

The CHAIRMAN. Your attitude toward this bill, then, is that you are for whatever part of it is right and against any part of it that is wrong?

Mr. BURNHAM. Yes, sir.

Mr. DUNCAN. As I understand, your reason for appearing before the committee is to urge a fair and frank consideration of the Townsend plan by the committee.

Mr. BURNHAM. Yes; a thorough investigation, a serious consideration of it, the same as you would give to any other plan that has been suggested.

Mr. DUNCAN. You have been in attendance upon this committee almost every day; that is, you have been a spectator in the room?

Mr. BURNHAM. Yes.

Mr. DUNCAN. You know that Dr. Townsend was invited to appear before the committee to explain his plan as thoroughly as he desired, and that in response to that invitation he did come and bring with him his actuary, a man who had investigated the plan?

Mr. BURNHAM. I understand that his request to appear before the committee was granted; yes.

Mr. DUNCAN. And that he brought with him his expert, a man who had investigated and was familiar with the details of the plan. Is that true?

Mr. BURNHAM. That I do not know. I dropped into the committee meeting here several times when I could spare a few minutes. I did not hear this. To whom do you refer?

Mr. DUNCAN. Mr. Hudson.

Mr. BURNHAM. No, I did not hear his testimony.

Mr. DUNCAN. The record shows that.

Now, Mr. Burnham, in addition to that the committee has had before it many actuaries and economists who testified as to their general ideas on old-age pension plans, particularly the one that is before the committee. The members of the committee also asked each one of those economists to express his opinion concerning the cost of the Townsend old-age pension plan, asked whether they had given any thought to it and had investigated it, and each one of them did express his or her opinion concerning that plan. Does not the gentleman think in view of that situation, in view of the number of economists who have given thought to this and have been before the committee and expressed their opinion, that the committee has given due thought and consideration to the Townsend old-age pension plan—

Mr. BURNHAM. That is all I can ask.

Mr. DUNCAN. If the committee has done that, then they have given due consideration to the plan?

Mr. BURNHAM. Then they have done their duty.

The CHAIRMAN. We thank you, Mr. Burnham, for your appearance and the information you have given the committee.

STATEMENT OF HON. HOWARD W. SMITH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Mr. SMITH. Mr. Chairman, and gentlemen of the committee, my interest in this bill is a very sympathetic one. I am here to express the hope that this committee when it reports out a bill will report a

bill such that the States may participate in it. I say that particularly with reference to the financial burden upon the State.

I may better perhaps explain what I mean by citing the situation that my own State of Virginia would be in under this bill as I construe it. We have in Virginia, I believe, 116,000 persons over the age of 65. None of us knows what proportion of those people will be able to qualify to participate in this old-age pension. But assuming for the sake of argument that 50 percent—and I think that is perhaps a conservative estimate—of them could qualify, then the contribution of Virginia under this bill at \$15 per month each totals \$10,501,000 a year for the State of Virginia's portion of that bill.

I might state for your further information that at present the total taxable revenues of the State of Virginia in what we know as the general fund, which is excluding the gasoline tax and that sort of thing, as against the \$10,000,000 per annum which the old-age pension fund would require, are \$12,000,000 per annum.

That presents a pretty grave problem for the State. I do not assume to make any definite suggestion to this committee about what should be done about it other than this general suggestion: I believe that this bill ought to be very broad in its permissive provisions for the States to participate. I do not believe that some person designated in charge of this bill here in Washington ought to be able to say to the State of Virginia that, "If you do not double your tax revenues in the State of Virginia you shall not be permitted to participate in this bill." That is just about what the bill, as I construe it, means, as it was introduced. I do not know what amendments you gentlemen have in view.

I think there ought to be a further provision in that bill. I think there ought to be a provision that would allow the States to differentiate between persons. Here is what I mean by that: The language of the bill authorizes somebody hereafter to be appointed in Washington to say that neither the State of Virginia nor any other State may participate in the benefits of this legislation unless they provide a pension at least great enough to provide a reasonable subsistence compatible with decency and health. That is a very broad term. It may mean a great many things. But it seems to me that it should allow the States to differentiate between persons in this way:

As we all know, \$30 a month to one individual would be perhaps a mere pittance. To another individual who has lived in comparatively moderate circumstances, as they do in the rural districts, all his life, for 65 years, \$30 a month would be affluence. You take the average laborer on the farm, let us say, all through the country districts, and his earning capacity on an average over the past times has been from \$20 to \$30 a month. To put him on a pension at 65 of \$30 a month is not only going to take care of him, but a great many of his dependents, relatives, and so on, who could much better be employed working on a farm.

It perhaps may not meet with the approval of some of the folks who appear before this committee, but I think you are going to find with the States that this is a very practical proposition. I find that in my State the people are very sympathetic toward the proposition. We want to be put in the position where legislation is presented here that we can vote for, that we can go along with, and that our State

can go along with. But if it is put in such form that somebody hereafter to be appointed here in Washington has to approve our legislation and has power to veto our right to participate in this, and has the right to say that we have to double our taxation in order to go along, I am afraid that a good many of the States would be put in a position where they just could not participate in it, and thereby would kill a proposition that we are all anxious to go along with as far as we can.

Mr. COOPER. I think that you will agree with me that the success of this national plan will very largely depend upon the degree of success that all of our States throughout the Union may be able to accomplish under it. We want to have that definitely in mind, that we want a system that we can reasonably expect will be successful in all of our States. That is the point that you have in mind, is it not?

Mr. SMITH. Yes.

Mr. COOPER. In other words, if we adopt a Federal system of such a nature that a considerable number of States are not able to participate in that system, then of course there is danger of the whole plan failing to accomplish the purpose that is desired by all.

Mr. SMITH. Absolutely.

Mr. COOPER. That is, I understand, in substance what you had in mind.

Mr. SMITH. I would like to proceed with my suggestion just a step further. My objection along that line would be answered by a provision in the bill which took away from some person in Washington the power to say when the State of Virginia could participate; in other words, for someone in Washington to say what was a reasonable and decent subsistence down in the Blue Ridge Mountains of Virginia. Unless you do that, as this bill is now drafted, unless I am very much mistaken and cannot understand the English language, you put that very power in there.

Mr. VINSON. Just on that point, as I read that section dealing with the assistance furnished by the State, that it shall be great enough to provide, when added to the income of the aged recipient, plus Federal money, a reasonable subsistence compatible with decency and health, in any event if the bill were enacted as drafted, you would not have a sum in excess of \$30 a month. The gentlemen representing the administration and the Committee on Economic Security said they had thought about putting in amounts, having it inflexible, but that this language, "a reasonable subsistence compatible with decency and health", would permit the thing to be done which you advocate; in other words, that the State would have the complete administration of this fund, and would be able to give a person who required a larger sum within the limits more than some individual who did not require it.

Mr. SMITH. Where is that language that you refer to?

Mr. VINSON. On page 3, subsection (e).

Mr. SMITH (reading):

Furnishes assistance at least great enough to provide, when added to the income of the aged recipient, a reasonable subsistence compatible with decency and health.

Where does it say anything about \$15 there?

Mr. VINSON. \$15 here is the limit by the Federal Government. In other words, section 4 of which that subsection (e) is a part deals with the State plan for old-age assistance.

Mr. SMITH. Yes.

Mr. VINSON. That is the plan that they draft showing what they will do.

Mr. SMITH. Yes.

Mr. VINSON. The \$15 is the maximum under this bill that the Federal Government will contribute.

Mr. SMITH. Yes.

Mr. VINSON. The State government could make it larger if they pleased, or they could make it smaller. For instance, the State government might say, "We cannot go to the \$15-a-month limit. We will make it \$7.50 or \$10."

Mr. SMITH. That is exactly what I am getting at. But can they do that under the present language?

Mr. VINSON. Oh, yes; there is no doubt about that, if there is anything to be said for the advocates of it.

Now, might I say this:

We were told that in actual operation in Ohio there are 450,000 plus persons above the age of 65. They have an old-age-pension law which has been in operation 9 months. There were applicants for benefits thereunder to the amount of 110,000. In other words, only 25 percent were eligible for the benefits. We were told by the gentlemen in charge in Ohio that at the present time only 38,000 had qualified for the benefits, and that they were now investigating probably 7,000 or 8,000 a month. They have in their State certain residential qualifications and certain property qualifications, that the State legislature determined were fit for their condition. In other words, while your computation is correct as to the 50,000 in Virginia that might be eligible, yet I dare say that if it is put in operation you would have materially less than 50,000 if you had the Ohio qualifications.

Mr. SMITH. I might add, though, that of our 116,000 practically 25 percent are of one class that will probably qualify 100 percent.

I am interested in your statement that there is a provision in this law that permits the State to govern itself on that proposition. I, of course, do not know nearly as much about this as you gentlemen who have been sitting here, but I have searched in vain for that provision. I do not like to differ with the gentleman, but it seems to me that this language here that permits the administrator to approve of the State law or to veto the State law certainly does not give the State any latitude as to putting in any amount under \$15 a month, if the Federal administrator says that that is the proper amount.

Mr. JENKINS. I was interested in the statement the gentleman made that practically 25 percent of the people over 65 in his State would be within one class. Would the gentleman state what class he means by that?

Mr. SMITH. Of course, in the South we have a great many colored people, and they are largely of the laboring class.

Mr. JENKINS. That is what I thought the gentleman had in mind. I should like to ask the gentleman, and also any member of this committee, whether in this law it is contemplated that there be any

loophole by which any State could discriminate against any class of people?

Mr. SMITH. No, sir; I do not think so, and you will not find in my remarks any suggestion to that effect. It just so happens that that race is in our State very much of the laboring class and farm laboring class. But you will find no suggestion in my remarks of any suggested amendment that would be unconstitutional, if I may use that expression.

Mr. JENKINS. I am glad that the gentleman did not intend that. I can see that there might be a possibility, if too much leverage is given to the States in their enacting a law to provide funds to match our \$15 contribution, that they might specify that the old-age pension should be distributed according to groups.

Mr. VINSON. Do you think that that would be seriously considered constitutional?

Mr. SMITH. Of course not.

Mr. VINSON. They do not do that in Ohio, do they?

Mr. JENKINS. No, and we do not keep them from voting in Ohio, either.

Mr. SMITH. We do not keep them from voting in Virginia. There is an educational qualification, and a great many of them vote who are qualified.

Mr. VINSON. The point I was making about my inquiry with reference to Ohio was that under the State law they have found only 25 percent of those eligible have applied.

Mr. JENKINS. There is no discrimination in Ohio of any kind.

Mr. VINSON. I know; and with no discrimination only 25 percent of those eligible have applied. The point that I am trying to make is that a figure of 50 percent of those eligible to come under the benefits, I believe, is high. I doubt whether a third of those eligible in Virginia would come under the benefits if the Ohio law were picked up and enacted by the Virginia Legislature.

Mr. SMITH. You may be entirely right. But what I had in mind was some differentiation there based upon a person's previous earning capacity. For instance, one man may have been hard up all his life on \$150 a month and another man may have gotten along all his life on \$30 a month. I think as a practical matter you are going to have to come to something of that kind.

May I ask again that the gentlemen give very careful attention to that feature which I mentioned, as to whether or not the State has the right to go less than \$15 a month? Because if it is in there, I cannot find it in this bill, and I have read the bill several times and studied it.

Mr. COOPER. That is certainly the view of those who drafted the bill.

Mr. SMITH. I may be entirely wrong about it. I may have overlooked it, but I cannot find it.

Mr. HILL. We were told that the duty in the first instance would be upon the State to determine what would be a sufficient amount to maintain them in decency and health. The State's contribution might be less than \$15, in which case the Federal Government would, out of this grant-in-aid provision, match that amount.

Mr. SMITH. Yes.

Mr. HILL. If \$30 is not enough, the Federal Government would stop at \$15 but the State might go higher if it so desired.

Mr. SMITH. Or might go lower; it would give the State that leeway.

Mr. HILL. If it goes lower, it will get just that much money from the Federal Government.

Mr. SMITH. In other words, the Federal Government would match the State. That is all right. But I just hope you will clarify that language.

Mr. VINSON. In section 7, on page 7, it speaks of the Secretary of the Treasury paying the quarterly installments to the treasurer of each State.

Mr. SMITH. What line?

Mr. VINSON. Beginning with line 23 [reading:]

Provided, That no such installment shall exceed one-half the amount expended in such State, in the quarter immediately preceding the payment of such installment for the payment of old-age assistance, nor shall it exceed \$15 per month per person.

Does not that imply that it could be less than \$15 per month?

Mr. SMITH. All I am asking is that the committee do not make us have to imply something.

Mr. VINSON. I use the word "imply." It seems to me it is stronger than an implication.

Mr. SMITH. We have a Federal Administrator to deal with in this thing. My construction of it is that he would have that right. I hope you gentlemen give that careful consideration.

Now, I have taken more of your time than I expected to, but there is just one more point I want to ask you about. I do not know whether you have given this any consideration or not. This is a very large program, involving 5, 6, or 7 different propositions, more or less unrelated. I hope the committee will give consideration to the matter of reporting out separate bills, particularly the old-age pension bill, and separated from the unemployment-insurance bill.

Mr. LEWIS. You speak of the cost in Virginia as perhaps 8 to 10 million dollars a year.

Mr. SMITH. That is based upon 50 percent. Mr. Vinson tells me that that is overestimated.

Mr. LEWIS. That is based upon a roll of 50 percent of the aged eligibles.

Mr. SMITH. Yes, sir.

Mr. LEWIS. It was based also upon the full amount of \$30 a month, or \$360 per year?

Mr. SMITH. Yes, sir.

Mr. LEWIS. May I call your attention to the experience under such laws in Colorado, where they have a dollar-a-day pension, and only 2.75 percent, less than 3 percent of those of eligible age, qualified. Also, the payment in New York, which was the highest payment, of a dollar-a-day with a 70-year eligibility, did not average \$360, it averaged \$266 per pensioned person. The administrative authorities consider the actual needs and the other incomes of the person, so that the dollar-a-day statement represents a maximum and not an average figure.

Mr. SMITH. That is very gratifying information. I wish I could get those figures some time.

Mr. LEWIS. In Canada the highest percentage of those eligible under a 70-year eligibility was 1.4 percent of the population.

I ask the committee for permission to file this table. It has been prepared by persons competent in the investigation of these matters. The CHAIRMAN. Without objection it may be filed.

(The table referred to follows:)

TABLE IV.—Number of pensioners, number of pensioners per thousand of population, and number of pensioners per thousand of eligible age for Canada, 1934¹ (age eligibility, 70)

	Pensioners			Number of pensioners per thousand of population			Number of pensioners per thousand of eligible age		
	Mar. 31	June 30	Sept. 30	Mar. 31	June 30	Sept. 30	Mar. 31	June 30	Sept. 30
Alberta.....	6, 286	6, 519	6, 670	8. 2	8. 5	8. 7	378	392	401
British Columbia.....	8, 095	8, 291	8, 491	11. 2	11. 4	11. 7	332	340	348
Manitoba.....	9, 236	9, 522	9, 766	12. 6	13. 0	13. 4	449	463	475
Nova Scotia.....	6, 509	8, 546	11, 352	12. 4	16. 2	21. 6	246	323	420
Ontario.....	46, 281	47, 385	48, 457	12. 9	13. 3	13. 6	301	308	315
Prince Edward Island.....	1, 258	1, 300	1, 352	14. 1	14. 6	15. 2	222	229	238
Saskatchewan.....	9, 203	9, 430	9, 645	9. 5	9. 8	10. 0	453	464	474
Northwest Territories.....	5	5	5	. 5	. 5	. 5	56	56	56
Total.....	86, 873	90, 998	95, 738			(²)			

¹ Source: The (Canadian) Labour Gazette: Mar. 31 data found in June 1934, p. 509, vol. 34, no. 6; June 30 data found in September 1934, p. 817, vol. 34, no. 9; Sept. 30 data found in November 1934, p. 1001, vol. 34, no. 11.

² That all percentages based on estimated population for 1934 furnished by Dominion Bureau of Statistics is 1.12 percent of population.

³ Extrapolation of Canadian census data shows a 1934 population for these 8 Provinces which grant pensions of 7,468,900. The average number of pensioners per thousand of population for these Provinces is thus approximately 12.8.

Mr. VINSON. What are the limitations in the Canadian law?

Mr. LEWIS. I do not know.

Mr. COOPER. Was this 1.4 percent of the whole population of the country?

Mr. LEWIS. Yes; the whole population.

Mr. VINSON. It will be interesting to know what the limitations were as to residence, property worth, and all that sort of thing.

Mr. LEWIS. In Australia, where they have had a long-time experience with the subject, they have found that 2.75 percent of the population, a little less than one-third of those eligible as a matter of age, qualify their claim.

Mr. VINSON. That would be about 30 percent.

Mr. LEWIS. 2.7 percent. You could, then, on this experience, Mr. Smith, say that your maximum figure would not be one-half; it would not exceed one-third of those eligible. You could reduce the dollar a day from \$365 a year to about \$140 a year on the experience of Colorado and New York.

Mr. SMITH. That is very interesting.

The CHAIRMAN. We thank you, Mr. Smith, for your appearance and the information you have given the committee.