of mine remarked about this crazy utopian, bedbug scheme, the Townsend old-age-pension plan. I asked him if he knew anything about it, if he had looked into the matter. He stated he had not, but said it was crazy as hell. Now, he does not know the first thing about it, and that is the way with a lot of other people. Do you want to say that I am as crazy as a bedbug? I can read and write. I have been to school. I even taught school. I believe in it. Do you mean to say that all these 30,000,000 people in the United States are crazy as bedbugs? Who are you talking about? You are talking about the descendants of the men whose bloody footprints were in the snows of Valley Forge. That is who you are talking about. You are talking about the descendants of the men who took the flag from the Atlantic seaboard and flung it to the golden shores of the sunset seas. You are talking about God's beloved old people who have read newspapers, who have studied the Bible, who have read books, who are intelligent, but who are pitifully helpless in their old age. Now these college professors come and offer them this pauper's dole.

Mr. Chairman, I want to say these old people will resent it, and they will resent it bitterly. I told you before that I had no desire to return to the next Congress. I have not, but maybe I shall come here as an ex-Member with the right to the floor and take a look at it. I want to tell you gentlemen that if you do not pass the Townsend old-age

pension plan and enact it into law—I am not making a threat, I am making a prophecy—you will be sorry. You know, poets are prophets, and although I am least of the poets, I still have a right to claim the gift of prophecy. I am a newspaperman, trained to keep my finger on the pulse of the Nation. I know what is going on. I know that in my own State of California there are 1,500,000 voters signed up on the Townsend old-age-pension plan. May I also tell you that the other day a member of the State legislature in Oregon voted against the adoption of the Townsend old-age plan in that legislature and his folks at home snagged him out of that legislature so quick it made his head swim. That is the way they feel.

My dear colleagues, I hope to return and visit you and sit with our beloved Speaker in his room, and chat with Mr. SNELL, Mr. HAMILTON FISH, and others.

You know, before I started this speech, I went to my good friend the gentleman from Texas [Mr. BLANTON] and said, "Congressman BLANTON, do not interrupt me. Do not ask me to yield. This is really my first speech and you will throw me off balance." I said, "Right in the beginning of Congress you took me for a ride. You took the hide off me and nailed it to the barn door, and it was good for me, because I learned something. Now, I have never interrupted you once and you have talked at least two or three times in this House to my knowledge." [Laughter.] I said, "Congressman BLANTON, you will let me go on, will you not?" And he put his hand in mine and said, "God bless you, I will do everything I can to help you, and if DOUGHTON does not give you enough time, I will ask our friends over there on the other side to give you some." So it is just something like that that is beginning to make me like Congress. But we are here to see the Townsend plan enacted into law.

Mr. Chairman, I have introduced a revised bill. It is the most scientific bill, the most statesmanlike bill ever introduced in any Congress of the United States. [Applause.] And one reason why that is so is because I did not write a line of it.

Now, my dear colleagues, I pray that God will enlighten you. Out yonder they are waiting, God's beloved old people, "Los Ancianos", as we call them in Spanish in California. They are hanging on every word that is spoken here. They are waiting, the dear old people who must be so near the heart of God. We cannot give them a pauper's dole. We cannot give them a crumb when we can give them a loaf. This country of ours is the richest and most powerful nation in the world, this Nation of ours in which the Lord God put everything that man needs, yet where there is stalking hunger and despair because somebody has blundered. We can solve all that now. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. The gentleman referred to the generosity of this side. May I ask him if he would like 5 minutes of my time?

Mr. MCGROARTY. Thank you, sir. I will take it and use it mostly in thanking you.

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 5 minutes.

Mr. MCGROARTY. I have told you I represent the strongest, most rock-ribbed Republican district in the United States, Mr. Chairman, and I often sit on that side of the House—you may have noticed me [laughter and applause]—because I think I belong there or half belong there, anyway. I was elected by people who had prayed on their bended knees to God to die and be able to say to God that they had never voted for a Democrat. [Laughter.] An old lady in Pasadena in my district said to me one day, "JOHN MCGROARTY, you have done a hard thing to me. I have prayed all my life that when I talked to God on the last great day I could tell Him two things I had never done. I wanted to tell Him, and I prayed to Him, that I had never voted for a Democrat and I had never voted for a Catholic. You are both, and, damn you, I voted for you." [Laughter and applause.]

Now, the point of all this is, Mr. Chairman, that these rock-ribbed Republicans, these people who have been intol-

erant of another man's religious belief all their lives, quit it, dropped it all, because I told them that if they wanted to elect me and if I were elected, I would support the Townsend plan, and my opponent would not promise that. So all these Republicans deserted him in a body, overcame the 50,000 normal Republican majority, and piled 12,000 majority on top of that for me.

Now, this is what they will do in every district in the United States, and you remember what I am telling you now. It is not a threat, it is a prophecy. My colleagues, get in line. Let the grace of God get into your hearts. Pray, as the Chaplain did this morning, for enlightenment so that you all shall come back here, and when I visit you in the Seventy-fifth Congress and stroll around shaking hands, I want to see you all here. You are all such nice fellows, you are all such good men that I would hate to see any ill befall you.

Mr. Chairman, in conclusion I submit the following statistical statement:

Inasmuch as my bill calls for a 2-percent tax levied on every transaction and a 2-percent tax on all gifts and inheritances and an increase of one-tenth in present income-tax rates, all to be collected and prorated to those citizens of 60 years of age or over, who can and will qualify for this pension, I wish to call attention to the probable amount each pensioner will receive each month.

Statistics are not complete as to the total amount of business done in these United States annually, but there is none who will deny that our present business total is upwards of \$600,000,000,000. This being the case, 2 percent of this amount would yield \$12,000,000,000 per annum. The most careful estimates of the number of citizens who can and will qualify under the provisions of the McGroarty bill is less than 6,000,000, but let us assume, for a margin of safety, that 8,000,000 citizens qualify; by simple calculation we arrive at the monthly pension or annuity of \$125 per month for each of the 8,000,000 citizens retired.

No consideration in this calculation is given to the great amount of revenue gotten by the levying of the inheritance, gift tax, and the increase in the income-tax rates. Neither has there been any allowance made for the great increase in business which will be occasioned by the introduction of this new purchasing power and the consequent employment of the millions now unemployed.

Certainly no thinking person can believe that 8,000,000 or even 4,000,000 or for that matter, 2,000,000 citizens can be put on an annuity or pension roll by a waive of the hand or a stroke of the pen. While the pensioners are being qualified the tax is being collected and accumulated; therefore, the amount of returns from the various taxes will at all times produce more than enough to pay the pensioners \$200 each month. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Chairman, we are discussing and have been discussing for several days a social-security bill. Some features of this bill I am very much interested in, and in favor of. The fact of the matter is we are all interested in most of the features of the social-security bill, but we must give consideration to the necessity of inculcating features that are embodied in this bill into law, and we should give consideration as to how a bill of this kind is to be carried out and put into effect. It should be a reality and not a political jest.

We should consider the various titles of the bill.

With respect to title 1, old-age assistance, it seems to me from the experience I have had in the business world, if we would take up that one particular subject and give it the consideration that has been given it by those who have written this bill, we would be doing something for old-age assistance and doing it in the right direction. The monthly amount may not be as high as some of the Members of the House would like to see it, but if we start out with the idea we are going to try to establish a fund of \$30 a month for those who have attained the age of 65 years and we put that into effect, we will determine many things about the working

of the bill that may be different from the ideas we now possess and in a year or two, may decide that this amount may be raised 10 or 15 or 20 dollars a month, if possible, then we can do it in an orderly fashion.

However, instead of taking up title I, we add to that title II, Federal old-age benefits, title III, unemployment compensation, and title IV, aid to dependent children, title V, aid to maternal and child welfare, and title VI, public health service.

I want to be conscientious in trying to give you my views on this particular piece of legislation and I do predict that if you try to put this bill through as it is written, you will find it will become very difficult to solve all the problems, and it will be one that will be very difficult to handle, expensive, cumbersome, and unworkable.

Today, while we are talking about social security and trying to take care of the people of this country, it seems to me there is only one way you are going to be able to do it, and that is to let the business people of the United States try to employ other people in the United States so that we can be our brother's keeper, and in this way we will furnish employment, so that men may earn bread and butter for their children and for themselves in order that they may sustain life. If we expect to continue to set up the Federal Government as a charitable institution by which we are going to always take care of every individual that comes to us for aid, and do it in the way we are doing it now, having the Government keep the people, instead of the people supporting the Government, we are going to wreck business and we are going to put all the people of the United States on the Federal pay roll, and whenever we do this you can very well figure that we are going to have a wrecked Government, and, following the course we are pursuing, and have been pursuing in the last 2 or 3 years, we are simply going to wreck this Nation as sure as the sun rises tomorrow morning.

Now, in this bill we are placing upon the business of this country that employs more than 10 people 9 percent of their pay roll. If we are to place a 9-percent burden on the pay rolls of the country, the way business has been conducted the last 2 or 3 years, and the confidence of the people will be shaken in what we are doing, do you think this House is going to increase their confidence in American government? If so, you are mistaken. It cannot be.

I do not believe that we should establish all of these major projects all at one time. If a business concern today was going to manufacture a certain commodity that would put its plant in operation for several months or a year, it would develop that particular thing to the point where it was perfected. It would establish itself in an orderly procedure so that it could manufacture that one item at a profit. It would not think of manufacturing six different major commodities and put them in operation all at one time, but would perfect one item before taking up the second; after perfecting the second it would begin on the third, and so on.

That is what we should do in this social security bill. Take old-age pensions, perfect that in one bill; next year take up section 2, unemployment relief, and so on, in orderly manner.

Now I want to call the attention of the Membership of the House to some of the things that have been mentioned regarding the bill. When a Member remarks to another that he is for a certain bill, he should not be criticized. My colleague, who spoke preceding me, said that anything as low as \$30 a month was a ridiculous thing to do. If I could see a way in which people could get \$200 a month without wrecking everybody, I would want to see them get it. I would not demand they spend it however. That would be a pleasure to me to see that everybody had all the pleasures of life. But I tell you that if anything would wreck this Government it would be the crazy Townsend bill, spending \$200 every month for old-age pensions. It is ridiculous and absurd. Giving \$200 a month for old-age pensions would cost this country \$24,000,000,000. That is an absurdity.

Mr. MOTT. Will the gentleman yield?

Mr. RICH. Not until I have finished my statement, and then only if I can get an extension of time. I am sorry.

I want to call the attention of the Membership of the House to the Treasury statement dated April 9. They are sent every Member of Congress each day. I question whether the Membership of the House study them. I think the Membership of the House ought to give recognition to these statements that come into their office.

Our national debt at that date was \$28,874,313,564.98.

You all remember that last year when we devalued the gold dollar they charged off \$2,000,000,000, so that you really find that we are \$31,000,000,000 in the red.

We are \$31,000,000,000 in the red now, and we are going in the red every day to the tune of \$12,000,000 a day. Where are you going to get this money? I shall ask you Members of Congress that question every day. Where will you get the money? It is your responsibility. You are responsible for getting the money, and if you do not, you will wreck your country. You cannot go on in this way. It is an impossible thing to do. It is just as impossible for this country to go on going into the red to the tune of \$12,000,000 a day as it is for any one of you to go into the red \$100 a day more than the salary and income that you have. Eventually you will be called upon for an accounting, and when that time comes you will see the sheriff coming after you. What we will do, if we continue this course, will be to put a millstone around the necks of the children that will be coming on in this country, or entirely wreck the country. You ought to recognize that fact. All we do today, in committee and in the House of Representatives, is to talk about how much we can spend and what we can get from the Government to satisfy people back home whom we have told that the country is made of money, it should support their every desire, that it is an endless barrel, and that all we need do is to reach down in the Federal Treasury and hand it out at the rate of \$200 a month—a most ridiculous statement and a most silly thing for us to fool the people of the country. The Federal Government has no more money than the States. It is a serious state of mind into which we have gotten the people of the country, and we ought to sit down as conscientious men and not try to do that which would make the people back home believe that we are going to give them the whole world, and a wonderful time, and all the money they want to spend. You know it cannot be done, and so do I, and I am not going to be demagogue enough to stand up here and tell the people in my district that it can be done. We propose a lot of things that we know cannot be carried out, and we vote for a lot of things because we are voting for votes. The people in my district are as honest and conscientious people as in America anywhere. You can fool them a little of the time with such talk, but you cannot fool them all of the time, and you cannot fool the people back in your districts, and you do not need to think for a minute that you are going to fool all the people of this country very long, because if you wreck it, it is your responsibility and it is mine, and I do not want to be in the Membership of this House when I know that we are going to carry our country to ruination. I will support the Constitution, as my oath calls for.

I shall call attention now of the majority party to some of the things contained in their platform, and I shall pick out three planks that are becoming soggy and putrid and rotten, planks which you ought to renew. I read from the Democratic platform of 1932, which the President said, "I am for 100 percent":

We believe that a party platform is a covenant with the people to be faithfully kept by the party intrusted with power, and that the people are entitled to know in plain words and terms of the contract to which they are asked to subscribe. We hereby declare this to be the platform of the Democratic Party.

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

Mr. TREADWAY. I yield the gentleman 5 minutes more.

Mr. RICH. I continue to read from the Democratic Party platform:

The Democratic Party solemnly promises by appropriate action to put into effect the principles, policies, and reforms herein advocated; and to eradicate the policies, methods, and practices herein condemned. We advocate an immediate and drastic reduction of

governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance, to accomplish a saving of not less than 25 percent in the cost of Federal Government, and we call upon the Democratic Party in the States to make a zealous effort to achieve a proportionate result.

I now call attention to the second rotten plank in the platform, and they are rotten because you have not fulfilled your promise, and you are not doing what your party called upon you to do, and you ought to substitute a new one in its place embodying the same statements as are in this rotten plank:

We favor maintenance of the national credit by a Federal Budget annually balanced on the basis of accurate executive estimates within revenues, raised by a system of taxation levied on the principle of ability to pay.

When the President of the United States appointed Mr. Douglas, a man in whom we had the greatest confidence, as a man to perform that job, we knew that he made a good appointment. Mr. Douglas tried zealously and honestly and fearlessly, but he had to resign because the Democratic Party was not carrying out that platform. I tell you that is a serious situation. That plank is one of the rottenest ones, and you ought to substitute a new one and inscribe those same words on it. I read further:

We advocate a competitive tariff for revenue, with a fact-finding tariff commission free from Executive interference, reciprocal trade agreements with other nations, and an international economic conference designed to restore international trade and facilitate exchange.

That plank says, "without Executive interference." It also says that we want a competitive tariff, a tariff that is going to protect the American people and keep the men in industry in this country employed; and when you get a report, as you will get pretty soon, of the things that are being imported into this country, it will make you shudder. You Democrats are not doing your duty in protecting American industry so that they can give employment to the people of this country. That is another plank that I want you to renew. Another one I call your attention to is this:

The removal of Government from all fields of private enterprise except where necessary to develop public works and natural resources in the common interest.

There is another plank that I want to condemn in the most emphatic words possible, because never in the history of this country have we been setting up the Government in business as we are today and as we have done for the past 2 years. If you do not renew that plank and try to get the Government out of business, again I say you will wreck this country. Either that or you will make this a Soviet Union of States. You will set up the greatest dictator the world has ever known.

I beseech of you, let the American people have the opportunity, let the American people employ labor in this country so that we will have a happy, contented family, and we can continue to do those things in a systematic way and let the people of this country assist in maintaining this Government by the taxes they pay, instead of trying to get the Government into all lines of endeavor and putting people out of business. When this Democratic administration has incorporated in the name of Uncle Sam several corporations that will ruin many people in industry, watch them grow. It is a serious situation.

There are other planks in this platform that can be condemned because they are becoming very, very soggy and because they have not been given attention by the Democrats who are representing the majority party. I want to call attention to them at some future date, because I want to make you conscious that this radical, exorbitant, uncalled-for expenditure of Government funds, which is running this country into the slough of despond, will wreck it, and it will be your responsibility, and the Democratic Party must account for it at some future date. [Applause.]

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Mr. Chairman, I yield such time as he may desire to the gentleman from Mississippi [Mr. COLMER].

Mr. COLMER. Mr. Chairman, since that historic day last year during the Seventy-third Congress, when our great Democratic Chieftain—the President of the United States, Franklin D. Roosevelt—sent a message to the Congress advising the Congress that it was his purpose to recommend to the Seventy-fourth Congress a social-security program, which, of course, included old-age pensions, unemployment insurance, services for crippled children, child-welfare service, public-health work, and other provisions for aid to dependent children, I have looked forward with eagerness to the day when this proposed legislation would become law. It offered promise for a most comprehensive and humane program. I am sure that the sentiment and compassion that dwells within my heart for the crippled and underprivileged children and for the unfortunate and needy aged is not peculiar to me but rather is a common virtue shared by the average man who has a sense of his obligation as his brother's keeper. What is there in our human associations that appeals to the compassions and finer instincts of mankind more than the sympathetic understanding of the plight of a crippled or underprivileged child? What can more deeply stir the finer thoughts and sympathies of him who enjoys a fair share of prosperity and the material things of this life than the picture presented by an aged person who has worn himself out in wholesome service to his family, his country, and his God? Penniless because in many instances he has lacked the selfishness, seemingly so requisite to accumulation, in his younger and more productive days, to acquire the material wealth of the world against old age; aged and feeble because in the natural course of life one becomes such—he is dependent either upon the generosity of his more fortunate kinsmen or is the recipient of alms at the hands of the public. This is the condition that largely exists in this country after 2,000 years of civilization. Mr. Chairman, if our civilization means anything, certainly it means that this condition should not continue. It is a reproach to our boasted civilization and Christianity. We must do one of two things: We must either cease to longer boast of this Christianity and civilization or we must recognize under it our obligation and discharge that obligation to these, our less fortunate brothers.

So, Mr. Chairman, I have looked forward with keen desire and increasing fervor to the enactment of a social security law that would in reality alleviate this suffering and discharge this obligation of Christianity and civilization. But when I studied the bill under consideration, which was introduced by our able and distinguished chairman, the gentleman from North Carolina [Mr. DOUGHTON], and so laboriously and carefully considered by the powerful Ways and Means Committee, I was alarmed and amazed to discover that there was a possibility—nay, more than that, a strong likelihood—that another imaginary line would be drawn like a veritable Mason and Dixon's line that would divide this great country of ours into two sections. One section into which these unfortunate dependent persons in need of the provisions of this bill would be benefited, while in the other section these benefits would be lacking. I am sure that such was not the intention of that great humanitarian leader, President Roosevelt, or of this able committee which has presented us this legislation for consideration. Yet, my colleagues, I call your attention to the fact that there is a grave likelihood that just such a thing would happen. Under the provisions of this bill it is made mandatory that before the aged and others who are beneficiaries of this legislation may come under its provisions the several States of the Union must have legislation which must be approved by the Federal authorities, and that this State legislation must make provisions for matching the moneys appropriated by the Federal Government. In other words, under the bill under consideration it is essential that before a dependent and penniless Mississippi person can be the recipient of a dollar of this Federal appropriation the State of Mississippi must enact its own social-security legislation and match dollar for dollar every dollar that is granted by the Federal Government to such person. In theory and at first blush this might appear fair and equitable enough. But in prac-

tice I fear that it will not work. May I call the attention of my colleagues from other States like situated with Mississippi that there is a grave danger that their aged and needy citizens will likewise not profit by the enactment of this legislation. This is an unfortunate situation, yet it is true. It must be apparent to him who thinks, to him who has knowledge of the financial and economic status of our country, that all States of the Union are not equally prosperous and therefore not equally able to contribute to those who are so badly in need of the provisions of this legislation.

In some States the soil is more productive than in others. In some States the natural resources, minerals, oils, timber, and fertility of the soil—and consequently the ability to produce wealth—is more abundant than in others. And I am sure that it is not necessary for me, proud as I am of the accomplishments and heritage of my Southland, to call your attention to the fact that your New England States were settled long before an ax had blazed a tree or a plow had turned the soil in the South. Moreover, it is not necessary for me to call your attention to the fact that this particular section had just begun to come into its own when it was swept by the devastations of the Civil War, when that section, outnumbered in men and in wealth, enriched the history of this country by a demonstration of fortitude and display of courage and arms the like of which has never before nor since been witnessed in the world. And yet, Mr. Chairman, because this particular section, as well as other sections of our country, have not been able to overcome all of these adversities and inequalities, the dependent and aged people whom this legislation should help, and who under the nature of things reside in these less wealthy sections, are told that unless their States, in many instances already overburdened with taxation, will make provision for matching each dollar that the Federal Government puts up, they cannot enjoy the fruits of this legislation. This legislation is humanitarian in its aspects and in the goal sought to be reached. This inequality and this discrimination should not exist. For frankly I seriously doubt that the State of Mississippi can appropriate sufficient funds to come under the provisions of this legislation if enacted as now written.

Foreseeing this, some weeks ago I called this matter to the attention of the Ways and Means Committee, and my statement to that effect now appears of record at pages 1084-1085 of the printed hearings before the Ways and Means Committee on this bill. Mr. Chairman, at this point I ask unanimous consent to incorporate that statement in my address. The statement follows:

Mr. Chairman and gentlemen of the committee, I am intensely interested in the Economic Security Act now under consideration by your committee. I am naturally interested in anything that tends to the betterment and the economic stability and comfort of the aged. President Roosevelt assured the Seventy-third Congress that he would recommend social legislation of this type. The people of the country as a whole, both young and old, are intensely interested in the problem. I have read with meticulous care and increasing interest the bill of the distinguished gentleman from North Carolina, Mr. Doughton, the chairman of this committee, which proposes to put into actual operation legislation seeking economic security and comfort for the aged, the unemployed, and the unfortunate cripple. The theory of this piece of legislation is beautiful, but I am very much concerned about its practical operation. We are all agreed that some legislation looking to this end is desirable. This committee has had many plans submitted to it, some most fantastic and impractical, some more practical and logical. But I desire to discuss briefly one feature of the legislation introduced by your distinguished chairman, as I feel that that particular bill in some form will be the one most likely reported by your committee.

The point that I want particularly to call to your attention is the provision which requires that the States must contribute an equal amount to that provided by the Federal Government up to \$15 per month. As I understand the bill, the Federal Government will contribute to the aged people over 65, who can qualify thereunder, an amount up to \$15 per month, provided the State or other subdivision of the Government of which that particular aged person happens to be a resident will contribute an equal amount.

This means that before the unfortunate aged person who is in need of this pension can receive the benefits thereof, or even the amount contributed by the Federal Government, the State or other subdivision of the Government must contribute a like amount.

I want to say in all frankness and candor to this committee, who I believe are really desirous of reporting out and enacting

into legislation a bill that will be practical and workable, that this will not work. It may work in some States, but there are many others in which it will not work. This for the reason that the States are unable financially to meet the requirements. I can best illustrate this by taking my own State of Mississippi for example.

According to the census of 1930, Mississippi had 77,443 persons who are over 65 years of age. By the time this law is enacted there will be a very little variation in the figures. If anything there will be an increase. It is estimated that, of this number, approximately 13,000 are on relief. I have no definite way of arriving at what percentage of the 77,443 would apply for a pension, but it is reasonable to assume that a considerably larger portion would apply for the pension than applied for relief. I think it would be fair to assume that somewhere in the neighborhood of 75 percent would apply for that pension. If the State matched the \$15 provided for in this legislation, which is the maximum the Federal Government would provide under the bill, for 75 percent of the aged over 65, Mississippi's contribution would amount, in round figures, to \$10,500,000 per annum.

Mississippi is not a comparatively wealthy State. Its total revenue receipts for the general fund in 1934 were only \$14,000,000. The people in our State are already taxed by the State to the point where taxation has become onerous and burdensome in its efforts to carry on its school systems, road building, and other necessary expenses. It is quite obvious, therefore, that the State of Mississippi could not function under the set-up of this legislation and its dependent aged would be cut off from any benefits whatever. I am satisfied that the picture presented above, so far as Mississippi is concerned, is true in many other States of small, comparative wealth.

Now, what I desire is some practical form of legislation. Thirty dollars a month is small enough, but if the people of many of our States are to be denied the privilege of sharing in the contribution of the Federal Government because of the financial inability of the subdivisions of the Government to contribute as substantially as the Federal Government, we are faced with a serious dilemma.

It might also be pointed out that although the old people of a State that cannot match the Federal funds will not share in the benefits of the bill, the people of that State will be forced to contribute, in the form of taxes, to the payments to the aged of the other and more fortunate States. This will be taxation without benefit.

I think that old-age pensions and the care of crippled children should be recognized as a national problem. Therefore, if this committee concludes that it is impractical to make as much as a \$30-a-month contribution to the needy aged by the Federal Government, the provision requiring the equal contribution by the State or other subdivision of the Government should be eliminated from the bill. And these needy persons in this aged class, who have contributed so substantially to the upbuilding of this Government, should at least be permitted to enjoy whatever amount in the form of a pension is granted by the Federal Government.

Frankly, if this legislation is not amended so as to cure this evil of which I complain and which must be apparent to all, it is my purpose as a citizen of the State of Mississippi to exert my efforts toward having the State legislature pass such legislation that will conform with this legislation, so that these unfortunate and needy persons in my State may share, to some degree at least, in this most humane undertaking. But, as stated before, I fear that because of the fact that my State is not a comparatively wealthy State it will be unable to do so. And, as stated above, I think that because of its humanitarian aspects this problem should be recognized as a national problem, and the States should not be required to match it. It is a fine thing for the several States of the Union, some of which already have old-age-pension laws, to make this additional provision for their needy citizens. But I am pleading with my colleagues, both from the more wealthy States and with those from the less fortunate States, that you do not discriminate against the needy and the dependent and the crippled citizens of a less wealthy State simply because that person happens to reside in that State.

Mr. Chairman, at the proper time it is my purpose to offer an amendment to this bill, which in substance will provide that State contribution is not necessary for the aged and others sought to be benefited under this legislation to enjoy its provisions. In other words, under this proposed amendment to this legislation the Congress of the United States would say to the several States of the Union:

"We welcome and encourage State laws to supplement the appropriation for the beneficiaries of this legislation, but we guarantee to every aged person who otherwise qualifies under the provisions of this legislation a pension of at least \$15 a month, and to other beneficiaries under the provisions of the bill, Federal care."

Even though successful in securing this amendment to this legislation, I would not feel that the legislation met with all of the hopes and ambitions of those of us who are so intensely interested in this problem. Personally, like many of you, I should like to see the age limit lowered to 60 years, and with a Federal pension of at least \$30 per month. But I realize the critical and serious question of taxation involved. I realize that this is the beginning, and with such an amendment I could rejoice in the thought that the Seventy-fourth Congress would go down in the records as the most humane Congress that ever assembled in the National Capitol.

Mr. SAMUEL B. HILL. Mr. Chairman, I yield 30 minutes to the gentleman from California [Mr. Buck].

Mr. BUCK. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include certain excerpts from the hearings and also a letter addressed to me.

The CHAIRMAN. Without objection, it is so ordered. There was no objection.

Mr. BUCK. Mr. Chairman, it is my intention this afternoon to speak particularly in regard to the subject matter of titles I and II, old-age pensions, old-age annuities, and proposed substitutes thereto.

I do not think it necessary for me to dwell upon the fact that there is almost unanimous agreement in this House as to the necessity of passing some measure of care for the aged who are needy and infirm. We have long passed beyond the stage of the savage tribes of Africa who, it is said, cast their aged over the cliffs in order to relieve themselves of the necessity of caring for them thereafter. We have passed beyond the stage of the Middle Ages, where the aged and the poor were beggars upon the streets or inmates of the poorhouses that were established in the time of Queen Elizabeth. We have come through the period of private care for the aged, and have come to the time when there has been awakened within us a sense of civic responsibility. The States to a limited degree have already assumed that responsibility. We are about to embark on a policy of Nation-wide aid for the aged. In pursuance of that sense of civic responsibility your Ways and Means Committee has presented to you this bill which is under consideration today. The committee does not claim that the bill is perfect, but it does claim that it is the greatest and most practical stride forward among humanitarian lines that this Congress and the Nation have ever been called upon to consider. The detailed proposals in this bill have been so clearly and forcibly presented to you by the chairman of our committee that I do not feel there is any necessity of my reviewing them in detail.

Asking the most open and liberal rule that any House has ever had presented to it, we brought the bill here for extensive debate and an unlimited vote on amendments, only to be assailed on the floor of the House with presenting a gag rule. Not only that, our constituents at home were told that such was the case. Permit me, therefore, to state first of all what the parliamentary situation is. It was necessary to bring this bill in under a special rule, because it was not of a privileged character, not to "gag" or stifle anyone, but to liberalize its consideration. Otherwise this bill could only be called up on some Calendar Wednesday when the Ways and Means Committee was reached in the call and there would have then been but 1 hour of general debate; or it might have been called up with the consent of the Speaker under suspension of the rules on some Monday, and then there would have been allowed only 40 minutes' debate and no amendments would have been possible.

If, under the rule which we adopted, the amendments to be offered are held not germane on any point of order, they would not have been germane under the regular rules of the House under any circumstances; and it certainly is not the fault of the Ways and Means Committee if those who desire to amend this bill or substitute another have not drawn their amendments or their substitute in language which will make them germane.

But I will say as a member of the Ways and Means Committee, and I think representing the thought of the majority members that we will not interpose such points of order.

The proponents of some unusual piece of legislation can put up a man of straw—the gag rule—to persuade their followers that they are being deprived of some right; but the fact remains that we are being more than liberal in the treatment of this bill and of any substitutes or amendments thereto.

This is simply a continuation of the liberality which the Ways and Means Committee showed during its hearings, when we even permitted the Communists to present their case and their viewpoint to us. In the case of one gentleman whose name has been mentioned quite frequently in the course of this debate—Dr. Townsend—we even reopened the hearings 4 days after they had closed so that he and his economic witness, Dr. Doane, might be heard before the committee, and on that reopened date we accumulated 29 pages of printed testimony on his behalf before the committee.

In the course of the debate this morning, the gentleman from California [Mr. Gearhart], in answer to a question I asked him, intimated that I was one of those who was endeavoring to give the "raspberry" to the Townsend plan, or, as it is known, the "McGroarty bill." Such is far from the case. I have been engaged in a conscientious endeavor to bring some order out of the chaos and confusion that seems to exist in the minds of those who have been claiming to support the Townsend plan in order that the membership of this Committee may know just what they are to vote on.

Mr. Chairman, I have been the recipient of a great many letters from my constituents; not as many as the proponents of the Townsend plan would lead you to believe, but a good many. I want to say that, so far as the writers from the Third California District are concerned, their letters have, for the most part, been courteous. There have been a few which stepped beyond the bounds of propriety, but only a few. The letters, however, all show that the writers have been misled, not merely as to the aims and proposals of the Townsend plan but as to the number of its supporters. They speak of 25,000,000, 30,000,000, and even 40,000,000 signers of petitions for the plan when they should realize, upon thinking at all, that such a figure is impossible. Certainly the number of letters and petitions that I have received from my district does not indicate any such figure is at all believable.

The writers of these letters have advised me to do three things: First, to study the bill—and I want to report to you and to them that I have conscientiously studied, not only the original plan but all other modifications of it that have been suggested, I think, perhaps more fully than those who have spoken in favor of it here. This afternoon I shall endeavor to discuss some of its latest provisions. Secondly, I was requested to see that a free and full debate and a vote was permitted on the McGroarty bill, and that we are going to have. Thirdly, I was requested at one time to accept the original bill without any change, "just as it is", and later to accept and vote for the second McGroarty bill. That, after conscientious investigation, I cannot do, and I do not believe any of the honest citizens of my district who will conscientiously investigate this plan would vote for it if they were in my place. I have been threatened with political reprisals if I do not vote for it; but, as the gentleman from Wisconsin [Mr. Boleau] stated yesterday, I am perfectly willing to accept that challenge, for I know that I can rely upon the good judgment of the citizens at home when the details of the Townsend plan, its implications and consequences, are explained to them.

During the course of the debate I have interrogated gentleman after gentleman who were proponents of the McGroarty bill, asked them to explain its contents, to describe how it would work, and I must confess I obtained not one answer that was half illuminating other than that of the gentleman from Oregon [Mr. Morr], who stated what, in

his opinion at least, the bill was not, and I want to at this time thank him for his statement.

I have listened this afternoon to the gentleman from California [Mr. McGROARTY], who was the sponsor of the revised Townsend bill. I heard him state that it was the most scientific and statesmanlike bill that ever was presented to Congress.

Mr. McGROARTY. That is right.

Mr. BUCK. I thank the gentleman. He stated also that that was because it was written for him, and he had nothing to do with it. With all due respect to the beloved gentleman from California—I listened to him for half an hour—he did not explain the bill and had not one word to say in defense of it the whole time. I have, therefore, been forced into making an analysis of this bill myself so that those of you who are going to be called to vote upon it may know something about it. I understand it is to be offered as an amendment perhaps to title I of the pending bill, and then if it is adopted it will be moved to strike out titles II and VIII as a result. This committee is entitled to know what this bill contains and what effect it will have upon the country as a whole. Mr. Chairman, I shall yield at any time during the next few minutes to the gentleman from California [Mr. McGROARTY] if he feels that I have made any erroneous statements as to the facts or principles involved in his bill, but until I have completed this analysis I shall decline to yield generally. Before I conclude, however, I shall endeavor to answer whatever questions may be asked.

The bill H. R. 7154, the revised McGroarty bill, was introduced April 1. It was introduced after the Ways and Means Committee had completed not only its hearings, but had finished its executive sessions and had completed the final draft of H. R. 7260, which you are now considering. The committee was only waiting for the final print to be received in order to formally report the bill. No hearings have been asked on H. R. 7154 before the Ways and Means Committee, and if there continue to be as many changes suggested in it, as many amendments suggested in its language, as there have been during the course of the debate, I predict that no hearings ever will be asked on this bill. They may be asked on the third or fourth McGroarty bill but not on this.

The defects of the first bill appear in the hearings, but nothing about this bill (H. R. 7154) appears there. It has been necessary, therefore, for some one of us to come before you and tell you what this bill presents. It is the third proposal of the plan of the gentleman from California, Dr. Townsend. His first proposal, as the gentleman from Ohio [Mr. Young] told you a few days ago, was for a 10-percent retail tax on all retail sales, to pay a pension of \$200 per month, to be spent within that month, to practically everyone over 60 years of age. It became obvious, taking the largest sales year the United States ever had, that under this plan there could be raised only about \$5,000,000,000. As there are over 10,000,000 aged who would be eligible under the first plan, it would be impossible to finance the project with that set-up. It was revised, therefore, and a second proposal substituted for a 2-percent transaction tax.

At this point in my remarks, Mr. Chairman, I insert the two tables which I have obtained permission to insert, tables IV and V, appearing at page 1103 of the hearings, Dr. Doane's figures.

TABLE IV.—Estimated accumulative effect of turn-over tax at 2-percent rate on physical-goods transactions (monthly basis)
[Millions of current dollars]

Classes	Value	Tax	Estimated increase in costs due to 2 percent tax
1. Raw materials:			
Farm products.....	484.0		
Forest products.....	20.0		
Fisheries.....	11.0		
Mines, quarries.....	235.0		
Total.....	750.0	15.0	

TABLE IV.—Estimated accumulative effect of turn-over tax at 2-percent rate on physical-goods transactions (monthly basis)—Con.

Classes	Value	Tax	Estimated increase in costs due to 2 percent tax
2. Manufacturing:			
Cost of materials.....	1,820.0		
Plus added tax.....	15.0		
Total cost.....	1,835.0		
First turn-over (tax).....	36.7		
Second turn-over (tax).....	37.4		
Third turn-over (tax).....	38.1		
Total tax.....	112.2	112.2	
Original cost.....	1,835.0		
Total cost.....	1,947.2		6.9
Value added.....	1,680.0		
Selling value.....	3,627.2		
Plus 2 percent tax.....	72.5	72.5	
Total paid.....	3,699.7		
3. Wholesale:			
Sales.....	2,663.8		
Plus 2-percent tax.....	53.3	53.3	
Value goods sold.....	2,717.1		8.7
4. Retail:			
Sales (present value).....	2,173.7		
Plus 2-percent tax.....	43.5	43.5	
Value goods sold.....	2,217.2		10.8
Original aggregate.....	8,750.0		
Total expected taxes.....		296.5	
Consumer collections in addition.....		40.3	
Grand total collections.....		326.8	
At annual rate of.....		4,041.8	

Computed on 1931 basis. All figures from official census and Government bureau reports.

TABLE V.—Maximum theoretical possibilities under 2-percent turn-over tax

	Selected items as given in table I	All producer and consumer expenditures	All expenditures including Government and institutions	All gross transactions and transfers
Estimated annual 1935 collections.....	\$4,000,000,000	\$4,000,000,000	\$4,300,000,000	\$9,600,000,000
Estimated annual collections on a 1929 basis.....	\$7,500,000,000	\$12,000,000,000	\$12,600,000,000	\$18,700,000,000
Estimated expected increase in prices, percent.....	12	18	20	24
Annual volume of transactions: 1935.....		\$224,000,000,000	\$242,000,000,000	\$181,000,000,000
1929.....		\$358,000,000,000	\$376,000,000,000	\$935,000,000,000

The first of these tables, table IV, shows that under a 2-percent transaction tax on a selected list of transactions and estimated at six turn-overs from the time the raw material is produced until the finished product is sold to the consumer, \$4,041,080,000 per year might be obtained. The qualified individuals who were to receive these pensions remain practically the same number under this plan. This amount, on the basis of 10,000,000 aged, would have produced, allowing nothing for administrative expenses, approximately \$33.75 per month, or only about \$3.75 per month more than that the pensioner would receive under title I of our bill, assuming each State matches the Government contribution of \$15 per month in full. For that small amount we would upset the business of the country by imposing a multiple sales tax.

Thus it was seen that the second plan could not begin to raise money enough for \$200 per month, and it had to be revised.

The third plan, H. R. 7154, was introduced, the scientific and statesmanlike bill referred to by the gentleman from California. The transaction tax in this bill was based on the figure which estimated that if a 2-percent tax were applied to all gross transactions, including governmental operations, the sum of \$9,600,000,000 per year could be obtained.

A little extra money was thrown in by some minor taxes, which I shall speak about later. Among the transactions which it is now proposed to be taxed are some I shall also show you cannot legally or constitutionally be taxed, so that by no means can even the estimated amount be reached.

H. R. 7154 covers up the fact that there is not yet enough money to pay \$200 a month pension to the individuals concerned by promising to pay what may be collected after all administration expenses are deducted, but not to exceed \$200 a month. What this will amount to, assuming the tax is constitutional, cannot be shown by any table or any figures that have been submitted to the Ways and Means Committee or to your committee. The gentleman from Oregon [Mr. Morr] stated it would bring in about \$50 a month. I do not believe his calculation can be correct or that he has deducted anything for administrative expenses.

Mr. MOTT. Will the gentleman yield at this point?

Mr. BUCK. I yield to the gentleman from Oregon.

Mr. MOTT. I did not have time to go into detail there. It was my idea that, according to the best figures we could get from an examination of the committee hearings, the 2-percent transaction tax would bring in \$4,000,000,000 a year, and if there were 8,000,000 eligibles it would pay them \$50 a month.

Mr. BUCK. If the gentleman will pardon me, on that basis it would bring in \$500 a year to each pensioner, or \$41.66 per month.

Mr. MOTT. It is my idea and the idea of others that the revenue provided by the smaller taxes would be sufficient for purposes of administration. Of course, if it were not, they would have to go into the transaction tax.

Mr. BUCK. The best estimate of administrative costs that can be obtained—and this was obtained, Mr. Chairman, in connection with our own studies of our own bill—is that it would cost for administrative collection of taxes under title VIII and payment of pensions under title II, $8\frac{1}{2}$ percent on a 2-percent rate; on a 3-percent rate it would cost 6 percent; on a 4 percent, or higher rate, it would cost 5 percent; but those figures do not include any of the cost of policing the recipients to see that they spend the money or checking on the manufacturers to see that they have paid their taxes on anything of that kind. It includes the administrative cost of collection only.

Mr. MOTT. If, as the gentleman says, it is not possible under the proposed bill to pay a pension of more than \$50 a month, I venture to say he does not believe there would be a great deal of policing necessary to see that the pensioners spend the \$50 a month?

Mr. BUCK. I think we would still have to try to make some of this money revolve, although I do not believe it would revolve.

Whatever amount it may be, and I know the gentleman from Oregon agrees with me in this, the rank and file of supporters of the Townsend plan are still under the impression they are going to get \$200 a month. Merely printing the bill in the Townsend Weekly, which the gentlewoman from Arizona assured us has been done, and I have no doubt it has been done, does not educate the reader, and I am frank to say it does not educate a Congressman unless he studies all the implications and provisions of this bill.

Mr. Chairman, I hope the remarks I am making will not be taken as other than constructive. Dr. Townsend said that the first McGroarty bill was revised as a result of suggestions received from an enemy, but I am not an enemy of any particular plan, merely trying to get the best possible practicable, workable relief plan for the aged. I shall be glad to counsel with the proponents of the Townsend plan as I would be with those of the Pope plan or any other plan, and if there is a better plan proposed to be adopted in later years than the one we have considered, let us have it by all means. The gentlemen who drew this bill, and I do not know who they are except by rumor and the statement of the gentleman from California that he is not the author, should realize that the suggestions I am making this afternoon may be very helpful to them by the time they get down to the fifth or sixth Townsend plan.

Mr. McGROARTY. Will the gentleman yield?

Mr. BUCK. I yield to the gentleman from California.

Mr. McGROARTY. Is the gentleman trying to be facetious?

Mr. BUCK. Certainly not.

Mr. McGROARTY. Is the gentleman trying to be funny when he uses the expression "fifth or sixth Townsend bill"? Does he consider that argument?

Mr. BUCK. If the gentleman will pardon me, I said "Townsend plan." Of these we have had three proposals so far, including the gentleman's two bills and an incipient one, or at least a modification of H. R. 7154 from the gentleman from Oregon. Well, I will call the next bill the fourth proposal and let it go at that.

Mr. Chairman, I now propose to enter into a detailed analysis of H. R. 7154. The first section attempts to define the term "transaction", and I say "attempts to define" deliberately, because it says "transactions shall be defined", but it never defines them in the whole bill. That, of course, is a small matter and a question of legal verbiage that no doubt the learned gentleman who wrote the bill can change.

It further says the term "gross dollar value" shall be defined to include the sum representing the total "fair" value of the entire property or service transferred or proposed to be transferred without deducting any amount of encumbrance or offset of any kind. It also attempts to define certain other terms used in the bill. The only actual definition put in is the following, and I must confess it is so scientific that I am unable to understand it:

Barter and/or exchange is defined as a plurality of transactions to the extent of the fair value of the property and/or service transferred or rendered other than money.

I shall return to the definition of "transaction" somewhat later.

Section 2, the heart of the bill, proposes a tax upon the fair gross dollar value of each transaction done within the United States, and provides in addition thereto a 2-percent tax on the fair dollar value of all transfers of property by devise, bequest, or other testamentary disposition now or hereafter taxable under the provisions of the Revenue Act of 1934; and, in addition thereto, a 2-percent tax on the fair gross dollar value of every gift in excess of the fair value of \$500. The continued use of the word "fair" certainly is going to make for litigation should this bill ever be enacted. I am wondering why the distinction between the testamentary transfers and the gifts by the omission of the word "gross" in connection with the former.

Section 3 creates an annuity fund.

Section 4 attempts to describe the qualifications and limitations of possible annuitants, and

Section 10 attempts an additional qualification, that the annuitants must be domiciled within the United States.

Section 5 authorizes the Administrator of Veterans' Affairs to create boards of review. It is interesting to note that section 5 (b) provides that the decisions by such board shall be reviewed by "the State court having general jurisdiction over the area in which that board is situated"—certainly a very unusual procedure giving State courts jurisdiction over Federal business.

Section 6 provides for the apportionment of the taxes collected after administrative expenses are deducted.

Section 8 appropriates money to pay them.

Certainly this makes the bill clearly subject to a point of order if anyone wants to urge it, and I shall not, for our committee has no right to report an appropriation bill, and the House has no right to write an appropriation into this bill. These are the important sections of the bill.

Now, Mr. Chairman, I desire to return for a moment to the definition of "transactions." I think this is the most remarkably broad definition that has ever been presented to Congress, and I have no doubt it was the intention of the sponsors of the bill to so present it. Let us see what "transactions" include. It broadens the original bill's base and includes as taxable every personal service that may be rendered. It makes wage earners subject to a 2-percent tax on everything that they may earn from now until they die.

The bill puts an additional 2-percent tax on transportation down as far as your street-car fare, and on telegraph and telephone. The bill puts a 2-percent tax on amusements and on radio. We are putting a 2-percent tax on advertising and even on education, so far as it concerns private schools and academies.

Let us consider the matter of amusement—take the radio. The tax must be paid by the person who furnished the service or by the legal entity by which the service is furnished on the gross "fair" value of each transaction done. Suppose the radio puts on Amos and Andy—and you or I do not like Amos and Andy—what is the fair gross value to be taxed? Is it what the broadcaster pays the entertainers? Or is it to be based on the fair gross value of the "transaction done", as the bill says? And if the latter, what is that?

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

Mr. BUCK. No; not for the moment. The gentleman may like Amos and Andy.

Mr. DUNN of Pennsylvania. I do.

Mr. BUCK. The gentleman might add to the broadcasting company's tax. Further, this bill puts a tax upon executory contracts. If, Mr. Chairman, I contract to sell you 1,000 bales of cotton today or 1,000 bushels of grain or a ton of dried fruit or anything else, even if I receive no deposit, I must pay the United States Government under this bill, at the time of signing the contract, 2 percent of whatever the total proposed purchase price may be. Yet you may die before you carry out the contract, or may default. I am taxed on a hope only. If, Mr. Chairman, I contract to sell you a farm for \$10,000 and receive \$1,000 down as a payment, I still must pay \$200 on the full value of \$10,000 of that farm or real estate, or 20 percent of what I receive—and yet the next year you may default. Should I be lucky enough to secure another buyer on the same terms, I will have to pay another 20 percent.

If there were a mortgage of \$5,000 on that \$10,000 farm, under the specific language of the bill I cannot deduct that \$5,000 mortgage in calculating any tax, but must pay 2 percent on the total value of \$10,000. If, at a sheriff's sale on foreclosure, the property mortgaged for \$5,000 brings \$6,000, the poor foreclosed farmer must pay the Government not 2 percent on his equity but 2 percent on the entire \$6,000.

Mr. Chairman, in the condition of farm-mortgage property in the United States today, this bill ought to have as a subtitle an act to discourage and prohibit the sale of farms. It is the most outrageous taxation curtailment of farm transfers I have yet heard proposed.

We have seen what a 2-percent transaction tax will raise. The gentleman from Oregon said he thought the inheritance tax and the gift tax, if effective, would raise enough to pay the administrative expenses.

On the basis of the returns for the year 1933, the inheritance and gift tax would raise \$16,000,000. The additional one-tenth of 1 percent on the income tax, if effective, would bring in \$100,000,000. I do not think that this comes anywhere near paying the administrative expenses, but let us look at some of the other items.

Mr. MOTT. Mr. Chairman, will the gentleman yield for a question there?

Mr. BUCK. Yes.

Mr. MOTT. Would the gentleman mind telling us what, in his opinion, the expense of administration would be under such a proposal?

Mr. BUCK. As I said a moment ago, according to the best estimate I have been able to obtain from the Treasury, 8½ percent would be the cost of collection without any check-up or any investigation as to whether the manufacturers had paid the tax or not or the recipient of the pension had spent it.

Mr. MOTT. We would appreciate it if the gentleman would elaborate a bit on that matter so we would know why he thinks that is so. Why, in other words, would the cost of administration be greater, in proportion, than the cost of the administration of the income-tax law or other revenue-raising measures?

Mr. BUCK. The answer is quite obvious. We are dealing with the population of the country as a whole in this case, whereas with the income-tax law we are dealing with only a certain selected group who pay the income tax, and according to the figures submitted to our committee in connection with our own bill, there are over 2,740,000 individuals and partnerships and corporations employing workers at the present time that would have to be checked. This does not include the employers of personal service. The McGroarty tax does not depend upon income or anything of that kind. It depends upon sales. It is the most gigantic multiple sales-tax proposition ever submitted for the consideration of the Congress. The administration costs would, no doubt, be vastly in excess of 8½ percent.

Mr. MOTT. I wish the gentleman would elaborate on that as much as he has the time to do so, because I would like to reply to the gentleman on that point if I have the opportunity to do so.

Mr. BUCK. I am going along as well as I can.

There are other objections to the tax features. I know the gentleman from Oregon [Mr. Morr] is a good constitutional lawyer, and I am going to try to give him some food for thought.

In the first place, this bill taxes the States or the political subdivisions thereof, which is prohibited by the Constitution. In the *Indian Motor Cycle case* (283 U. S. 570), cited for the benefit of anyone who wants to look it up, the Supreme Court held that the Federal Government was without power to tax the sale of a motorcycle by a manufacturer to a city for its police service. This prohibition applies to all sales to a city or political subdivision for use in essential government functions.

So that much of your sales tax is going out as unconstitutional.

Mr. MOTT. Mr. Chairman, will the gentleman yield at that point?

Mr. BUCK. If the gentleman will first let me finish my statement, I shall then yield.

Mr. MOTT. I do not wish to interrupt the gentleman, because I know his time is limited.

Mr. BUCK. Secondly, it interferes with the borrowing power of a State or a political subdivision by proposing to tax bonds and other obligations of such State or political subdivision. In specific words, it taxes loans and interest, and the Supreme Court, in the case of the *National Life Insurance Co. v. the United States* (277 U. S. 508), has held that bonds of States and political subdivisions are exempt from Federal taxation on the theory that such a tax would burden the exercise of State authority in connection with its power to borrow money.

So that much of your prospective proceeds goes out.

Now, thirdly, it proposes to tax the salaries of employees of State or political subdivisions engaged in governmental functions, which is prohibited by the Constitution. (*Collector v. Day*, 11 Wall, 113; *Metcalf & Eddy v. Mitchell*, 269 U. S. 514.)

(The time of Mr. Buck having expired, he was yielded 10 minutes more.)

Mr. BUCK. Apparently the bill taxes every gift, even those to charitable or eleemosynary institutions. These are exempt from the present gift tax. It sets up no provision as to how a transfer in trust should be taxed.

For instance, suppose A sets up a trust to B for life with the remainder to C. Does A pay a tax on the whole amount of the trust, or does he pay a tax on B's life interest immediately, and then on C's remainder interest at the time C comes into the possession and enjoyment of the property?

In my brief time I can only begin to cover the defects of this bill.

Oh, gentlemen, I regret extremely that the gentleman from California [Mr. McGroarty] said that this was a scientific and statesmanlike bill, and that no more carefully drawn bill had ever been presented to the House. Why, it is so full of loopholes that you could drive an automobile truck through any part of it. Moreover, it is dangerous.

The bill gives the Secretary of the Treasury broad authority to collect these taxes in any manner he sees fit. No appeal is provided to the Board of Tax Appeals, although such an appeal is granted in the case of the present income, estate, and gift taxes. The general statutes relating to internal revenue do not appear to be applicable, since they refer to a system of assessing, collecting, and refunding taxes by the Commissioner of Internal Revenue and not by the Secretary of the Treasury. Claims for refunds, refunds and assessments are now made by the Commissioner. There is nothing in the McGroarty bill that gives the Commissioner of Internal Revenue authority to do anything in connection with these internal-revenue taxes. There are no periods of limitations prescribed for the assessment, collection, and refund of the taxes.

It looks like an entirely new scheme of collecting taxes and might even be considered an unconstitutional delegation of authority. Let me suggest one more thought to you writers and authors of this bill when you revise it the next time. You propose to put a 2-percent tax on the fair dollar value of transfers of property by devise, bequest, and other testamentary disposition, taxable under the Revenue Law of 1934. Nothing of that kind is taxable under that law. All we have is a Federal estate tax, which is imposed on a statutory basis called net estate, and certain deductions are taken from that. All these items are valued as of the date of death. There is nothing in this bill to show when they shall be valued or to what the tax is to apply, and, moreover, the Federal estate tax is not imposed by the Revenue Act of 1934 but by those of 1926 and 1932. So much for the tax provisions of this bill.

Let us be fair in this matter. The new bill is an improvement over the first by forbidding the payment of pensions to anyone in receipt of an income of \$2,400 or more per year. On the other hand, the original bill prohibited the receipt of a pension by anyone convicted of a felony or the inmate of an asylum or eleemosynary institution. These provisions have disappeared, so perhaps the decrease in the number of pensioners on the one side will be offset by the increase on the other. The bill has also been improved by removing the danger of wholesale inflation that existed in the original bill. It now authorizes the appropriation of no money that is not collected in taxes. While the old people are still being led to believe they will get \$200 per month, it certainly is not provided in the bill.

At least the revision of the bill has had the advantage of bringing out the real import of the Townsend plan. One of its organizers, Mr. A. C. Pearson, of Sacramento, Calif., at a mass meeting in my home town this month said: "If the Townsend plan were a pension plan, it would be ridiculous. It is a recovery plan." Its claim has always been that it is a plan to bring prosperity through imposed heavy taxes and this is honestly set forth in the revised bill. Under it, the taxes are to be collected for 3 months before any one gets a cent in pensions. While there is a doubt as to how much the pension will be and when it will be paid, there is no doubt about what the tax is intended to be.

There are fundamental objections, in my opinion, to the bill that go beyond the question of its tax provisions. It provides for a direct Government grant without State participation, and I consider State participation of vital importance, for without State participation there can be no certainty that the fund will be properly administered on an equitable basis. Moreover, it provides for a flat rate, not taking into consideration the difference in the necessities of the population in various sections of our country and even the difference between urban and rural communities in any one State.

Then there is the thought that has been expressed that this bill would create prosperity by putting into effect a revolving fund. It is beyond me to see how any money is going to revolve further than out of the hands of the original recipients. It will be piled up in the banks or in the hands of those who already control the greater part of the wealth of the United States, and in this connection I read a statement recently made in the State Senate of California

by Senator Culbert Olson. I particularly urge my fellow Democrats of California to listen to their floor leader:

But assuming that the plan could get started without such disastrous results, and the \$2,000,000,000 for the pensions for the first month is provided, the revolving idea of returning that money to the pensioner by a sales tax upon themselves and other consumers cannot be realized. That money cannot remain in circulation, because it will be constantly drained into unspent profits and surpluses and added to the accumulations of that small fraction of the population—said to be about 4 percent—that already owns nearly 90 percent of the Nation's wealth. There is no reason why this privileged portion of our population should oppose this bill. When the first \$2,000,000,000 is thus absorbed, no part of it can longer "revolve" and like absorption of the next \$2,000,000,000 must begin.

The fact of the matter is that the McGroarty bill or bills or whatever may finally come out of them, so far as they may be considered an aid to the aged or a new instrument of economic revolution, places a greater burden on the working man than does the administration bill.

In the tables which I referred to earlier, Dr. Doane, the economic adviser to Dr. Townsend, estimated that the cost of living with the 2-percent tax on selected-item basis would increase from 10.60 percent to 12 percent. On the basis of the same tax on all transactions (table V), it would increase 24 percent. None of us on the committee have ever been able to check the accuracy of Dr. Doane's figures, but for the purpose of this statement I am going to assume they are accurate. That is going to place a tremendous burden on the worker who has already had his pay check docked 2 percent.

To start with, the working man is to be taxed 2 percent forever and not merely up to the age of 60 or 65, and the employer who, under title I of our bill, contributes nothing, but under title II contributes eventually a 3-percent tax toward old-age pensions, contributes nothing under the McGroarty bill. If it were not for the other features it contains, this portion of the bill would absolutely meet every objection that has been raised by the gentlemen on the Republican side who have been so solicitous about the taxation of the employers and their pay rolls.

It might be well to point out here that there is a difference between these transactions or sales taxes and excise taxes measured by pay rolls as proposed in our bill. The latter affects only one production cost, labor. The average labor cost in manufactures is 21 percent (1930 census). The excise tax that we propose, which will eventually be 3 percent on pay rolls from the employer, does not therefore increase costs by 1 percent, but only by twenty-one one hundredths of 1 percent for each 1 percent of the contribution, or a total increase in cost to the employer of sixty-three one hundredths of 1 percent. A direct sales tax on the price of all transactions costs the employer 2 percent on each item going into the finished product and costs the consumer the cumulative amount of all these taxes.

So the McGroarty bill subsidizes the manufacturers and the chain-store operators, as was so clearly pointed out by my Progressive friend from Wisconsin [Mr. BOILEAU]. They will pay only one turn-over tax, and in spite of the fact that the gentleman from Oregon [Mr. MORRIS] read into the Record a proposed amendment to overcome this, I point out to him that that proposed amendment is unworkable. It would force the manufacturers of the completed article to find out in every case whether the transaction tax on each raw material going into the finished product has been paid. If the seller had failed or refused to pay the tax on such raw material, the manufacturer would have to bear the total burden through no fault of his, and the original seller would escape scotfree.

The amendment is unworkable in every way, and even his amendment does not cover the chain store or the other aggregations of wealth which can operate with just one turn-over.

Mr. Chairman, the little man, the man who has to buy through the wholesaler and the jobber and the manufacturer, who does not control his own raw materials, is beginning to see the light, and at this point I put into the Record, with the permission of one of the gentlemen to whom a copy was sent, a letter sent to Dr. Townsend on April 4, 1935, which reads as follows:

APRIL 4, 1935.

Dr. TOWNSEND,
Washington, D. C.

DEAR DR. TOWNSEND: We are small business men and we have signed the Townsend plan petitions and would like to see this plan adopted on a workable basis nationally, but we, as small business men, want to be assured that big business is not going to capitalize on the transaction tax.

For instance, as we see it, the small merchant is put at a complete disadvantage, because big business, with their chain holdings, have complete control of many products; in fact, industries from production of raw material throughout the complete course of transaction to the consumer, thereby making it possible for them to carry these products from the raw material through the factories, jobbers, transportation, distributing warehouses to their retail units, and on to the consumer with only one cash transaction, whereas, we smaller merchants must deal through independent institutions. The manufacturer has a cash transaction with the producer; there is a cash transaction between the manufacturer and the broker; the broker and the jobber; the jobber and the distributing agencies. There is also another cash transaction between the distributing agency and the retailer and between the retailer and the consumer.

How in the name of God and little green apples can we, as small merchants, survive and pay 5-to-1 tax; this would break every independent institution before legislation could be brought about constitutionally to remedy such a mistake?

We stand for correction, and any information which you have to offer will be greatly appreciated and carried on.

Yours very truly,

(Signed) WILLIAM SORENSEN,

(Signed) LE ROY ATKIN,

614 Lighthouse Avenue, New Monterey, Calif.

Copies sent to President Roosevelt, Senator William G. McAdoo, Senator Hiram Johnson, Congressman John J. McGrath.

If we do not know what will happen to the small manufacturer or the retailer in competition with the chain operator; we can at least see some of the other disadvantages that will occur. Foreign trade is carried on upon a very small margin. Imagine increasing the costs of the finished products, not necessarily by 24 percent, but even by the 12 percent. Passage of this bill would destroy the foreign trade of our country in almost every instance, and certainly in every instance in which we compete with any foreign nation.

The workers between the ages of 21 and 60, whose food and whose clothing and whose very wages will be taxed under this new bill without receiving one penny of the benefit will, if it goes into effect, indeed accomplish a revolution, but it will not be the economic revolution that Dr. Townsend plans, but a revolution against this bill itself. Can you imagine the delight with which the workman who has just had 2 percent of his weekly wages deducted on Saturday night will proceed up town to find that there is a 24-percent increase in the cost of his bread, of his meat, of his tobacco, for remember he is the ultimate consumer who pays at both ends to the fullest.

And so, Mr. Chairman, outside of the tax difficulties, outside of the administrative difficulties, outside of the fact that the payment of these annuities would be made without regard to the economic differences between one State and another or even within one State there remain the two fundamental objections that in the guise of helping the aged you are penalizing the workers, the wage earner, by taxing him unconscionably and you are subsidizing the employer and the manufacturer, and particularly the chain operator, by relieving him from any direct contribution to the aged.

I have been pledged for many years to the enactment of the best and most liberal old-age-pension plan that can be secured. If a better one than our committee has presented can be worked out on some sane and logical lines, I will be for it. If any plan has a fundamental basis of value, rest assured it will be developed, and when it is presented to the Ways and Means Committee and to the House with those sane and logical arguments and proofs, it will be considered there in fairness, as every bill has been considered. If a later plan has more merit, I will be for it, but I will not violate my oath of office to support any plan which is fundamentally unsound and certainly not one which in spite of the declaration of the gentleman from California [Mr. McGROARRY] to the contrary I consider to have been presented in possibly the most unscientific and most unstatesmanlike manner that any bill has been presented. I was glad to note that the gentleman from Oregon [Mr. MORR], in response to my inquiry, took the lead

in saying that the old people must not be deceived longer, and I trust that the official organ of Dr. Townsend will now admit that there is no chance of securing \$200 a month pension without wrecking the industry of the Nation.

If not, I shall endeavor to explain even more fully the true state of affairs to my constituents when I return home. The terrific propaganda that has been spread by the proponents of this plan must be faced and must be met courageously by bringing home to the Nation the fact that this House is doing the very best it can for them. We must creep before we walk, and when we take our first step forward it is only a prelude toward our further progress. There may be ways in which longer and larger strides can be taken when the opportunity occurs, but here and at this time the strides forward that we are able to take in titles I and II of this bill are greater and of more benefit to the aged than any which have been proposed by any other plan.

Mr. SAMUEL B. HILL. Mr. Chairman, I yield such time to the gentleman from Oklahoma [Mr. JOHNSON] as he may desire.

Mr. JOHNSON of Oklahoma. Mr. Chairman, for almost a week we have listened to the debate on this important social-security bill. This afternoon we listened to the matchless address delivered by my personal friend Dr. SROVICH, of New York. In my opinion, it is one of the greatest speeches delivered on the floor of this House in many a day.

The gentleman who just preceded me, Mr. BUCK, of California, has also made a very valuable contribution to this discussion. And, at the beginning of this debate, we heard the Chairman of the Ways and Means Committee, as well as other able members of his committee, explain the provisions of this bill, which is in fact three or four bills in one, as it proposes to legislate on several different yet somewhat related subjects.

I find this bill a sort of meager dole to the aged, wrongly called "old-age assistance" or "old-age security."

Let me say at the outset that a bill that provides maximum Federal participation of only \$15 a month and requires the State to match in whole or in part, as this bill does, in order for the citizen to receive a mere pittance should not be classed as old-age security. [Applause.]

Other provisions of the pending bill relate to unemployment insurance, Federal assistance to the States for crippled children, vocational rehabilitation, child and maternal welfare, and public-health services. Still another provision provides for old-age benefits, or old-age insurance. This is separate and apart from the old-age-security provision and would not be placed in operation until 1942. Funds would be provided by contributions of those who participate. All of these are gestures in the right direction; but if I know anything about the sentiment of this House, few Members are really satisfied with many of the provisions of the pending bill.

It will not be my purpose to discuss this bill section by section, nor to go into the many provisions of the bill, but to confine my remarks largely to title I, which has to do with old-age security.

Just a year ago this week, in discussing the Dill-Connery old-age-pension bill that had then been reported to this House for consideration, but which never came to a vote, I expressed my views briefly on the subject of old-age security. As pointed out then, I have been deeply interested in this subject for many years. I also mentioned the fact then that the first speech I ever made on the floor of this House was on the subject of pensions. In discussing the Dill-Connery bill, I said in part:

I submit that we are facing a problem that society alone, through the government set up to protect the weak from the strong, and to enable us to enjoy the fruits of "life, liberty, and the pursuit of happiness", can adequately meet.

I am no new convert to this theory. I have been advocating protection for our aged for many years, even during the era of "rugged individualism", when this problem had not attracted the attention of the public and when it was opposed by many well-meaning persons.

I also pointed out in that speech that an increase of 11 percent in the income-tax rates would alone provide the

necessary funds for the modest pensions proposed in that bill. I suggested at that time that this House should materially increase the estate tax, gift tax, corporation tax, and surtax or excess-profits tax. It is absurd to say that this great, rich Government cannot adequately take care of its aged men and women, who, through no fault of their own, find themselves without means of support.

As stated a moment ago, the pending bill is a gesture in the right direction, but it is at best only a gesture. If given an opportunity, I propose to offer several amendments to this bill. Frankly, I am getting tired of having our committees hand us these bills with a solemn warning that the measures must be passed without the changing of the dotting of an "i" or the crossing of a "t."

You may recall that when the committee recently brought in the McSwain bill, proposing to curb war profiteering, which in its original form overlooked conscripting the financial resources of the country or conscripting anything except the young manhood of America in time of war, we were solemnly told that we should accept that bill exactly as written, and woe be unto the Member who had the audacity to try to amend it. But I took the same position on that bill as I do on this. It will be recalled that this House took charge of that measure and put teeth in it. This body made a real, constructive, drastic, and far-reaching measure out of that bill before it was sent to the Senate. In my judgment, we ought to operate on the pending measure in a more drastic manner than this body did on the McSwain bill. [Applause.]

Mr. Chairman, I have introduced a bill (H. R. 2802) that was prepared in collaboration with the Old Age Security Association of Grady County, Okla. I have no pride of authorship, but it is much more fair and more equitable than title I of the pending bill.

At least two of my colleagues from Oklahoma, Representatives ROGERS and GASSAWAY, have bills pending before the committee, both of which are more liberal, more progressive, and much fairer to our aged citizens than is this bill. But neither of these bills has had favorable action by the committee.

The Lundeen and the McGroarty bills have been discussed at some length on the floor of this House. Both have splendid provisions, and both have their weaknesses. But let me call your attention to the fact that if the Lundeen bill were passed, it would be financed by that class able to pay and would not heap additional burdens on the backs of the working class. Section 4 of the Lundeen bill reads, in part, as follows:

Further taxation necessary to provide funds for the purpose of this act shall be levied on inheritances, gifts, and individuals and corporation incomes of \$5,000 a year and over.

This provision should be broadened to include the taxing of stock exchanges, as provided in my bill, and substituted for or added as an amendment to the appropriate section of the pending bill. This Congress cannot afford to pass this bill without providing some means of financing it. I think it is generally conceded that the \$49,750,000 provided in the pending bill to finance old-age-security provisions for the first year is entirely inadequate.

The weakness of the Townsend plan, that has been changed and modified several times, and which is now estimated will pay \$50 a month instead of \$200, is undoubtedly its sales-tax provision for financing it. The proposal of a tax of 2 percent on every transaction is not only impractical but would play into the hands of the special interests and add additional burdens on the poor. I have consistently fought a Federal sales tax for years; but even worse than a general Federal sales tax is a turnover sales tax as proposed in that bill. Canada tried that to its sorrow and soon abolished it. As I pointed out on this floor in speaking in opposition to the sales tax as advocated by Herbert Hoover in 1932, there is no question but that such a tax is ultimately passed on to the consumer. A general sales tax is robbing Peter to pay Paul, and when Peter and Paul are both poor men, both ground down by heavy personal and real estate taxes, as well as by tribute paid the tariff-protected corporations, low wages, and starvation prices for farm products, I

hope that some other way can be found to raise the revenue needed to take care of our obligations to our needy and deserving old people.

On the other hand, the McGroarty plan, as modified, has some splendid provisions and represents the progressive ideas of millions of people who are determined to do something worth while for our aged citizens.

The bill I have submitted to this Congress for consideration would lower the age limit to 60 years, with a further provision that dependent citizens over 50 years of age, who are disabled and unable physically to provide a living for themselves and families, should receive Federal assistance. Neither provision can be found in this bill.

My bill provides for a minimum pension of \$30 a month, but there is no minimum provided in this bill. This measure, if passed, will not pay a dollar to our old people unless the States wherein they reside match the Federal Government on a 50-50 basis. I submit that if the Federal Government owes a duty to care for our needy and dependent old people it should not be contingent on where those citizens happen to reside. In other words, if a State is bankrupt or for any other reason failed or refuses to do its duty by our aged citizens, why should the Federal Government hide behind the cloak of the State's failure to participate in this program?

Mr. McFARLANE. Will the gentleman yield?

Mr. JOHNSON of Oklahoma. I yield with pleasure to my distinguished friend from Texas.

Mr. McFARLANE. Is the gentleman satisfied with the piece of legislation now pending before us?

Mr. JOHNSON of Oklahoma. No; not in its present form. I will say for the gentleman's information that the gentleman from Colorado [Mr. MARTIN] has given notice he will offer an amendment to pay pensions to residents of the nonparticipating States for 2 years, pending the States' decision to participate, and I believe the gentleman from Mississippi [Mr. COLMER] stated today on the floor that he proposed to introduce a similar amendment. I, for one, propose to support such an amendment.

I realize full well that the word has gone out that this bill must not be amended and that it must be passed in its present form, but I give notice now that I propose to offer and support a number of amendments in an effort to make it a fair and just measure. The bill in its present form is a misnomer. It is not all it proclaims to be in its title. It will not accomplish all the things we had hoped for during the present session, yet it must be said it is a progressive and forward step for the cause of over 6,000,000 citizens who are 65 years of age or older and who thus far have been forgotten by this Government.

The pending security bill, in its present form, although very much inadequate to meet the present deplorable situation, is, of course, better than nothing. It is at least an opening wedge to real security legislation in the future. It marks the dawn of a new day for the millions of aged, dependent, and helpless citizens who have played an important part in making this great country what it is today. I predict now that some time in the not far distant future the Congress of the United States will awaken to its full duty and discharge its full obligation to our old and honored citizens. [Applause.]

Mr. SAMUEL B. HILL. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. COLDEN].

THE RIGHTS OF AGE

Mr. COLDEN. Mr. Chairman, no question under consideration before Congress has a wider appeal than old-age pensions. The depression has brought the tragedy of age to public attention as never before. The aged of this decade have not only been deprived of a just share of the fruits of their labor but of employment. They have been stripped of their savings of years by unsound economic conditions, by the dust storms of speculation that swept our country and the consequent failure of banks, building and loan associations, and kindred institutions. The substitution of mechanics for the manual efforts of a very large portion of our

population, and the machine age demanding the alertness, speed, and the energy of youth, has lessened the demands on age and experience.

Our aged people, once young, filled with hope, spurred by ambition, played their part in the achievements of a great Nation. It was their ranks that conquered the wilds of our country, that felled its forests, that delved in its mines, that plowed its fields, that reaped its harvest, and planted its fruits and consummated the economic development of our Nation, the richest on earth. Robert R. Doane, the economist, is the authority for the statement that in 1929 the United States possessed about 45 percent of the entire wealth of the world.

These millions who are suffering today not only produced the wealth of this country but they also carried the burdens of war. These aged served the flag, many offered their lives, their strength, their bodies to the ravages of disease and to the shot and shell of the battlefields. And these who have contributed so much to our country, to its prosperity, its wealth, its safety, its welfare in peace and in war, their voices must be heard, their needs must be noticed, their welfare must be regarded.

In considering the aged and the forgotten, let us remember the wife and mother, who have performed an essential and primary part in the upbuilding of this great Nation. Think of the hardships and the privations that wifehood and motherhood entail, a life of drudgery in millions of instances, with but few opportunities to share the comforts, the dreams, and the luxuries of life; those who have borne the soldiers and the workers of the Nation, who nursed them in their infancy, who guided them in their youth, and who served and blessed them throughout all their years. Have we so far forgotten the principles of Christianity, the brotherhood of man, the obligation of one human being to another, not to respond to the necessities of wifehood and motherhood? If we can pay pensions to policemen, firemen, and other employees, why not the mothers and fathers?

One of the first questions that arises is: How much can we pay? The amount of \$200 per month has been called "cockeyed", and others declare that \$15 is an insult and a pauper's dole. I have always advocated as generous a pension as we can afford to pay.

In the study of this urgent problem one cannot avoid the relationship of a fair old-age pension to the income that is annually received per person in our country. To pay a pension far in excess of the individual's capacity to earn is unfair to those who must pay it. Many pensions are granted on a percentage basis of the earnings of the beneficiary, such as policemen and firemen and retired officers of the Army and Navy. Others, like veterans' pensions, are based upon the degree of disability. In order to arrive at a fair conclusion let us consider not only the wealth of this country but also its annual income.

OUR INCOME FOR 20 YEARS

For a period of 20 years, beginning in 1910 and ending in 1929, the average income per person per year in current dollars was estimated at \$511.25 per year, or about \$42.60 per month per person. Based on the purchasing power of the dollar for 1913, considered by economists as a normal year, the average income per person for the United States was \$347.80 per year, or about \$29 per month. A thoughtful consideration of old-age pensions must lead to the inevitable conclusion that the income of all over a period of years must govern to a large extent the amount that can be paid for any purpose, however beneficent it may be. Since the average income of all the people of the United States for a period of 20 years has been but \$29 per month, can we justify an old-age pension of \$200 per month?

THE FARMERS' INCOME

One of the groups in our country intensely interested in all public expenditures is our farmers. About 30,000,000 people, or nearly 25 percent of our population, lived on the farms in 1929. According to the estimates made, the average income per person on the farms throughout the United States was \$273, or \$22.75 per month. California is quite fortunate in this respect, for the income of the farmers of our State

was estimated in current dollars at \$1,246 per person for the year, and stood at the top of the list, with an income of a little more than \$103.83 per month. South Carolina stood at the bottom of the list, with approximately one-tenth of the income of the farmers of California, namely, \$129 for 1929, or \$10.75 per month per person, and these farmers, with this meager income, must contribute to any sort of pension plan, whether it be \$15 or \$200 per month.

In 12 Southern States farmers averaged but \$162 per person, or \$13.50 per month, for 1929. In only 11 States did the income of the farmers exceed \$500 per year, or \$41.67 per month. New York farmers had an income of a little less than \$500, and the farmers of Iowa and Missouri did not reach \$250 per person per annum, or \$20.83 per month. These incomes include rental value of houses and food raised and consumed by the farmer, and 1929 was a prosperous year compared with the 3 years that followed. On the other hand, the residents of the city enjoyed a larger income of approximately \$900 per capita per year, or about \$75 per month. Of course, the city residents pay more for rentals and more for certain foodstuffs than the farmer.

DISTRIBUTION OF INCOMES

The same source of authority for the statistics just quoted, namely, *Our Capacity to Consume*, published by the Brookings Institution, states that the family—a fraction over four persons—income averaged \$1,700 for the year 1929. It also gives information that 6,000,000 families, or 21 percent of our population, had an income of less than \$1,000 per year; that 12,000,000 families, or over 42 percent of the population, had incomes of less than \$1,500; that 20,000,000 families, or 71 percent, had an income of less than \$2,500 per year; that 2,000,000 families, or 8 percent of the population, had more than \$5,000 per family per year; and that 600,000 families, or 2.3 percent of the population, had an income of more than \$10,000 per year for a family of 4; also that 1 percent of the families with the highest incomes had as much of the entire income of the country as 42 percent of the families with the lower income. All of these figures disclose the fact of a most serious maladjustment of the incomes of those who produce the wealth of our country. And these figures were based on incomes in 1929 which were about twice the national income per year during the depression. Where in justice should we place the burden of taxes for the aged? Would you place it on the back of the millions with inadequate incomes or upon those with extravagant incomes who revel in the riches produced by the workers?

MANY UNABLE TO SAVE

One of the serious phases of the distribution of wealth of the United States is that millions of our people are able to save but a very small amount because their income is consumed by living expenses. Those with the higher incomes, therefore, are able to accumulate most of the savings of the national wealth, and thereby increase their wealth from year to year entirely out of proportion to the average population. The figures show that in 1929 the savings of the 10 percent having the highest income were 86 percent of the total savings of that year, while the 80 percent of the population with the lower incomes were able to save but 2 percent of the entire savings of the country. One and six-tenths of the depositors in the banks of the United States own 65 percent of all the deposits in the 15,119 banks operating under the Federal Deposit Insurance Corporation, was the testimony of Leo T. Crowley, Chairman of the Board of the F. D. I. C. on February 21, 1935, before the House Committee on Banking and Currency.

THE PRIVILEGED FEW

The American Monetary Reform Association furnishes the figures that for 1929, 1.82 percent of the income-tax payers received 85.7 percent of the entire taxed income, based upon the returns made to the Income Tax Department of the Government; also that 513 persons in 1929 had a net income of over \$1,212,000,000. These 513 persons had an income equal to the entire harvest of wheat and oats from an acreage of over 101,000,000 acres. This acreage is almost the same as the entire acreage of California, including the mountains, the deserts, and the rivers. The privileged few who

gained their great fortunes by the exploitation of the many, including those reduced to penury, are the ones to bear a major part of the burden that society owes to the aged. The rugged individualism that has grasped the wealth and income of our rich resources should restore to the ragged individualism it has produced at least sufficient compensation to relieve its unfortunate victims from the destitution of age.

GROWTH OF CORPORATIONS

The Modern Corporation and Private Property, an illuminating volume by Berle and Means, in discussing the concentration of wealth in America, discloses that the American Telephone & Telegraph Corporation had assets of \$5,000,000,000, and 454,000 employees, in 1929; that the assets of this company are more than those of 21 States of the Union. This same interesting study also states that in 1800 there were but 335 profit corporations in this country, 219 of which were turnpike, bridge, and canal companies, and only 6 manufacturing companies; also that in 1930, 14 railway systems operated nearly 87 percent of first-class railway mileage, and nearly 82 percent of the entire mileage; that in 1919, 99 percent of the workers in copper were employed by corporations, 98 percent of the workers in iron ore, 97 percent of the workers in lead and zinc, 89 percent of the workers in oil and gas, and 92 percent of the workers in factories were employed by corporations. In 1930, 200 corporations had over \$100,000,000 each, and that 15 corporations had a capitalization exceeding \$1,000,000,000 each. Berle and Means also state that in 1930, 200 corporations, 42 of which were railways, 52 public utilities, 106 industrials, had assets of more than \$81,000,000,000, or practically 22 percent of the entire wealth of the country at that time. The same authority also states that these 200 corporations, less than seven one-hundredths of 1 percent, control nearly one-half of the corporate wealth of the United States, and that 2,000 persons control one-half of the industry of the country. Not only should these powerful corporations be curbed in their ruthless disregard of the rights of the individual, but heavy income and inheritance taxes should more uniformly distribute this wealth and power.

THE PRIVILEGED TWO HUNDRED

Berle and Means further state that these 200 corporations in 1919 had assets of nearly \$44,000,000,000, or an increase of 68 percent in the preceding 10 years; that in 1929 their capitalization was over eighty-one billions, or an increase of 85 percent in the preceding 10 years. In the preceding 10 years, including 1928, 44 railways increased their assets from eighteen billions to twenty-three billions, or 24 percent; that 71 industrial corporations increased their assets from fourteen billions to twenty-three billions, or 58 percent; and that 35 utility companies increased their assets from six billions to eighteen billions, or 300 percent. These 150 corporations increased their assets from thirty-nine billions to sixty-four billions, or 63 percent, in 10 years previous to 1929.

Some of these masters of industry continue to draw immense salaries, while the investors, including the widows and the orphans, are deprived of dividends. Investors are swindled by one hand and the consumers are exploited by the other. At every attempt to control securities, to regulate exchanges, to fix fair returns, to eliminate useless and parasitical holding companies, to throttle the monopolistic and greedy corporation, the country is flooded with propaganda designed to paralyze the public with fear and to destroy confidence in Congress.

THE NATIONAL WEALTH

In 1912 our total national wealth is estimated to have been slightly in excess of \$186,000,000,000 and amounted to about \$1,950 per capita. In 1922, the total national wealth was \$321,000,000,000, or \$2,918 per capita. 1923 was the peak of our wealth with \$400,000,000,000 in national wealth, and \$3,048 per capita. In 1929, the year of the stock exchange debacle, the national wealth was about \$362,000,000,000, and estimated at \$2,977 per capita. In 1932, the national wealth had dropped to nearly \$247,000,000,000, and amounted to \$1,981 per capita. The 200 giant corporations with assets of eighty-one billion in 1930 was equal to over one-half of the

national wealth in 1932. Senator BURTON K. WHEELER, of Montana, recently made the statement that 96 percent of American citizens own but 15 percent of the wealth, and that one out of every six persons in this country is dependent. The unfortunate part in this picture is the unhappy distribution of this wealth by which a few are overrich, and, as rugged individualists, clamor for more and more, and the increasing millions of wrecked and ragged individuals without wealth, without employment, without income, whose opportunities to pursue life, liberty, and happiness are growing less and less. But with an average of about \$2,000 in wealth and an average income of \$29 per month, what is a reasonable pension for the aged?

THE BIG PROBLEM

Fundamentally, the big problem in this country is to curb the greedy concentration of wealth and to enable the average citizen and the forgotten man to obtain and enjoy a proper share of the wealth he is producing. To correct these abuses of the concentration of wealth involves all our citizenship and undoubtedly will require long and arduous labors on the part of those who assume the task.

In view of this menacing picture, what can be done to restore the economic rights of the people of this country? Fortunately the demand for old-age pensions and the other requirements of the social-security plan—old-age benefits, unemployment insurance, and the care of dependent children and the physically incapacitated, offers a program of relief and a method of curbing greed and the prevention of the overaccumulation of wealth in the hands of a few.

The income tax, the inheritance tax, gift tax, and a sales tax on luxuries, supplemented by elimination of special privilege in banking, control of the currency, participation by workers in the dividends of corporations, and similar policies, afford a plan to equalize wealth throughout this country and to provide funds for a generous social-security program, including the old-age pension, and stands in striking contrast to the transaction tax which would perpetuate and augment our present vicious system of the overaccumulation of wealth and afford no means of reform.

THE TOWNSEND PLAN

The transaction or turn-over tax as proposed by the Townsend old-age-pension plan has a fatal defect in that its burdens falls on the consumer. It was brought out in the hearings that the transaction tax is merely a multiplied sales tax. One of the examples of the working of the transaction tax was developed by wheat and bread. An example was taken of a farmer producing 1,000 bushels of wheat at an assumed market value of \$1 per bushel. The following table used by its proponents shows the pyramiding of the Townsend tax plan:

	Tax
Farmer sells \$1,000 worth of wheat and pays.....	\$30
Buyer sells wheat for \$1,100, pays.....	22
Miller sells wheat for \$1,200 to jobber, pays.....	24
Jobber sells wheat for \$1,300 to retailer, pays.....	26
Retailer sells flour for \$1,500 to baker, pays.....	30
Baker sells to consumer at 10 cents a loaf and at 72 loaves from each bushel, pays.....	144
Total tax.....	266

Consequently, in a turn-over of six sales from the farmer to the consumer the 1,000 bushels of wheat has paid a transaction tax of \$266. Breaking down this tax, it amounts to nearly 27 cents, or, to be exact, \$0.266 on each dollar of the original price of the wheat. But this does not tell all the story. The farmer is a consumer as well as a producer. He buys fertilizer, which adds a tax. He hires help to plow and harvest and must add 2 percent to the wages or take it from the worker. He pays for cutting and threshing, and more tax is added. It must be hauled to town by truck and shipped to the city market by rail, which adds more tax. It is estimated that it costs 15 cents per bushel to ship wheat to market from the railway stations of the Dakotas, Kansas, and adjoining States. That amounts to an item of \$150 and \$3 more tax which the Townsend table does not include. The burden continues on storage, drayage, and delivery all the way from the seed bin to the housewife who buys bread

and who must take it from the wages of the head of the family. Since the worker and the farmer must consume practically all of their wages and earnings, the transaction tax on necessities would be a tremendous burden to both.

THE INDEPENDENT DEALER

In the Townsend computation on the 1,000 bushels of wheat the grocer on the corner is overlooked. The independent grocer buys from the baker. Let us assume he pays the baker 7½ cents per loaf. In this case the baker receives \$5,400 and pays \$108 tax, which added to above tabulation makes a grand total of \$374, or over 37 percent of the selling price of the wheat:

Farmer pays on wheat.....	Tax	\$20
Buyer pays on wheat.....		22
Miller pays on flour.....		24
Jobber pays on flour.....		26
Retailer pays on flour.....		30
Baker at 7½ cents a loaf.....		108
Grocer at 10 cents a loaf.....		144
Total.....		374

But the chain store can own its own mill and its own bakery because of its large volume of business. The chain-store buyer bargains for the wheat and the mill consigns the flour to the chain store.

Chain store or mail-order house:

Farmer pays.....	Tax	\$20
Chain store or mail-order house.....		144
Total.....		164

CHAIN-STORE ADVANTAGE \$210

In this instance the farmer pays \$20, the chain store pays \$144, making a total of \$164 as against the \$374 costs to the independent grocer. Thus the transaction tax would tax the independent grocer \$210 more than the chain-store organization. What would result to the small merchant under such a system? The example of wheat and bread can be applied to canned vegetables and fruits, boots and shoes, clothing, and other articles too numerous to mention. The transaction tax would be an unfair discrimination in favor of both the chain store and the mail-order house.

But someone may say that the success of the chain store would lessen costs to the consumer. Such is not the history of big business and monopolies. As soon as competition is crushed, as soon as the small operator closes his doors, the great captains of industry and commerce control the field and fix prices at a point to yield the greatest profits, and the interests of the consumer are disregarded. Monopolies in nearly every instance have wrung huge profits from the public, as the growth of corporations already cited clearly discloses. The only apparent remedy from trust and corporation control is in the cooperatives, public ownership, and operation for use and not for profit. Until that era arrives, the small merchant and dealer affords the backbone of competition to keep prices at a reasonable base.

Any casual analysis of the sales tax unfolds that it is a method of taxation that bears heavily upon the poor man. Undoubtedly much of the propaganda in favor of the sales tax is prompted by those who have wealth and large incomes and have the greedy desire to shift their taxes to someone else.

LESSON FROM THE CALIFORNIA SALES TAX

Again, as to the sales tax, let us examine the question as applied to the State of California. A 2½-percent retail sales tax in California takes \$2.50 out of every \$100 earned by the worker and the farmer. All of those who are obliged to use their income for living expenses are taxed \$2.50 per \$100. Now, let us consider the revenue side of this retail sales tax. It has produced a little less than \$50,000,000 per annum in California. California has about one-twentieth of the population and more than that ratio of buying power as to the entire United States. Therefore, if the 2½-percent retail sales tax were applied over the entire United States, it would produce about 20 times as much as now paid in to the State of California, or approximately \$1,000,000,000.

The original Townsend old-age-pension plan of \$200 per month would require somewhere from eighteen to twenty-four billion dollars per year, according to the various estimates, without including the cost of administration, which would also be a tremendous cost.

Let us take \$20,000,000,000 per year as a fair cost of the Townsend plan. In order to secure \$20,000,000,000 you would be obliged to multiply the retail sales tax of 2½ percent by 20, or levy a 50-percent retail sales tax throughout the United States, in order to produce \$20,000,000,000. So, it is quite evident that breaking down a 50-percent retail sales tax to its numerous turn-overs, the 2-percent transaction tax proposed by Dr. Townsend would fall far less than the amount required for his plan of \$200 per month pension.

The much-advertised Robert R. Doane, the economist, testified before the Senate hearing on the Townsend plan that his estimate was that a 2-percent transaction tax would produce about \$4,000,000,000 per annum. The Senate hearings developed the information that a similar and modified tax of 2 percent imposed in France, with a population of 36,000,000, produced but \$301,000,000 per year. That Germany, with a similar 2-percent turn-over tax on 64,000,000 people, produced \$249,000,000 per annum. No facts were developed that anything like the twenty billion amount required by the Townsend plan would be produced by a 2-percent transaction or turn-over tax.

THE REVISED TOWNSEND PLAN

Undoubtedly, the failure to produce any substantial evidence that the plan would produce the required revenue prompted the second Townsend bill, introduced April 1, after House hearings had concluded. But the revised bill also included the vicious and destructive multiplied sales tax that must fall on the consumer. The second Townsend bill threw the \$200 per month provision out of the window, but sought to deceive the Townsend followers back home by inserting "not exceeding \$200 per month." A belated attempt was made to revise the bill the third time, but the transaction tax and other objectionable features remained.

A TAX OF \$650 PER FAMILY

Dr. Townsend filed a statement in the hearings before the House Ways and Means Committee on his first bill in which he estimated the entire national income for 1932 and 1933 approximated \$40,000,000,000 for each year. Thereby Dr. Townsend admitted that his plan of \$200 per month pension would absorb about one-half of all the income of all the people of the United States for those 2 years. Taking the peak year of 1929 it would absorb one-fourth of the entire national income. Dividing the \$20,000,000,000 proposal by an estimated population of 125,000,000, you would have an average tax of \$160 per person or a burden of about \$650 per family per year. Such a system of taxation, added to our present groaning burdens of taxes by the city, county, State, and Nation, would not produce recovery, but prostration, stagnation, and ruination as we have never experienced.

If the Townsend plan had based its revenue requirements upon a graduated income, inheritance, and gift tax, and a sales tax on luxuries, it would, in my estimation, be a much more practical program. Not only would it provide a considerable revenue, but it would have a tendency to curtail and to control the menace of great wealth in this country. but in no event could it produce anywhere near \$200 per pensioner per month.

I was reared on the theory that thrift is one of the virtues of our economic and social life. I have always had an abhorrence of debt and have always had a feeling of disgust for those who live beyond their incomes and fail to pay their bills and debts. If we were able to pay a pension of \$200 per month to the aged, it would remove the incentive for millions to save. They would be compelled to spend their earnings as soon as received. It would be unlawful to conserve income for sickness, burial, or other emergencies. Many would live for today and would lose sight of tomorrow. What effect this would have on our economic and social order affords food for speculation.

DO TAXES ENRICH?

Can any people become enriched by taxation? The answer is evident. Nations and individuals are enriched by toil and the production of wealth. Any system of taxation is a drain upon the wealth of the country. The transaction tax falls particularly heavy on the workingman with the small income. The taxes are a loss to his family budget and we must not overlook the fact that the 1930 census records there were more than 10,000,000 persons over 60 years of age and there were also over 36,000,000 children under 15 years of age, who have undeniable claims upon the wage earners and the farmers of this country.

THE CHILDREN AND GRANDCHILDREN

I share in the sympathetic and emotional appeals for the aged by my colleagues, but I venture the prediction that when my big-hearted and philanthropic colleagues realize that the payment of a \$200 pension to the aged by a transaction tax means the reduction of the meager fare, the scant clothes, the insufficient housing of a great part of our 36,000,000 children under 15 years of age, that they will pause and reconsider. I refer again to the rather tedious statistics in the beginning of my remarks that furnish the startling information that the average income of all the citizens of our country for our most prosperous 20 years was but a paltry \$29 per month. Out of this pitiful income has been wrung the huge fortunes of the favored few. Out of the remnants of this income of \$29 monthly we are to squeeze out of the milk of babes, out of the necessities of children, out of the toil and sweat of underpaid millions, billions of dollars by the vicious transaction tax. Where is the grandfather and the grandmother who would take a crust or a penny from the grandchild? When the aged of this country realize the iniquity of the transaction tax they will arise against it and demand that their pensions be not paid by the poor but by the riches of the privileged few by whom they have been exploited.

OTHER SERIOUS OBJECTIONS

Dr. Townsend argues that his system of revolving pensions would bring recovery and prosperity, but this would be counteracted by the fact that he also sets up a revolving tax. Every producer that sells his product, every merchant that sells his goods, every owner that rents his house, every doctor, dentist, pastor, lawyer, every newspaper on each advertisement and each subscription, barber, baker, and candlestick maker, must set aside 2 percent of every transaction, including every fee and collection, to be paid to the Government at the end of the month. According to the Townsend program it would require 4 months' time from the date of collection to the date of the disbursement, or the immense sum of nearly \$7,000,000,000 always held out of the channels of trade and commerce. This process of retaining and holding taxes, freezing billions of our money which would only be released when the Government paid it out to the pensioner, would disastrously reduce our circulating mediums and produce ruin and not recovery.

Another fallacy of the Townsend plan is based upon the velocity of money. It was urged in the hearings that under this plan the dollar would be quickened into rapid action and that there would be a turn-over of 528 times instead of 34 times per year, as at present. Thus it was assumed that each dollar would earn \$10.56 per year in taxes at the 2-percent rate. It is conceded that velocity of money is an important factor, but only a flight of fancy would imagine its turn-over to be 528 times in a year, 44 times a month, 11 times a week, and nearly twice a day. It must be noted that wages and salaries are paid weekly or monthly, rents, water, gas, telephones, and ordinary bills monthly and dividends quarterly, or perhaps yearly. The farmer's income from sales occurs less frequently. All of these factors enter into the velocity of money, and apparently have not been considered by the proponents of the Townsend plan.

THE "BRAIN TRUST" AND THE BONEHEADS

I have little patience with those impetuous citizens who demand that I vote against the social-security bill submitted by the administration. This bill was prepared after consulta-

tion with 9 outstanding groups and 116 individuals who have been students and experts of the problems involved. It has had the aid of some of the best minds of the country. When it came to Congress, hearings were had in the Ways and Means Committee of the House, 1,141 pages, and in the Finance Committee of the Senate, 1,354 pages, a total of 2,495 pages. Over 170 pages were devoted to hearings on the Townsend plan. Few bills presented to Congress have had such careful consideration. The above committees are made up of the most outstanding, ablest, and experienced Members of Congress.

I have even less patience with those who endeavor to malign the social-security measure by charging it was written by "brain trusters" and college professors. After centuries of effort to build a system of education, I am one who believes our American school system from the little white temple at the crossroads to the great universities, inclusive, is the crowning glory of our country. The teacher, the college professor hold an independent position in that he does not draw his daily bread from the great banks or from the pay roll of great industries that use propaganda to warp and distort the minds of men. The school, the college, the university is the training ground for independent thought and action, and is one of the great factors that carries us forward on solid ground. The teachers and the professors hold the destiny of America in their hands.

Among the proudest moments of my American citizenship were those when I witnessed oriental children in Hawaii and the Philippines eagerly sharing the blessings of American education. The Army and the Navy planted the flag, but our teachers planted the seed of modern civilization in their lives. Others have pioneered in the pursuit of commerce, industry, and wealth, but the underpaid teacher has marched onward and forward, carrying the banner of education and culture and America's best traditions and inspired our youth with patriotism, industry, and Christian concepts. Shame on those who detract, impugn, and slander the teachers and professors of this land to which they have contributed the essence of its civilization and its noblest ideals. Paraphrasing a retort of the esteemed ROBERT DOUGHTON, Chairman of the Ways and Means Committee, in the Seventy-third Congress, I believe the approval of the "brain trust" is much to be preferred to the carpings of the "bone trust" which makes so much noise and does so little.

CHISELERS AND PEANUT PROFITEERS

I have listened to statements and read others made by proponents of the Townsend plan that are so far removed from veracity and have such a small grain of truth that one must come to the conclusion that some of the promoters have abandoned all landmarks of fact and are dreaming of phantoms and fancies and fiction, or are irresponsible chiselers plying a shell game and preying upon the dimes and quarters they can wring from the pockets of the poor, the aged, and the credulous. Some of the most vicious and loudest of these offenders are evidently peanut profiteers and are criminally exploiting and victimizing their followers and supporters. They are not only exploiting the innocent at home but inspire flagrant threats and attacks against Members of Congress who are trying to be fair to all. The best that can be said for the Townsend organization is that it has focused attention on a great public need, and it has made a creditable contribution in this way. It is to be regretted that the Townsend plan is so fantastic and based upon the transaction tax, one of the most vicious methods of taxation that the mind of man could devise.

THE SOCIAL-SECURITY BILL

The social-security bill before us goes much further than pensions for the aged, to be paid by the Federal Government and the States. It sets up a Federal system by which the employed of the great corporations of this country may establish benefits for themselves without direct contribution of the State or of the Nation. In this plan the Government assesses, collects, invests, and disburses the funds that are contributed by the worker and the employer. It provides for benefits of from \$10 to \$85 per month.

Another important provision in the social-security bill provides for the security of children who are dependents. The report on the social-security bill states that more than 40 percent of all persons on relief, approximately 9,000,000 individuals, are children under 16, children who are denied the necessities required for sound bodies and sane minds. It is proposed under the social-security bill to aid the States in making provision for these unfortunate children. The social-security bill further provides additional aid for maternity and infancy welfare, for vocational rehabilitation for crippled children, and also for the further participation of the Federal Government in public-health service.

HOW MANY DOLLARS PER MONTH?

There is no limitation in the bill being considered by Congress as to the amount that may be contributed by the State for old-age pensions. For instance, California may pay \$15, \$25, \$50, or more per month, to which, then, the Federal Government will contribute not to exceed \$15 per month for each individual pensioned. If I remember correctly, the present California old-age-pension law is based upon a contribution of the State and county and amounts to a little more than \$20 per month. By revising the California law to comply with the Federal requirements the total amount would be in excess of \$35 per month. But the California Legislature must revise the present law before this can be realized.

In some States the counties are enabled by law to pay pensions, and the same is true of municipalities. Many cities now pay fire and police pensions, and there is no fundamental reason why this pension system should not be extended to the aged citizens in those cities and counties which may desire to establish such a system.

CRITICISM OF PRESENT BILL

Current criticisms of the present bill are that it will be slow in getting under way and that the amount provided by the Federal Government for old-age pensions is inadequate. The proposed appropriation of \$15 per month by the Federal Government alone is admittedly insufficient to provide for the necessities of the aged individual. There are many who believe—and there are good reasons advanced—that the Federal Government should make the entire appropriation for the old-age pensions, and that the amount should be much larger, and do it now.

Undoubtedly from year to year there may be opportunities to provide additional revenues and to increase the Federal appropriation, but the general policy implanted in this bill provides for State participation for the very purpose of bringing home to the people of all of this country the burden of all pensions for the aged, and benefits for the worker and the children that somewhere, somehow, the Government, both National and State, must reach into the pockets of the people for the funds that are to be appropriated and bestowed. So Congress is faced with two propositions: First, the most pleasant experience of providing for the aged, the workers, the mothers, and the children; and, second, the painful experience of saddling upon others an additional burden.

This bill, which may have imperfections and which may not meet all requirements of individuals and which may be disappointing in some provisions, will be subjected to revisions and amendments, to supplementary legislation that will improve it and adjust it to the needs of the years that follow. The important point to consider is that a system for the promotion of social security and of human welfare has begun. It is like laying the first stone of a great structure.

THE NEW DEAL AND ITS LEADER!

The first pronouncement of the new deal was laid down in the Democratic national platform of 1932. That platform contained but a suggestion of human-welfare legislation, but it planted the seed in the national mind and it directed attention to a national necessity. It remained for President Franklin D. Roosevelt, the inspirational leader of the new deal, to elaborate and to give vitality and potency to this great movement. In his message to the Seventy-third Congress the President emphasized his purpose to contribute to the necessities of age and to other social welfare measures.

The social-security bill now before Congress is the fulfillment of the suggestions of the Democratic national platform of 1932 and of the humanitarian vision of our great President. It is the most important human welfare measure submitted to an American Congress in the 152 years of our history. It is the crowning effort of the new deal. It is a thrilling privilege to be a Member of Congress at this session and have the opportunity of working with the President, the Ways and Means Committee, and the Members of Congress in supporting this great measure to a fruitful conclusion. President Roosevelt has kept faith.

MY OWN BELIEF

I believe firmly in a pension for the aged and for social security in all of its phases. I believe in unemployment insurance to protect the workers of this country. It is an obligation of society to provide for the widowed mother, the dependent child, the physically handicapped, and for the public health and particularly for maternal care. Our civilization demands that these obligations be met in a generous manner. The present bill is the first step.

I believe that the outline of taxation that I have given will not only permit the increase of the amount of the pensions and benefits provided under this bill for social security, but it will also be a reasonable method to bring about the redistribution of wealth and to lessen the danger and menace of accumulated fortunes. I reemphasize and repeat my former declarations, that I favor the most generous program of old-age pensions and social security that we can secure and for which we are able to pay. I have given this subject thoughtful study, I have spent many hours in its consideration, and I refuse to yield to threats or to surrender my honest convictions or to play politics with the misfortunes and afflictions of age.

Mr. TREADWAY. Mr. Chairman, I yield 15 minutes to the gentleman from Connecticut [Mr. MERRITT].

Mr. MERRITT of Connecticut. Mr. Chairman, a very wise and respected clergyman in the town where I live used to say that in order to do real charity it was necessary to combine with a soft heart a hard head. I think that, in this bill before us, it is well to remember that combination, because however good our purposes are, and I am sure everyone wants to help along old people who are in distress or anybody who is in distress, a bill which affects the whole country as this does should have longer and more careful consideration than this bill has had.

I notice a great many gentlemen whose opinions are entitled to great respect, and who have studied this bill, differ radically as to its provisions and as to its wisdom. It is a matter of such magnitude and has such national effect that it should have greater study. This question has been considered in many countries. A great many States have old-age pensions now. I think it would be much wiser to wait until they have greater experience on which to build.

It is true also that many large industrial concerns have retirement provisions which are working well. Personally I believe that all provisions of this sort should be initiated and controlled by the States themselves for the reason that in a country of as great extent as this, and with as great variety of population, it is not possible for one general law, operated by one committee in Washington, to do equal justice, and place as little burden on the community as if each State decides for itself what it should do.

The President already has in his control, under a recent act, sufficient funds for all immediate relief. That is another reason why I think this provision for old-age pension and all the pension system in this bill could well be deferred.

Now, reverting to what I said before about tempering our good intentions with reason, let us consider calmly and without any bias or any political tendency, the provisions of this bill. I certainly have no desire to criticize anybody for what has been done, but let us see if we can agree on what the general conditions are. I should say that as far as unemployment is concerned, the measures thus far begun and the millions which have thus far been expended, have not greatly improved conditions. About as many men, if not more, are out of work now as have been at any time. I

suppose these enormous expenditures which the President is prepared to make under the recent legislation, may help. He may be able to put a certain number of men at work, but I think you will agree that no real break in our troubles can be made except by the extension of business which will re-employ men, and make real production for exchange. That is the only way to produce real money, by making exchanges which are advantageous to both sides.

As we all know, the banks are full of money, both paper money, if you want to call it such, and credit money. People sometimes criticize the banks because they say they are not liberal enough; they will not lend. I know, as every business man knows, that they are only too anxious to lend. I know that the managers of all banks are lying awake nights trying to find ways in which to use their money and their credit. Why is it they are not lending? Simply because responsible men do not come forward to borrow. The reason for that is that responsible business men do not have confidence, either in present conditions or in what is going to follow.

The banks would be delighted to lend to responsible men if they wanted to borrow.

What is the reason for this lack of confidence? I suppose primarily it is that business men have seen the public debt increased by leaps and bounds until now it is greater than at any time in the country's history. Every year great deficits are piling up. They have seen this enormous appropriation which has just been made for the President. But we do not find that the administration makes any reference now to balancing the Budget. That was a part of the story in the beginning, but it seems to be lost sight of now with no fear at all of the consequences. I am sure you will all agree that a government, no more than a private individual, can continue spending more than its income without losing its credit. If and when the credit of the United States becomes at all questionable, the only way out of paying these enormous expenditures is by paying its debts in paper money. Then you have paper inflation, and when that once gets started history teaches us that it is not possible to stop it. What causes me anxiety and I think what causes a great many other men anxiety is the fear that these enormous expenditures will not stop, for once people become accustomed to them and build their lives on them you cannot stop them.

It would please me very much if the Members would take the time to read an address which was made by the distinguished Chairman of our Judiciary Committee, the gentleman from Texas [Mr. SUMNERS], in New York recently where he referred to the growing dependence of States, municipalities, and individuals on the Federal Government, and voiced the fear that it would result in a destruction of the independence and initiative which has been the great cornerstone of progress in this country. This, I think, is the most fundamental difficulty with bills of this nature.

The gentleman from New Jersey [Mr. EASON], in making his speech the other day, said we were reversing the old saying of the great President Cleveland, that the people must support the Government and not the Government support the people. More and more now in any kind of trouble, whether it be State or individual, we turn to the Government at Washington, to lead us out and help us out. I think this is a great danger inherent in this bill. I shall not pretend to discuss the details of the bill because so many men have discussed and will discuss it who are better informed on it than I, but I notice in the bill itself and in the report accompanying it, that it becomes an increasing load on industry starting with some \$200,000,000 and rising in about 7 years' time to a load of \$1,000,000,000, and in 8 years more to a load of nearly \$2,000,000,000.

Then I see in the report also, but under another clause, an additional burden of \$800,000,000 or \$900,000,000. Many of us have come to regard the Government of the United States as an independent entity which somehow or other by law can create value and scatter it around, but all of us in our hearts and minds know really that the only way we can

create value is by work, by producing more than is consumed. Then we get real exchanges and real value.

To saddle this bill on industry, by whatever name the method is called, State taxation, Federal taxation, Federal contribution, or by some other name, is to unload on industry in the course of 10 or 12 years an overhead burden of between \$3,000,000,000 or \$4,000,000,000. This can be raised in only two ways, it must come from reduced wages or increased prices. We have all seen the effect of increased prices in the operation of the increased price of cotton which has caused enormous imports to come into this country and has made our exports fall off tremendously.

It seems to me, therefore, Mr. Chairman, that the fundamental and very important objection to this bill as a whole is that in times such as now exist where the debt is excessive—we have not begun to feel the effects of it yet for we have been paying the interest on the debt by new borrowings. But we cannot keep this up indefinitely; we shall be forced to increase the taxes which already are heavy—we cannot load up business with a further overhead of \$3,000,000,000. The load will not be for this year or for next year, but will continue indefinitely. The business men see it in advance, and you can well appreciate that confidence is not going to be inspired by legislation which imposes additional burdens; it will be further destroyed, and I say it is a heavy responsibility for this House to pass a bill that is going to press particularly heavily on industry. In the case of small manufacturers who are in the red—and I know a lot of them—a great many will be put out of business.

So I say we ought to stop, look, and listen before we enact any such bill. For the reasons which I have enumerated, I for one, am not able to support it. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, the other night it was my good fortune and good privilege to attend a dinner where the President of the United States observed very pointedly that sometimes we cannot see the forest for the trees; and I suppose we experience a sense of bewilderment when we seek to deal with legislation that is involved, controversial, and complicated. It is always refreshing to be able to dip back in the history of our own country, particularly the legislative history, in the hope of getting a sense of direction and a balanced viewpoint. As we scan the debates of other generations and review the dire prophecies of ruin and destruction that were made, when controversial matters were pending, and then note how blithely the Nation went on its way to greater heights of prosperity, there springs from the past much comfort and consolation.

This is not the only Congress that has dealt with controversial legislation. In fact, all legislation of any consequence has been controversial. There was a time, for instance, when the Congress was considering the child-labor bill, introduced by Senator Beveridge, back in 1906, of which Woodrow Wilson, then Governor of New Jersey, remarked that it was obviously absurd. Ten years later that same Woodrow Wilson, then President of the United States, put the lash on Congress to pass the Keating-Owen Child Labor Act which was infinitely more drastic than the Beveridge bill. It indicates too plainly how times change and what changes of sentiment and reaction arise in our national life. What a debate raged around that measure. How they painted it as an agency of national destruction, and how it was fought by debate and editorial, but, somehow, the Nation carries on.

The same thing is true of the direct election of Senators. When it was considered more than a generation ago, stalwart and dignified Senators contemplated such a measure with horror and denounced it as an attempt to destroy the very foundations of government, but somehow, we lived through it and here we are, for better or for worse.

When the Boy Orator of the Platte came thundering out of the West to take up the cudgels in behalf of the income tax, it was regarded with a species of horror. It almost crept into the Constitution, and then crept out again. A

generation later it had so permeated the consciousness of the people that Taft and Roosevelt placed their sanction on it, and in 1913, or thereabouts, it became a part of our organic law. Despite the doleful pictures of destruction that were painted, here we are, accepting the income tax as a matter of course and, on the whole, doing a forthright job of paying that tax before the statutory due date.

The same thing prevailed with respect to civil service. Back in 1888 one of the so-called "civil-service reformers" came to the Coliseum in Chicago to talk on civil-service reform and was greeted by an audience of only three people. He and his kind were dubbed "man milliners" and "carpet knights." They made little headway. Patronage mongers and those who subscribed to President Jackson's—or was it William Marcy Tweed's—gospel of "To the victor belong the spoils" felt that these reformers were trying to destroy the Nation. Then a bullet fired by a disappointed office seeker found the heart of a President, and almost overnight we had civil-service reform. And while we may cherish some doubts about abuses therein, the fact is that we have a civil-service system, and we accept it as a matter of course.

Everybody remembers the days when enactment of workmen's compensation legislation by the States was regarded as the handiest way to destroy industry, but somehow industry was not destroyed and the States did carry on despite opposition.

There must be a strange, invincible kind of force that brings such salutary measures into being and inscribes them on the statute books, despite all opposition and despite any gloomy prophecies as to whether they will or will not destroy the Nation.

Whatever that force is, it has, indeed, triumphed over all obstacles down through the centuries to raise the estate and condition of mankind. It is a far cry from the day when Peter the Great, the Emperor of Russia, could, without regard for human rights, feed his people to wild dogs or break them on the torture wheel to today, when life and liberty are carefully safeguarded in the law. It is a far cry from the day when farmers who lived in France under Louis the Fourteenth could not so much as frighten away the deer and other animals that came to eat the bit of wheat or barley that stood between them and starvation to this day, when wide-spread attempts are made to ameliorate the condition of the farmer. And by the same token it is a far cry from the day when man lived in a state of industrial squalor to today, when an effort is being made to aid him.

As we survey these advances in the condition of mankind and these improvements in our political, economic, and social condition, discounting, of course, temporary set-backs that may have been encountered, do we not wonder what strange force has carried us along? What strange force has overcome all resistance?

I presume that everybody for himself has tried at some time to evaluate that force.

To me it appears as a kind of collective morality that carries us along. A morality which, despite editorials and articles for and against a measure, despite what we may say and conjecture here in debate, seeks to translate into reality such ideals as sanctity of life and liberty and the pursuit of happiness. Our own forefathers, founders of this Nation, wrote them into the Declaration and the Constitution.

But pursuit of happiness seems to have remained just that, judging from the misery and distress that abounds in the land. It has been a pursuit in which the average citizen has not had a decent chance to catch up with happiness, and more and more it seems to dawn on us that the matter of effecting happiness for our people is one of the basic objectives of government.

A bit of intriguing information suggests itself in that connection as one dips into history. Back in the days when Watt and Stephenson were perfecting the steam engine and giving birth to the industrial revolution which has completely altered human destiny, there was in England a celebrated preacher named Reverend Townsend. He stood in the pulpits of London and freely declared that it was ordained of God Almighty that there should be menial and

servile people in this world, grovelling in squalor and misery to do the servile tasks of humankind. Think of a man of the cloth, standing in the temples of the Lord and apologizing for conditions of destitution and despair. It is a far cry from that Reverend Townsend of 1781 to the gentle and gracious Dr. Townsend of today, who seeks somehow to do something in behalf of the aged, the indigent, and the unemployed, and whether we agree with his philosophy or not, it constitutes a most illuminating sidelight on the different approach which we take to social problems.

But this strange force that carries mankind upward and onward over momentary obstacles is the force that in my humble judgment seeks to carry us on to a fundamental goal of happiness, and that goal can be achieved, only as it receives proper assistance from constituted government.

With that as a background, let me address myself very briefly to title I of this measure dealing with assistance to the States in the payment of old-age pensions. Here, too, we must stand back and get a detached perspective in order to properly evaluate this measure.

I can remember out of my own experience as a boy—and I was 6 years of age when Theodore Roosevelt first succeeded to the Presidency—that somehow nobody feared the poorhouse. My father died when I was not quite 6 and left a mother with five children, if you will indulge me this personal allusion. She managed to provide us with an education. We had enough to eat, and scattered over all was a kind of quiet contentment. In fact, it was a kind of pastoral contentment. Life was more leisurely and more considered. As for fears of the poorhouse, I recall that we had an old gentleman in our neighborhood who spent his days in the poorhouse and was brought back by the family during the summer months. I remember as a child, marching up and down in front of that home when this old gentleman sat out in front, and looked at him as a kind of curiosity, as someone to be placed in a museum. But we were not afraid. There was not that quality of speed about life such as we have in this day and age. Everybody seemed to get along.

I think it is exemplified in the past generation by such men as William Dean Howells, and John Muir, and John Burroughs, and Huxley and Ruskin, whose profundity we somehow miss today. Their profound thoughts seem properly associated with a leisurely, unhastened, secure age.

Why has that contentment passed away, if we assume that it has? What has happened. What strange thing has altered our thinking and our economics and our industrial civilization to bring us so many social problems.

I believe it all started with the birth of the machine age at the turn of the century. I do not decry the machine age, because it has brought vast benefits, but it has also brought many problems. Had we properly made the necessary compensations as we went along, we might have been saved much of the travail of today. In that machine philosophy, we worshipped standardization, speed, and mass production to the point where it resulted in the problems which now engage our attention.

The very mention of speed recalls to mind the incident I used to tell of an automobile that was parked near a filling station at Waterloo, Iowa. A little boy occupied the rear seat when a kindly preacher came along and said, "Whose boy are you?" To which he responded, "My father is a judge in Waterloo and he is also president of the Rotary Club." Then the preacher asked, "Who is your mother?" The boy answered, "My mother is president of the law-enforcement league and she is also president of the ladies' aid society." Then the preacher asked, "And now young man, what are you doing in the rear seat", and the boy said, "Oh, mister. I have to stay back here and watch for speed cops." [Laughter.]

Ours is a speedy generation and youth quickly absorbs that idea of speed.

Next is the element of standardization. As good an illustration as any is a cigarette factory such as they have in Louisville where hundreds of girls, dressed precisely alike in blue smocks with their hair dressed just the same, are engaged in the production of cigarettes. All individuality is blotted out. The only thing that counts is a sense of dis-

cipline and automatic capacity for such a task. Machines are standardized, production is standardized and speeded up, and nothing is permitted to divert or distract from the processes. Only agile fingers and a responsive sense of discipline.

[Here the gavel fell.]

Mr. TREADWAY. I yield the gentleman 3 additional minutes.

Mr. DIRKSEN. Similarly, with speed and with standardization, came the development of mass production. Mass! Bigness! Those are the things which seem to count. We have even gone so far as to translate that idea into our colleges, seeking by mass philosophy to overwhelm students and faculty and everybody else. Our college catalogs have become so thick that they look like abridged editions of a Sears, Roebuck mail-order catalog. It is part and parcel of the mass idea. Even in sports, we see it exemplified. College football games are no longer a success unless there are forty or fifty thousand people as spectators. It makes little difference how many collar bones might be broken in the fray, it is the mass size of the crowd that counts.

That same philosophy is applied to our whole civilization and particularly industry. Everywhere one can see huge machines, automatically operated which now displace human hands. In the production of shoes, the bottling of milk, the production of tin cans, or cigarettes, or what not, it is everywhere the same. Machinery displaces hands and brings despair in its wake. I noted only last week that one of the great problems in Pennsylvania is the bootlegging of coal, resulting from the use of steam shovels in strip mines, thereby depriving miners of a livelihood. These huge shovels, strip away 40 feet of overburden, to expose the coal seam, then dig up the coal, load it into trucks and make unnecessary several hundred pairs of miners brawny hands and arms. To make a skimpy living, they are from necessity constrained to dig coal from company properties and sell it for a few cents, and this industry has been called "bootlegging" coal.

The point of all this is that gradually we have displaced millions and placed them on the unemployed lists. High-speed industry has become selective and from a huge reservoir of labor can now select the young rather than the old, because they are a better risk and because insurance premiums on young men with agile fingers and nimble brains are much cheaper and result in savings. We have, therefore, a large number of aged who would find it difficult even in normal times to secure a job but who in depression times find it impossible to secure employment. What shall be done with them. They must live. They must eat. They must preserve their self-respect. They must be regarded as folks who made their contribution to the advancement of society and now become society's problem. This is nothing more than a reasonable, fair, and civilized approach.

In such places as Africa age presents no problem. When the aging member of the tribe can no longer unerringly send an arrow into the heart of a water buffalo and bring in his share of food, he is unceremoniously escorted to the water's edge, where the crocodiles are thickest and pushed into the water. It is their simple, childish, uncivilized way of solving this problem but we, by virtue of our identity with a country which heralds its advancement to all the world, must solve it in a sound, fundamental way; and that way is through the agency of adequate old-age pensions.

In my judgment, we have paid far too much attention to and put too much emphasis on the method rather than the adequacy of the pensions, but if a measure is enacted which provides for inadequate and niggardly pensions, that problem cannot be considered as soived either today or tomorrow or 20 years hence. It must be adequate for the proper maintenance of life in a respectable way.

The Department of Agriculture tells us that the retail price of food has gone up about 29 percent since 1933. That is tantamount to say that the real value of the dollar has gone down. It will buy 29 percent less than it did 2 years ago. In other words, a \$50 pension in 1933 would only be a \$35 pension in 1935. Moreover, if we are going to be con-

sistent in our attack on the 50-cent dollar, we must make proper allowance for that fact in computing pensions; and, as for myself, I can only say that the present provision is altogether inadequate. [Applause.]

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. MORITZ].

Mr. MORITZ. Mr. Chairman, I believe today is an epochal day in the history of humane legislation. No person or party could be responsible for this legislation except those who are progressive minded. Ten years ago anyone who proposed legislation for an old-age pension would have been considered a radical, but at the present time conditions have changed.

Now, I would be very sorry if what the gentleman from California [Mr. McGROARTY] said should come to pass. He maintained, and I think he is correct, that those States that cannot raise the money to pension their aged will not obtain an old-age pension from the Federal Government. I want to say that the State of Pennsylvania, one of the richest States in the Nation, is at the present time bankrupt. It can scarcely pay the salaries of their own employees. I hope we are not going through an empty gesture in this legislation, but that the old people will get their pensions which they deserve. [Applause.]

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. HEALEY].

Mr. HEALEY. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and include therein a resolution passed by the General Court of the Commonwealth of Massachusetts, and also a statement by Lincoln Filene.

There was no objection.

Mr. HEALEY. Mr. Chairman, we have, in my opinion, under consideration one of the most important bills ever considered by this or any other Congress. It will mark a new era in our social and economic life.

Before discussing its provisions I would like to pay a tribute to the liberality and democracy of the Democratic leadership of this House in bringing up this legislation under such a liberal and wide-open rule. Under the provisions of this rule ample time has been allotted for debate and every opportunity provided to offer amendments. Certainly there is little room for complaint from any quarter. I believe that, under its terms, the adherents of the various plans supporting legislation of this character will have their day in court.

The Ways and Means Committee, which has reported this bill, under the able leadership of the distinguished gentleman from North Carolina, has considered this measure for many weeks. Its final draft represents the deliberate judgment and profound thought of a large majority of that great committee. The committee merits the thanks, not only of the Members of Congress, but also of society in general, for their painstaking efforts in their treatment and consideration of this bill.

During the closing sessions of the last Congress, on June 8, 1934, President Roosevelt, in his message to Congress, announced that—

Next winter we may well undertake the great task of furthering the security of the citizen and his family through social insurance. * * * Hence, I am looking for a sound means which I can recommend to provide at once security against several of the great disturbing factors in life, especially those which relate to unemployment and old age.

Since this message the biennial congressional elections have intervened, and throughout the length and breadth of this Nation, social legislation was a major issue. That the electorate of this country gave overwhelming approbation to the plan as outlined in that message is conclusively evidenced by the preponderant majority of Democrats sitting in this House and the Senate. The conclusion is inescapable that the American people issued a mandate to Congress to pass legislation conforming to this plan.

Conditions in every section of our country call out for the immediate enactment of such legislation. The trends of the day indicate a marked increase in the percentage of older

persons in the population of almost every community. The present organization of industry and commerce, with its scientific machinery and high-speed system of production, has shortened the period of gainful occupation. Persons over 60 years of age, and even under that age, may no longer find opportunity for occupation in industry with a resultant increase in the dependency of aged persons. The depression has swept away the life's earnings of even the most prudent persons who, through the exercise of thrift, frugality, and economy, had laid aside a competence for their old age. Through the failure of supposedly sound banks and the collapse of investments, they have been left with scant hope for the future and thrown on the bounty of the community.

To institutionalize these aged persons in poorhouses, with the consequent opprobrium associated, is repugnant to our enlightened sense of social justice. It has been demonstrated that this method is unsound, expensive, and wasteful.

Aside from the humane aspects of old-age pensions, we have discovered that a minimum buying power, especially in times of depression, is an economic necessity and particularly in view of the growing number of older persons in every community such a course will prove to be not only a wise but a sound one.

The provisions of this bill respecting old-age pensions require that the States assume their responsibility toward the aged persons within their borders. It provides that the State governments will be required to match the \$15 monthly per person furnished by the Federal Government with at least an equal amount. This will not prevent the States from contributing a larger sum if they so desire. In other words, the minimum pension contemplated under this act is \$30 a month—but it may be more if the States decide to contribute a larger amount than \$15 toward the pension. Old-age pension laws are already in force in 29 States. My own State, the Commonwealth of Massachusetts, has an old-age pension law in actual operation providing average payments of \$24.50 a month. Consequently, by the enactment of this legislation, old-age pensions in Massachusetts will be increased to a minimum of \$30 a month and, if the State decides to continue its present payments, they will amount to \$39.50 a month.

There may be a desire on the part of many members for a more generous old-age pension, and experience may demonstrate that larger pensions will be desirable. But certainly \$30 a month is better than no pension at all. The important thing is that we have, as a nation, recognized the humane principle of old-age assistance. We have the opportunity to inscribe into the laws of this Nation this great social measure and, in the light of experience, there will be ample opportunity for liberalization and amendment.

Many plans have been advanced having kindred objectives and I have given considerable sympathetic study to them. I sincerely respect the motives and purposes of their authors. However, we have before us a concrete plan which has involved a great deal of careful preparation and profound thought. It is capable of being placed into speedy operation and will extend much-needed relief throughout the Nation. I am confident that the fullness of time will develop the proper lines for expansion and amplification. This bill has been subjected to the most rigid and exhaustive study of the Committee on Ways and Means and embodies the fruits of their deliberations. It comes to us with the approval of our great liberal leader—a great progressive—who has devoted his every energy and all of his talents to the alleviation of the distress which has been visited upon our people.

I have not heard much criticism from members of the minority party concerning the old-age-pension feature of this bill. They are fully cognizant of the universal sentiment of the American people in favor of this subject. However, during the long continuance of their leadership, no such progressive measure was ever espoused by their administration. This great social reform has come about, as have so many others, through the sponsorship of the party now in control of the affairs of our Government. This measure has, however, afforded a target for the sniping and sharp-

shooting of some members of the minority party—and, in fact, they have gone far afield from the subject matter of this bill in leveling their attacks upon the present administration. They have chosen as their especial target the unemployment-insurance feature of this bill upon which to level their assaults. They assume to be the sole champions of industry and bewail the fact that the tax to be levied upon industry to create reserves for the payment of unemployment insurance will impede industry. They have failed, however, to calculate the terrible national economic loss caused by the unemployed millions in our country. As usual, they do not progress with the trend of the times and cleave to short-sighted policies of the old order. They refuse to envisage the power of unemployment reserves to stabilize purchasing power and act as a balance wheel in times of rising unemployment. They fail to visualize the tendency of unemployment insurance toward stabilizing and insuring steady, year-round employment.

Forward-looking and progressive industrialists have, however, realized the benefits of job insurance. They realize that a minimum purchasing power must be provided at all times in order that their own industries may not be strangled for lack of consumers' markets. They now appreciate that in our modern complex industrial organization, a minimum purchasing power must be maintained at all times and that this can be accomplished only through the medium of unemployment insurance. Industrialists have discovered that it is a false philosophy to exploit the worker and, when he is no longer useful, to throw him on the charity of the community. They understand that it is cheaper to build up reserves to maintain the worker in a position where he will not be dependent upon others than it is to pay their proportionate tax to maintain him on public relief.

The objection has been made that we are not ready to act on unemployment insurance as yet. It is urged by some that further and more protracted study be given to the whole question of unemployment compensation before we take any action. In this connection I quote from a statement recently made by Lincoln Filene, a liberal and forward-looking merchant of Boston, Mass.:

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

Mr. Chairman, I would also like at this point to incorporate as part of my remarks a resolution recently adopted on the passage of unemployment legislation by the General Court of Massachusetts.

THE COMMONWEALTH OF MASSACHUSETTS,
OFFICE OF THE SECRETARY,
Boston.

Resolutions memorializing Congress in favor of the passage of national unemployment-insurance legislation

Whereas there prevails in the United States of America a grave condition of economic insecurity, more especially among the working classes; and

Whereas it is apparent to all students of economics that this condition is likely to continue in a greater or lesser degree; and

Whereas the governmental agencies have been forced to assume the responsibility which properly belongs to industry, namely, to provide work and wages for the employable workers of the Nation; and

Whereas millions of employable workers, without fault on their part, are without employment and are thereby forced to undergo the humiliating necessity of relying upon public-welfare agencies or private charities for the necessities of life; and

Whereas any change made by one State and not joined in by all States would inflict an unfair burden upon the industry of the State making the change: Therefore be it

Resolved, That the General Court of Massachusetts favors the immediate enactment by Congress of suitable legislation creating a national compulsory unemployment-insurance plan providing for a fund to be made up of contributions by both employer and employee from which, in times of unemployment, worthy unemployed workers may be adequately paid for a portion, at least, of the periods of their unemployment: And be it further

Resolved, That copies of these resolutions be forwarded forthwith by the secretary of the Commonwealth to the President of the United States and to the presiding officers of both branches of the Congress of the United States and to the Members thereof from this Commonwealth.

In house of representatives adopted March 27, 1935.

In senate, adopted in concurrence April 1, 1935.

A true copy.

Attest:

[SEAL]

F. W. Cook,

Secretary of the Commonwealth.

I am sorry that time does not permit me to dwell on the other features of this bill. However, they are all integral parts of our social and economic situation and should, in my opinion, be treated in one comprehensive plan.

Mr. Chairman, this is one of the most important steps we shall take in this Congress. It will mark a new era in our methods of dealing with social problems. It will carry out the promises and pledges of the Democratic Party and its great leader, Franklin D. Roosevelt. I am sure that it will win universal approbation and the high regard and lasting thanks of the American people for the Congress which enacted this great humane legislation.

Mr. MORITZ. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD and include therein a radio address by the Rev. James R. Cox, The Shepherd of the Jobless.

The CHAIRMAN. Is there objection?

Mr. TREADWAY. I reserve the right to object. Who is the Reverend James R. Cox?

Mr. MORITZ. He led the jobless army to Washington, and was once a candidate for President.

Mr. TREADWAY. Is not that a request that should be made in the House rather than in Committee?

The CHAIRMAN. The Chair thinks not, because the gentleman from Pennsylvania did, making a request after seeking to revise and extend his remarks, and now wants to include this radio address.

Mr. TREADWAY. I think I shall object to that being done in the Committee. This is a speech by an outside person, not a Member of Congress. I feel constrained to object under the circumstances.

Mr. SAMUEL B. HILL. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. SOUTH].

Mr. SOUTH. Mr. Chairman, someone has correctly said that a statesman is one who is thinking about the next generation, while a politician is one who is thinking about the next election. If that statement is true, I do not believe there is any scarcity of either in this country, as has been clearly demonstrated in the consideration of the Economic Security Act, and more particularly that part of the proposed law which deals with old-age pensions.

I have spent a good deal of time, as I presume most Members of Congress have, studying the provision of the bill now under consideration and studying the hearings before the Committee on Ways and Means. This legislation, in my opinion, is one of the most forward-looking steps which has been taken by our Government during its entire existence. There is no doubt but that our problems are social as well as economic. There is no doubt but that our country as a whole has become decidedly old-age pension minded. This has resulted in part, I am sure, from agitation of measures, some of which are unquestionably unreasonable and unworkable. If such agitation and propaganda was necessary, however, to sell this country on the question of old-age pensions, it has, in my opinion, been fully justified.

I want to commend the able chairman of this committee, Mr. DOUGHTON, and his associates, for the very splendid and statesmanlike work on their part in giving us the bill which we are now considering. I do not think it is a perfect bill,

but I do think it is a reasonably constructive one when considered in its entirety.

I hope to have the opportunity of voting for an amendment which will eliminate item no. 7, in section 2, page 3, providing that, "if the State or any of its political subdivisions collects from the estate of any recipient of old-age assistance any amount with respect to old-age assistance furnished him under the plan, one-half of the net amount so collected shall be promptly paid to the United States", since such provision will result in practically no benefit to the Government and could be the source of much annoyance and trouble on the part of those receiving such benefits. It is my belief also that this relief should be administered uniformly throughout the country without regard to what the various States may do, and without requiring any participation by such States. To attempt to administer it otherwise will mean that thousands of deserving individuals, who are just as much entitled to relief on the part of the Federal Government as are those in the States who qualify under this act, will be forced to suffer from poverty and want, just as they are doing now. I want to stress the fact right here, Mr. Chairman, that we are not granting relief to States; but that we are attempting to grant relief to individuals, and a suffering individual in Arkansas, Mississippi, or Texas is just as much entitled to this help as is an individual similarly situated in Pennsylvania, New York, or California. It is not justice to the individual to penalize him because his State is either unwilling or unable to meet the requirements imposed by this bill, and every Member of this House knows that this is what will be done unless that provision is eliminated. If \$15 is the maximum amount which the Federal Government is able to pay each person, then let the Federal Government pay not to exceed \$15; and if the States want to pay an equal amount, a smaller amount, or a greater amount, they will, of course, have this privilege. I believe, too, that the age limit should be 60 rather than 65. If these changes are made, the appropriation for the fiscal year ending June 30, 1936, which is approximately \$50,000,000, should be some \$150,000,000, because it is admitted that less than one-half of the needy and deserving can qualify during the first year as to State requirements; and, of course, lowering the age limit will call for additional money. It is infinitely more desirable that such people actually receive \$15 per month than that they be promised \$30, \$50, or even \$200, which they can never receive. It may be correctly argued that the Federal Government will save money by imposing this provision. This cannot be disputed. It may likewise be said that the Federal Government will save still more money by not passing any social-security law at all, but we are not enacting this law for the purpose of saving money; we are enacting it for the purpose of granting relief, a thing which should have been done generations ago.

Mr. Chairman, as I indicated at the beginning of my remarks, the consideration and discussion of social legislation offers the most fertile field imaginable for playing politics. How easy and natural it is in discussing this bill on the floor of the House, or in writing interested constituents, to say that the amount stipulated herein is wholly inadequate. Yet we who have studied this proposed law know that it is about as much as our Government will be able to stand. We know too that \$15 is a great deal better than nothing, and that the amount can be increased from time to time by subsequent Congresses when we are able to provide the money for paying more. A great deal has been said and written during recent months to the effect that each recipient should be paid \$200 per month, and Members of Congress have been told in no uncertain terms that their political future depended upon their supporting such a so-called "plan." The so-called "Townsend plan" is not a plan at all; it is simply a utopian dream. The various sponsors of the bill are not in agreement with each other. Each sponsor's plan is different today to what it was yesterday.

Many people who signed petitions were misinformed; were told that a straight 2-percent sales tax would raise sufficient money to pay each person over 60 years of age \$200.

The chairman of the Townsend Club for Runnels County, Mr. Key, a splendid and intelligent man, who presented a petition to me containing more than 9,000 names secured in his county, assured me positively that a straight 2-percent sales tax would raise enough money to pay \$200 to each person over 60 years of age. But the revised McGroarty bill, H. R. 7154, which is the bill the Townsend advocates are now supporting, provides, in section 2, as follows:

SEC. 2. (a) There is hereby levied a tax of 2 percent upon the fair gross dollar value of each transaction done within the United States and Territories; also, in addition to all other taxes, a tax equal to one-tenth of the tax levied upon all incomes under the provisions of the Revenue Act of 1934, or any amendment thereto; also, in addition to all other taxes, a tax of 2 percent upon the fair dollar value of all transfers of property by devise, bequest, or other testamentary disposition or legal descent and distribution of property, as now or hereafter taxable under the provisions of the Revenue Act of 1934, or any amendment thereto; and also, in addition to all other taxes, a tax of 2 percent upon the fair gross dollar value of every gift in excess of the fair value of \$500.

It is an admitted fact that the transaction tax will, in many cases, amount to more than 10 percent. Even with all the taxes above provided for in such bill, it is admitted by most of the proponents of the measure that it will fall far short of producing sufficient money to pay \$200 per month as originally proposed. Therefore it becomes quite evident that this proposal has not materialized to the point that it may correctly be called a plan.

Members of Congress have been threatened with defeat unless they support the Townsend plan. As for me, I owe no sacred and binding obligations to the people who sent me to Congress to be reelected, but I am under a solemn and sacred obligation to such people to contend for the things which I believe to be to the best interest of our country as a whole, and to oppose such measures as I believe detrimental to its welfare, and this I propose to do.

As Members of Congress we should ever be mindful of the fact that for every Member who shirks his responsibility, who plays politics, who fails to meet every issue squarely and honestly, an additional obligation is placed upon those stalwart and honorable members who are not willing to sacrifice their honor and integrity to make their political fortunes more secure.

I am going to support the Doughton bill. I hope it will be amended as I have indicated. I am for it because it is a sane and sensible plan, and one which can be attained, providing against want and poverty for millions of our splendid and deserving aged people, and I believe they are going to be deeply grateful to this Congress for its passage, with such amendments as Congress may see fit to make. [Applause.]

Mr. SAMUEL B. HILL. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. GRAY].

Mr. GRAY of Pennsylvania. Mr. Chairman, first let me take this opportunity of making the following corrective statement. The other day when the rule was brought in under which this social-security bill is being considered, I voted in opposition to the rule, not because, as the papers carried the item, that I am for the Townsend pension plan, but because I felt that any plan or bill or idea of legislation that any Member of the House thought was worthy of deliberation by the House, is entitled to consideration. Those who favored the Lundeen bill and those who favored the Townsend plan seemed to fear—and their fears were to some extent grounded in good reason—that under House Resolution 197, their measures would not get a day in court. Being an advocate of free and open debate on all questions of relatively important public interest, I voted as I did on the rule in order to show my disposition toward the subject of consideration of the measures, and not necessarily because I favor either the Lundeen or the Townsend plan. The issue on the resolution was entirely distinct from the issue of approval or disapproval of the proposals contained in the bills to which I have referred. My position on those bills will be evident when they are before the House.

It seems to me that we are now debating a bill that is not fundamental legislation. It was disappointing to me when

the gentleman from Tennessee [Mr. COOPER], a distinguished member of the committee which reported this bill to the House, stated in the course of his very eloquent and able address this morning, that this social-security bill is not temporary legislation and is not emergency legislation. It is unfortunate that it is not that sort of legislation.

In some respects this bill may be thought of as being the beginning of the end of everything in national enactments. As drawn, the age requirement is 65 years, or until 1940, a permissible requirement of 70 years. The amount granted by the Federal Government to each State is to be an amount equal to one-half of the total of the sums expended by the State as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds \$30, and 5 percent of such amount for administering the State plan.

Already, Mr. Chairman, we have a number of other Federal Government pension plans introduced in the session which intend going far beyond the \$30 limit. One large and important and comparatively rich State has a delegation in this House commonly reported to be a unit, with the exception of one member, on a proposition to grant a much larger monthly assistance, with the age requirement at 60 years, which is 5 years under the stipulation in this bill.

There are many things attractive and alluring in such propositions as this, and public support is given them willingly, thoughtlessly, and hopefully. The next session of Congress will see us confronted by endeavors to make the age requirement not 65 years, not 60 years, but 55 years. The next political campaign will see a demand for an increased amount of assistance. As the years go by, the age requirement will be reduced and the amount of the pension will be increased. The candidate who proposes the lowest age requirement and the highest amount of monthly assistance money will, by the very nature of things, receive the largest vote. He will enter the legislative halls of State and Nation committed on those issues, and the end will be not yet, not any amount, not any limit, but birth and blue sky.

Legislation of this character is fundamentally unsound except as an emergency and temporary measure. The idea is wrong. It recognizes a serious condition and attempts to deal with it as fixed and permanent part of our modern life. What should be done is that the condition which seems to justify this proposition as an emergency should be removed as speedily as possible from our existence.

How shall this be done? The remedy itself is plain enough, but the way to achieve it is not so apparent. The way to take adequate care of the aged is to provide a proper return to the man who labors by bone or brain his period of productive years. It will be necessary to change the industrial and economic set-up of this country and to give the laboring man and worker by skill or brawn a living wage, something they have never had except perhaps during a brief period of the late war and shortly thereafter.

If a man be given a living wage during his productive years, he can provide against the vicissitudes of old age by his own thrift and savings. So long as a man who works is given a mere pittance, so long as he has always the wolf at the door, and has always an empty cupboard, it is impossible for him to store up a surplus account upon which he can draw when age creeps upon him and his infirmities reduce and restrict his earning power.

Without a living wage it is and will forever remain impossible for the toiler in office or field or mine or store or factory to take unto himself a wife and family, to raise and feed and clothe and house and educate his children, to pay the necessary medical and hospital bills, to live as he, his wife, and his children should live in his producing term. All odds how thrifty and industrious he may be, without a decent living wage, his living will not be decent and properly livable, and he cannot store up an abundance nor even a comfort for his declining years.

The Government wholesale pensioning plan, except when limited to various degrees of misfortune and the results thereof, is fundamentally unsound, is destructive of initia-

tive, of the habits of thrift and prudence, of courage and persistence, robs the human race of the urge of that necessity which mothers invention, and tends to evaporate the spirit.

It is only an emergence and a temporary measure, and because I so regard it, that I shall support this bill. The enactment of this bill will by no means solve our difficulties, it may for the time alleviate some of our ills.

When we readjust our industrial, business, and commercial life as we should, and give the man who toils and the woman also a proper return for the hours they spend and the muscular force and nervous energy which they exert in their occupation we will be able to reach a proper solution of our problems, but not until then.

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. MAAS].

Mr. MAAS. Mr. Chairman, I am very happy that the matter of providing social security has been brought to the Congress. I think it is the most important and far-reaching modern problem of government, certainly for this country. Society has become so organized in this industrial and commercial age that old-age security and unemployment insurance have become essential to the very preservation of our civilized system. The thing that has been tearing at the hearts of men and women, that has been destroying their happiness, is the fear of old age, the fear of dependence when their period of usefulness in industry is ended. Two greatest fears that are at present destroying the pleasure of living for most people are, first, the terror that one will be unable to support a family in decency; that he will be unable to retain the respect of his children, all the more terrifying because he is a victim of a system of industrial organization in the control of which he has no part. The very process of civilization has been crushing the aspirations of the individual, because we are living in a corporate organized society. Then there is the twin fear that when the useful period is over—and that period is ever decreasing in the lowering age of the individual because of the terrific strain of the mechanical age—one must go into disgrace in old age; that one will not be able to hold up his head and provide his own security for old age; yet in this highly mechanized and highly competitive organized society it is impossible for the great mass of people to lay aside sufficient to provide their own security in decency in old age. The competition of life is so terrific today that it is not possible. With the blank earning periods of unemployment, what little has been accumulated is usually dissipated in those periods, so that it is clearly as a recognition of the responsibility of society as it is organized today to the individual that the Congress now turns its attention to providing that security which the individual in the great mass of cases can no longer provide.

In the day of individualists, when the average boy finished school or left home to go to work and accumulate enough to establish his own business, he could control his own destinies and thereby have reasonable assurance of raising a family in some comfort and decency. He had some assurance that if he applied his energy and his thrift he could lay aside a little estate with which to retire after he had educated his children. Those days have gone. General opportunity for that no longer exists. We find ourselves today, when we leave school or home, thrown into a great machine in which we are not even a cog; a machine the running of which we understand little of, and over which we have less control. This machine is the product of the age. It is the product of a mechanized civilization. Business has changed from the period when the individual could establish his own little concern and could grow, when he could provide for his family and his own old age, until today industry and commerce are so organized in great corporations, in great chains, that they have absorbed the business opportunities, and the mass of people must look for a livelihood in the employ of these great corporations. The days when business was local and profits remained in the local community and continued to build up that community

and continued to pay local taxes is gone. The former local business of the individual has now become a mere branch of great national corporations. Profits are drawn out of those communities and taken into a few financial centers.

Mr. MAHON. Will the gentleman yield?

Mr. MAAS. I yield.

Mr. MAHON. Does the gentleman feel that the States should participate in the way of this pension and be required to pay before the Federal Government would make any contribution?

Mr. MAAS. I am rather inclined to agree with the President in his position on that, although I will admit to the gentleman I am in some doubt myself. It does seem to me that if the States do not participate you will have an uneven situation, because what is necessary in one city or in one State to provide security in old age, bears no relationship to the amount needed in some other part of the country. Standards are different. Climatic conditions, the background, the whole thing is different. I am not sure that it will work that way from a practical standpoint, but I think we ought to try it. I believe we should attempt a system of participation, but I do not think we ought to place a limitation upon the participation that we have. In the first place, the \$30, which we assume would be the maximum, \$15 by the Federal Government and \$15 by the States, is not adequate. It is not sufficient, for instance, for those residing in a city, to provide genuine security for old age. I think this problem involved in this bill is more than a problem. I think it is a number of problems. I think the wiser method of legislation would have been to separate the various problems. Old-age pensions is a problem in itself. I believe we ought first to provide an intelligent old-age system. I do not think we can do that by one definite, broad legislative bill covering a number of subjects. The question of unemployment insurance is one which, of necessity, must follow the operation of the old-age pension. If a device is worked out whereby an adequate old-age pension is provided, so that it takes the older people off of the active rolls of employment, it will vitally affect the question of unemployment. If we take the older people off the active rolls of employment, we may not have any serious unemployment. Certainly we are not going to know what the unemployment problem is until we have had in actual operation the old-age pension.

I do not believe we ought to place any limitation on the contribution of the Federal Government. Certainly, though, if we do it should not be less than \$25, which would mean a maximum of \$50, unless the State were willing to go beyond the limit contributed by the Federal Government. I am not so sure that the system of contribution by States will work. I would like to see it tried, though. I would like to see the States placed upon their mettle. I am fearful that if we do not do that, we are going to destroy the sovereignty of States; we are going to destroy the sense of local responsibility; we are going to find that in a short time our States will be merely political, artificial subdivisions of an all-powerful central government. I think that is unwise. I think one of the things that led to the great era of prosperity came about through the cooperation of great individualists, but with a local sense of responsibility. The very industrial organization of this country has conspired to destroy local self-government, and I do not think we ought to carry that on any further by legislation that will kill what little local pride and spirit of independence is left.

I think that State participation certainly should be tried to see if it can work, but I think further that we ought to separate some of the questions that are involved in this bill. I believe we should devote our major attention this session to the most important question of old-age pensions.

Much of what is in this bill now is of necessity guesswork. Not sufficient time has been taken in drafting the bill to first study the effect of plans in use in Europe, as they might point a guide to our problem. Insufficient study has been given to our various State old-age systems. Certainly there is no precedent for the system it is hereby proposed to

set up. Particularly there is no demonstration by the committee that a proper study has been possible of the relationship between the various items of social security proposed in the bill. No intelligent unemployment plan can be devised until we know more about how the old-age plan will work out. No guide to the working out of old-age annuities can be possible until the other two plans have been put into operation.

This matter is so far-reaching in its consequences that haste must be tempered with experience. This is not emergency legislation, but adoption of a fundamental and basic new principle of both economics and government and of a permanent nature.

Because I believe so heartily and feel so deeply upon the subject of social security I shall vote for this bill to register my desire to have society recognize its social obligations to the individual by providing for old-age pensions and unemployment insurance. This does not mean that I am satisfied with this bill as it is presented to the House. I feel the benefits are grossly inadequate to accomplish the real objective sought for. The maximum old-age benefit under this bill—\$30 a month by combining both a State contribution and the maximum Federal allotment—is not sufficient to keep old people in decent comfort, to which they are entitled, after giving a life of service to organized society.

To be effective, the benefits must be sufficient to induce the older people to leave the competitive field of employment to the younger people starting in their active careers of life and to those engaged in raising their families. If the benefits are not enough to do that, the whole plan is a failure and defeats its own purpose. The benefits, on the other hand, must not be so large that they will destroy the individual's ambition and incentive to be thrifty and save for his own security in declining years. If all incentive is destroyed, all ambition for progress will disappear. We would become a stagnant nation. In time there would not be enough national income to provide any social benefits, for old age, unemployment, or any other purpose.

The objective of social-security legislation must not be to supplant all private incentive to the individual to provide his own active and retired security, but to take up the slack for those who are unable to do so.

Since the profits of industry now largely are drained from the local communities to a few financial centers, it is essential that they be redistributed back through the country to keep purchasing power flowing evenly and constantly. Federal revenues are largely from taxes on incomes and, therefore, Federal contributions to old-age pensions is a wise, just, and fair method of taking care of the old people and at the same time preventing unnatural accumulations of great wealth, which inevitably stagnates commerce and destroys employment.

I think the committee has done a fine job in the time it has taken, but on a matter so all-embracing as this, 2 years of study would not be too much. I think the pending bill should not be considered the ultimate word by any means. I think this is the proper time to make the first step and I am very happy to see it being done. [Applause.]

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. McREYNOLDS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 7260, the social-security bill, had come to no resolution thereon.

SOCIAL-SECURITY BILL

Mr. GINGERY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. GINGERY. Mr. Speaker, for years as one who has been active in public affairs I have stood on the liberal side of all legislation. I want to take this opportunity to put in this RECORD, that as far back as 1915 as a member of the lower house in Harrisburg, I fought and saw placed on the statute books the compensation law, womans' suffrage, child labor, and so forth. I also voted for the 48-hour law for women in industry against 56 hours.

Four years ago I was a candidate for the office of State senator, and advocated old-age pensions and unemployment insurance. We now have 20 bills before this House on the subject of old-age pensions.

Many men have very decided opinions on this kind of legislation. It seems to me that they are all serious on this question, and see every day that the aged people must be taken out of industry, and given enough to live on in a way that all Americans call living. There are many great ideas in most of these bills before the House, but it seems to be the old story. Men will not sit down at the table and give and take. Again the old story. The friends of the administration must step in and put their bill over. This bill it seems to me does not go far enough but I must admit that I think it only safe and good business to start small and grow. Correct the faults of this legislation from time to time until we have the best law of this kind on earth.

Many Members have opposed parts of all this legislation before us and it is all in the RECORD. I still have an open mind and will listen and suggest up until it is time to vote on this bill for final passage. Old-age pensions, unemployment insurance, pensions for the blind are coming and they must come soon.

I have given a lot of time to all bills before the House. I have signed a petition to bring out of committee the Townsend plan, as I feel there is much good in this legislation, which should be incorporated in the administration, bill.

THE LUNDEEN BILL

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by including a radio address I made on the Lundeen bill.

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

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, under leave to extend my remarks in the Record, I insert the following radio address which I delivered March 20, 1935:

To the vast unseen audience on this national hook-up, interested in national affairs and in legislation pending in Congress, but more particularly to residents in the city of New York, and to my own constituents directly, I wish to address my remarks with reference to public discussions which will undoubtedly arise in connection with the so-called "Lundeen bill" which was just reported out by the Committee on Labor to the House of Representatives. This bill represents a type of legislation which should never have been allowed to disgrace Congress, and I do not hesitate to express my severest condemnation of its provisions and the manner in which this bill is seeking to deceive the American people and throw out the bait of communism to the masses.

One glance at the provisions of the bill is sickening in the extreme. What does the bill say? It seeks to provide for everything. It covers unemployment, old age, social insurance, and "other purposes", and the whole bill contains only four sections, section 1 merely gives the title of the act. The bill directs the Secretary of Labor to provide unemployment insurance by giving compensation to all workers and farmers over 18 years of age, in amounts not less than \$10 per week, with \$3 additional for every dependent. This minimum compensation is guaranteed to everybody, and if a worker cannot find employment at \$10 per week, then the Government is to take care of him, make him a Government ward, and pay him the difference between the amount he earns and \$10 per week. The next section gives the Secretary of Labor authority to provide for disability insurance, so that any worker who, because of sickness, old age, maternity, or industrial injury is unable to work, he is likewise to receive \$10 per week; and the following section, section 4 of the act, provides a very simple method of financing this relief. It says all moneys of the United States shall be used for that purpose, but if the moneys in the Treasury are insufficient, then taxes shall be levied on all gifts and all inheritances and all incomes of \$5,000 a year or over. The bill is not only violent as to how this taxation is to be col-

lected, but it lays down the principle that these workers must be taken care of, and if the money in the Treasury is insufficient, why, then, let us tax the people.

As you know, HUEY LONG in his wildest dreams did not go so far. He proposes to take from the people of the United States only incomes in excess of \$5,000,000, thinking that \$5,000,000 is enough for anybody. But the Lundeen bill goes further than that. He thinks that \$5,000 is enough for everybody. If necessary to pay \$10 per week to every able-bodied man and woman in the United States, his bill would take it from the income of every person receiving \$5,000 a year or more.

The Lundeen bill fortunately does not contain an analysis as to how much money will be necessary to provide \$10 per week for everybody in the United States, but the most conservative estimate will convince us that if the Government were to embark on this wild program all the money in the Treasury would not be sufficient to carry it out, and that at least \$10,000,000,000 would be necessary for that purpose. But the viciousness of the bill does not lie so much in the amount of money which the Government would have to spend, as in the false hopes which are raised in the masses if legislation of this type is to be launched in Congress.

Another very objectionable feature of the Lundeen bill is the fact that it provides that the Federal Government surrender the administration, control, and distribution of appropriated money taken from the Federal Treasury to persons and organizations outside the Federal service and not under primary control of the Government. If this provision is not contrary to the Constitution it certainly is against good public policy, especially at times like the present, when even Government-controlled expenditures for public relief is subject to unusual observation by opponents to the spending of taxpayers' money for such purposes.

Furthermore, the Lundeen bill carries no legislative provision for any penalties to be imposed upon the agents of the workers handling the funds from which the benefits are to be paid. The Government would have no safeguard against loss occasioned by some dishonest person delegated by the workers to handle the money of the Government to be distributed.

The very persons who might be benefited by this bill, if made a law, should be the first ones to object to this bill for this omission from the bill, if for no other reason, as a safeguard to themselves.

Heretofore, whenever the Government was to spend money, Congress saw fit to make a definite appropriation and decide on the source of revenue and the manner in which it is to be financed. Now we have a novel procedure. The Government is to spend money but no definite program is stated as to how the money is to be raised, except that Congress is to tax everybody so as to obtain the necessary funds. And remember, no appropriation of any kind is made for the spending of the money. No sum is specified which the Government is to set aside for that purpose. But every unemployed worker is to be taken care of: virtually every able-bodied man, woman, and child in the United States, and every person who is unable to work, and we are all to become employees of the Government, or, at least, get on the Government pay roll, and let the "rich" pay, "rich" meaning anybody who earns \$5,000 a year or more.

Now, contrast this bill with President Roosevelt's constructive program for social security which appears in the Wagner bill introduced in the United States Senate, known as S. 1130. This bill starts with an appropriation of \$50,000,000, and an appropriation is to be made annually of \$125,000,000, which appropriation must be apportioned among the several States and giving each State the right, within the framework of the bill, to prescribe old-age and unemployment insurance.

This old-age-compensation question is to be administered locally. That is, every State will provide its own method of administration, and those States which have heretofore given such insurance will be able to enlarge their own program, while those States which have not yet granted old-age insurance will establish a system most suitable to their own particular requirements.

When it comes to unemployment insurance the Wagner bill provides for a definite method by which employers and employees, as well as the Government, will pay in a definite amount of money into a fund which will be known as an unemployment trust fund, and out of this fund unemployment payments will be made should any worker lose his job or be unable to find another.

You see, under the Wagner bill we have an intelligent insurance proposition. Both employees and employers will pay for the benefit which the worker will receive when he loses his employment. The Government is not going to make any gifts to unemployed workers and there will not be any incentive to remain unemployed, since the unemployment return will be much less than the amount which a worker can earn if gainfully employed. We are not going to assure any worker of receiving \$10 a week or any amount per week. It will be a question of paying every employee on the basis which his earning capacity will entitle him to. No minimum or maximum. An unemployed worker will receive as much as he had paid for and as much as his employer had paid for and no more. There will be no drain on the Federal Treasury by reason of any unemployment, nor will there be any special tax imposed upon anyone to relieve people from unemployment.

This is an intelligent businesslike effort to solve the question and there is nothing of the demagogue in the proposed bill which the administration is sponsoring. It is ridiculous to feed our people with false hopes and impossible promises. It is criminal to dangle before the masses of our people the idea that without

work they can live on the bounty of our Government. It is more than dangerous to tell the masses in my community that the Lundeen bill is a sound piece of legislation. No; and a thousand times no. It is quite obvious that the time for futile promises is past. The Communists throughout the city of New York have made the Lundeen bill their own. They look upon this bill as the panacea of all their troubles. They tell the worker that he does not need to work since the Government will take care of him.

Forgetting the lessons of the past, and forgetting the unpleasant and unhappy experience which other nations have had by giving doles to their unemployed, they wish to create a group of people who will never work but who will live on the bounty of the Government.

I was always in the front ranks of those who believe that the "laborer is worthy of his hire"; who believe that labor should be adequately paid for its efforts. I believe that wages should be adequate to enable the worker to enjoy his life and to reap the benefit of his toil for himself and his family. I believe that the worker should be adequately compensated, adequately housed, adequately clothed, and adequately taken care of, but I do not believe that anyone should be supported by the Government, or should become the ward of our Government.

If pernicious legislation of the type of the Lundeen bill is allowed to continue, it will create a drain upon the Treasury which will eventually destroy this Government. We cannot live on bounties and we cannot create money out of nothing. This country has achieved its standing in the world through the labor of its masses, and only by labor can we expect to thrive and succeed.

I have always been a sponsor of the interest of the masses and the interest of labor. While a member of the State legislature and a Member of the American Congress I always sponsored legislation to help, aid, and assist labor, and was always endorsed for election by the American Federation of Labor as a legislator who has the interests of labor at heart and whose work benefits the toiling masses of our people. I belong to the same class to which my constituents belong, the class which works with brain or brawn, and which earns its living by the sweat of its brow. So I am speaking to you as one of yourselves. I am speaking to you as a friend and neighbor. Do not be deceived by communistic promises. They mean nothing, and if you look upon the record which the Communists have made for themselves in Russia where they have been in power for 11 years you will notice how the working masses have been reduced to slavery and how no one is able to call his life his own. It is clear that this country has progressed because the working masses were taken care of by our people; but we do not propose to make idlers out of our toiling masses. Labor will be adequately rewarded, but labor must realize its obligations as well. And so we must not lose sight of the fact that Communism is no solution of our American labor troubles, and only by constructive legislation, of the type of Senator WAGNER's bill, can labor benefit and our Nation prosper.

I feel that I must protest with all the power I command against this vicious Communist agitation in my district against this continuous feeding of promises to our people which cannot be kept and the suggestion that the Government should take care of us all.

In this way salvation does not lie. Communists who parade in front of my house thinking that they will cause me personal discomfort only hurt themselves. I am sure that a good many of those who manage and organize parades in my district are not even citizens and many more are not even residents of my district, so that I must protest and I must object. I am sure that if my neighbors will heed my warning they will remove themselves from all agitation by Communists, and will realize that ours is an American Government for the benefit of all the people.

By constructive legislation we should achieve freedom and prosperity, while by destructive agitation we shall lose all the benefits which years of effort have brought us.

I thank you.

SOCIAL-SECURITY BILL

Mr. HAINES. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record.

The SPEAKER. Is there objection?

There was no objection.

Mr. HAINES. Mr. Speaker, the bill that is now before the Congress of the United States is one of perhaps greater importance than any that we have ever considered, for it goes to the root of much of the economics of our modern-day problems, that of providing security to those of our citizens who have reached an age in life where their opportunities to earn for themselves a livelihood are so limited as to make it impossible for them to do so. In the bill we have titles I, IV, V, and VI granting aid to States for old-age pensions, for the care of dependent children, for maternal and child welfare, and for public health. They carry with them an appropriation that in the aggregate will not be more than \$100,000,000 for the first year. I am, of course, in favor of all of these titles. For many years, years before I ever dreamed of coming to this body, I have been an advocate of a social-security program that would offer help to those of our people who would need such help.

I am happy indeed to have the ambition of my own life realized in the enacting of this legislation, and, while it is not all that I have hoped for, I feel that it is the beginning of a contribution we can make to our people and a program that will greatly benefit those of our citizens today, and even greater benefits to our posterity. I believe it to be the first duty of any government to care for its own, just as much a duty as it is the duty of the citizen to be interested in his or her government. In the bill before us today we make con-

tributions to the States, not in excess of \$15 per month, to aid States in caring for their aged. Now, Mr. Speaker, I do not look upon a pension of \$15 per month by the Government and an equal contribution on the part of the State as being an adequate pension, and I do hope that an amendment will be approved to increase this amount to \$25 per month, with an equal amount to be paid by the State, so that a monthly income of \$50 can be paid to those of our aged folks who are in need.

It seems to me, too, Mr. Speaker, that we should start paying this pension at the age of 60 rather than at 65, for in our modern day of labor-saving as well as labor-displacing machinery men and women are driven out of industry many years before they reach that age, indeed, in many industries in our country employers will not give work to those above 45 years of age, so that in any legislation that we enact here we must, out of necessity, give every consideration to this aspect of our national problem as it relates to the security of our citizens who have reached the age of 60. I appreciate the fine work of our Ways and Means Committee, the many weeks, almost day and night consideration, to write a bill that they believe to be sound, and one that can be financed by our Government without working undue hardships upon the balance of our people, and only because of my deep appreciation and consideration for this hard work on the part of my colleagues can I assent to any legislation that will give less to our people. I represent a fine, intelligent, patriotic district in this House. In my district are men and women who do not want charity, do not want a dole. Force of circumstances, unemployment, the loss of their lifetime savings, have driven many of them to the point of desperation, and for this reason I hope we will enact this legislation and do it with as little delay as possible.

In our program of public works and through the allocation of money authorized by our Public Works Act, I am hopeful that we can put back into the ranks of the employed, those that are now unemployed. I believe that those delegated to administer that act will give first consideration to those who are most deserving, and by this contribution on the part of the Government aid private industry. Unless we give our people a purchasing power, it is sheer folly for us to talk about recovery. I am not one of those who believe that we have so much overproduction, but rather am convinced that we have an underconsumption, and that if we give some purchasing power to our people we can find employment for all who can work, removing from industry the aged, who should be permitted to enjoy the few remaining years of their lives in peace and happiness through an assurance of income to enable them to live comfortably. I say to you therefore, Mr. Speaker, that I hope this House will agree to an increase above the \$15 provided in the proposed legislation and starting these payments to those of our people who reach the age of 60. I am not unmindful of the difficulty many of our States will experience in raising money to meet any contribution authorized by the Federal Government and for this reason would prefer to enact a bill that would not bear down so heavily on these States. While it is true that 28 States now have some excuse of an old-age pension, it is also well known that these benefits are not distributed as they should be and many worthy old folks are now denied participation simply because they are fathers and mothers.

I know many cases, Mr. Speaker, in my own district where old folks are denied pensions in our State because they have children. Unfortunately, Mr. Speaker, these children are unable to care for them, and many of these folks who cannot care for their parents are themselves now receiving relief. For this reason it seems to me that to accept a plan of small taxation on business transactions might produce sufficient revenue to relieve the States of this burden and thus help the States that are now faced with this problem, and who scarcely know where to go to obtain the funds to match the Federal contribution. Of course, no one contends that this legislation is a cure-all, but I do believe that it is the

first step in what shall eventually be an adequate pension for those who are aged and unfortunate. Title III of the bill does not give full and complete insurance against unemployment, but it is the beginning of a fund that will be built up that will furnish sufficient funds for the maintenance of those who will find themselves unemployed, for temporary periods, and I think in the writing of any legislation we are wise in making it temporary periods, for unless we do (and throw down the bars) we will find a great host of our people who will not take a job or work when offered. These are the evils we must guard against. We do not want to put into effect a dole system that will further break down the morale of our people, but on the contrary make men and women work when an opportunity is afforded to them. The temporary benefits will tide many of the unemployed over until they can find a job. That, as I understand it, is the purpose of the bill. I understand that another bill is before a committee in the House now that purports to pay or guarantee a wage to every unemployed person in the Nation equal to that of the wage paid in the industry of which he or she may be a part.

I have heard it stated, authoritatively too, that such an act would cost your Government almost ten and one-half billion dollars annually, and would not safeguard the Nation against the lazy and otherwise indifferent person who will not work, even though offered a job. What we want to do here is enact sane laws, laws that can be administered and financed without placing too heavy a burden upon our people, for, after all, every dollar that we give to others must be taken from the taxpayers. I appreciate the fact that this legislation is new and that through the next few years we can, by experience, profit by any mistakes we make. I for one believe that we will make mistakes, but we are aiming in the right direction, the purposes we have in mind are directed in the interest of our citizens and cannot but help to bring happiness to millions of our citizens who have almost given up hope. We are all patriotic enough, progressive enough in our thoughts, to develop ideas that may contribute much to correct some of the mistakes, if they develop, and for this reason I want to vote for this bill, even though it is not all that I had hoped for.

It has been impossible for me to study this bill as fully as I should like to have done, for the demands upon me are so great that time simply was not available, and I do not fully understand every detail of this legislation, and I believe I am safe in saying that this is true with many of my colleagues, and I say this without any reflection on anyone. A program as great as this one, with hundreds of plans and proposals coming to us, from all over the Nation, it is perfectly obvious that we must, out of all of these proposals, write a bill that will embody many of these proposals that are meritorious, and, of course, some of the impossible proposals we must not, nay, we dare not, consider.

The permanency of the Nation must be our first concern. A nation to have permanency must have security for its people. This administration has done so much for its people to bring about recovery, hence I hope and pray that this may be the one missing link, and through the enactment of this bill we shall have made a contribution that will bring about complete recovery. I have heard it stated, in listening to the debate, that this bill will take care of about four million old people, and through this care for a million or more others through increased purchasing power, thereby giving opportunities for another million or more to find employment that are now in the ranks of the unemployed. I wish I had the time, Mr. Speaker, to take up the other features of the proposed legislation, all of which is aimed in the right direction, for we have a host of children and invalids in the Nation that in the past have been neglected, but through this bill, if enacted, will find some security. I am glad that I have lived to this day and am about to have the realization of a dream, a day in which we will instill in the hearts of men and women, now almost on the verge of despair, new hope and courage.

Through the tax feature in the bill, as I understand it, we will build up a large reserve fund that will benefit future generations and that by the year 1970 it is expected that more than \$32,000,000,000 will be in that reserve fund. I am sure it requires no great imagination to appreciate the good that we are doing today for those yet unborn, but in that day many will honor and pay tribute to the men of today we have had the courage and great love for others to make life more secure, to bring happiness and contentment to our people.

Recently the distinguished gentleman from Maryland [Mr. Lewis], addressed the House in one of the finest addresses I have ever heard. He spoke about human and property rights in such a clear manner that none could fail to understand him, his deep interest in this problem of social security being inspired because of his own personal experience. Those who have had to toil in the past cannot help but be sympathetic to what we are trying to do in this bill before us. In the day in which you and I live, no question is of more vital importance than that of human and property rights. This subject should take precedence over other questions we consider so mighty important. The greatest contribution we can make today is to give an increased understanding to those human needs and human rights. The greatest gifts do not come in handsomely wrapped packages, but come to us "gradually and are the enduring benefits which have made possible the progress of mankind." Intelligent men and students of economics are taking note of how the concept of human rights are taking root today in the minds of our people. We think differently today from that of yesterday, and even some of our more conservative leaders are slowly grasping the fact that the welfare of his fellow man is fundamental. The doctrine advanced by economists today, even by many industrial leaders, would have horrified the leaders of industry of the past.

Even our men of finance are looking at this subject through different glasses, and they are beginning to recognize the need for more consideration to the man who toils and who must earn his bread by the sweat of his brow.

All of us are thankful for the courageous leadership in the person of the President of the United States, and he is the one outstanding figure in our American life today who is leading the way, showing us the way out.

As a result we have more sympathy today for the underdog, and we shall continue to manifest greater interest in him. I believe the individual who does not manifest this interest fails to read the signs of the times.

I am not opposed to big business. I want them to make a profit.

Capital is entitled to its dividend, but must give more consideration to those who toil and those less fortunate. I predict here and now that unless this consideration is given to them we shall continue to have economic strife.

There are many, however, who are seeing the light in spite of the others.

They realize that liberalism is not merely a philosophy, but is the only practical hope for rebuilding our economic structure.

I believe that many of our business leaders are progressing toward social-mindedness, and, even though that progress may be small, it is an advance in the right direction. "The great spirit of Americans should be translated into practical terms of moving ahead", moving ahead toward a finer concept of our fellow man, his welfare, the social security of all our people, all of which is our only hope for permanency as a Nation. To me nothing is more paradoxical than to find so much want in a land of full and plenty. We must overcome this, my colleagues, and it can be overcome by those who believe in the Master of Men. We must learn to estimate prosperity not in terms of statistics alone, but in terms of liberal solution of the problem of human rights. We must learn to look for good will among men and then act the part ourselves, even though we might be accused of playing Santa Claus. Property rights are the right of a man to use and dispose of his property in the way he may desire, and human

rights are the right to life, liberty, and pursuit of happiness. I am sure we will all agree that property or things in themselves have no rights, but we cannot say this of the individual, for when an individual begins to assert his property rights in such a way as to effect the human rights of another individual, that is when the trouble begins, and it is then that we begin to realize its importance.

Slavery was legal at one time in the United States, and a man's ownership of human beings constituted a property right, and against his owner the slave had no right that his owner was bound to respect. Not so long ago men languished in prisons for their debts. Even the great patriot Robert Morris experienced this. Can anyone deny the conflict between the property right of the creditor to collect his bill and the human right of the unfortunate debtor who has lost his liberty? I know there are many men in the United States today who think that they can do with their employees as they see fit; pay them the wages they deem fair; do with their individual business as they see fit or as they please, without consideration of their employees; close the plant at their own pleasure; scrap their machinery or equipment; leave for some other place remote and live in ease and luxury through the toil and agony of those who made their fortunes for them, giving little thought to those who have been thrown out of employment. We all know that a man exercising his property rights in such an event is bringing sorrow and suffering to those who have toiled for him in the past, being deprived of making a livelihood for themselves and their families.

For example, suppose that Henry Ford decided to build for himself a large industrial center, as he did at Dearborn, and had thousands of people settle in that community. These people built homes for themselves; they contribute through taxation to all the municipal improvements, contribute toward churches, schools, hospitals, and so forth; and out of this is a modern city. Now, suppose that Mr. Ford, feeling that he has a right to use his own property in any way he sees fit, announces that he will discontinue his business, tear down his plants, scrap the machinery, or, say, he has some labor trouble and in retaliation moves to some other place many miles distant. Here, my colleagues, you have a conflict between property and human rights. An entire city of men, women, and children, dependent upon that industry, with all the human ties binding people together in a civilized community, are to be subjected to misery and despair. This has happened in the past, and it is frequently heard that unless these property rights have precedence over those of humans they will do just this very thing.

Can one imagine the sorrow and trouble that comes into the lives of those humans who have given the best years of their lives in an industry that has given wealth to the owners, and these owners believe their property rights above those of humans. According to law, this might be justified; but before God it is not. While I believe we have a right that we cherish in being able to dispose of our business or property as we want to, but on the other hand we must not, in the disposal of our property, bring misery and suffering to others. My esteemed colleague and dear friend, Mr. Lewis, has covered this better than I could, but I desire to place my approval on every word he uttered, for we must not forget the objectives of our fathers, in drafting a Constitution, that they had the general welfare of all our people in mind. The conception of rights can only arise when and where men are living together in some sort of society. A man who lives alone on an island need not think of the rights of others. When others join him on that island, he is bound to respect their rights, and his individual and sole rights disappear. It is not many years ago that a man could erect a plant, install machinery as he pleased, employ men at operating these machines, oftentimes risking their lives at dangerous machines because of no protection afforded to them.

Today it is different. That employer must safeguard that machine and take away the danger in operating it. Likewise men and women of yesterday worked in all sorts of unsanitary places, eking out a livelihood as best they could.

As a result men and women did not live so long. Today it is different.

Now we have officials who inspect these plants, these machines and houses where people are employed, looking out for the welfare of those who toil.

That was a step in the right direction, and humanity has been blessed through these safeguards brought about through legislation. Surely we can do nothing less in our social-security program under consideration today. To frighten our people with threats will not do. To try to frighten them by bringing up constitutional violations will not do. The people of this Nation want this kind of security for the aged, the unemployed, the unfortunates, and no amount of this "constitutional bogey" is going to deny it to them. As a nation, we are blessed with everything necessary for our happiness, and we are going to have the courage to carry out the program of our President, who has so clearly shown in his few years his deep interest in his fellow man.

We have had men and women exploited upon the occasion of this economic depression. I think it should be classed as criminal, and mark you, in the not distant future it will be so considered, and I believe that our laws will so declare it to be. For a few thousand of our people to have all of our wealth and the balance of the millions dependent upon them is wrong. If it was ever considered to be right, I say to you that today it is not.

Our public-school system is teaching our boys and girls to think. We are educating thousands of young men and women every day and these are going out into fields of endeavor realizing their worth and demanding their fair share of the reward of their efforts. Mr. Speaker, we must rebuild this economic structure upon more equitable foundations. We must insist that wages be paid to our people that will permit them not only to pay for their actual necessities but to enjoy many of the luxuries so dear to our people. All of this can and must be realized if we are to continue as a great nation. I trust that in the enacting of this legislation we will contribute to our Nation's greatness and that it will bring peace, happiness, and prosperity to all our citizens.

Mr. COCHRAN. Mr. Speaker, a parliamentary inquiry?

The SPEAKER. The gentleman will state it.

Mr. COCHRAN. If a point of no quorum were made and the Members called to the Chamber, in view of what was said by the Speaker on the floor of the House this morning, would we go back into the Committee of the Whole and continue debate on the social-security bill?

The SPEAKER. If a motion to go into the Committee of the Whole House on the state of the Union is made, the Chair will put the question to the House.

Mr. COCHRAN. If we are going to get through with this debate and get the bill passed, those who want to speak on it ought to be here. It is now but 10 minutes after 4. I am always here attending to business, and I am kept in my office late at night as a result. If we mean anything by saying we are going to expedite the debate on this bill and the consideration of the bill, I think the Members should be here and continue the debate.

The SPEAKER. The Chair had something to say on that subject this morning.

Mr. COCHRAN. The gentleman from North Carolina [Mr. DOUGHTON] and members of his committee are in no way to blame for this situation. It is the Members who have requested time and who are not here to speak. They are taking advantage of the kindness of the gentleman from North Carolina. It is a wonder to me that their patience is not exhausted. Sitting for weeks in committee, considering the bill, and now on the floor for days in order to please Members, the chairman has protected them, and they should realize that. I do not desire to criticize anyone, but I do not want it to go to the country that I am not on the floor, attending to business. As Members know, I can always be found here when the House is in session. It is true that we have more mail than usual and more work than usual, but still when the House is in session we belong on the floor, especially those who want to talk on the bill.

SOCIAL-SECURITY BILL

Mr. DOUGHTON. Mr. Speaker, there seems to be some dissatisfaction and criticism with respect to the way we are handling this bill. As chairman of the committee, I have done everything I know to keep the Members here and I think my colleague, the gentleman from Massachusetts, has done the same thing. Four hours and 20 minutes' time is left for general debate, and it can be finished tomorrow. I do not have any suggestion to make.

Mr. CULLEN. Mr. Speaker, there is no reason why the men who are asking for time to speak on this bill should not be here; there is no apology to offer for them. We are placed in a very awkward position. Four and a half hours yet remain of general debate. In all probability we can finish general debate on the bill tomorrow and then the bill can be read. The only alternative I see, Mr. Speaker, is to move to adjourn.